

# FARMINGTON BUSINESS SUBSIDY POLICY

## 1.0 PURPOSE

1.01 This Policy is adopted for purposes of the Business Subsidies Act (the "Act"), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as if used in the Act, and this Policy shall apply only with respect to "subsidies" as defined by the Act if and to the extent required thereby.

## 2.00 POLICY

2.01 The City of Farmington and the Farmington Economic Development Authority maintain several policy documents which speak to the general goals and objectives for the provision of public assistance for private development or redevelopment activities. These documents include, but are not limited to the current Strategic Plan for Economic Development and the Comprehensive Land Use Plan.

2.02 The City of Farmington has determined that in order for any project to be considered for financial assistance, a finding is needed that determines that, "but for" the City's assistance, this project will not occur or will not occur within a reasonable amount of time. The City will also need to demonstrate a return on its investment based on one or more of the public benefit categories listed in this Policy.

2.03 Because projects vary greatly in structure and public benefit derived, each project will be considered on its own merits. Consideration will be given to projects providing public benefits in one or more of the following categories:

- a. The creation of new jobs/increase in total payroll. In the case of new job creation, new jobs must pay an average wage equal to the minimum wage level for business assistance programs administered by the Minnesota Department of Employment and Economic Development for cities located in the seven county metropolitan area in place at the time of an application by any business seeking a subsidy. Preference will be given to higher paying jobs that also provide benefits such as health care coverage.
- b. Projects that provide value in the forms of needed transportation and other utility infrastructure improvements including regional infrastructure in the community that would be completed in conjunction with the project.
- c. Redevelopment projects that result in the stabilization of business districts or neighborhoods by elimination of blighting conditions.
- d. Projects that enhance or increase the economic diversity of the community by attracting businesses or industries not currently located in the City. New job wage requirements will apply to any new jobs created.

- e. Projects that result in the development of affordable senior or workforce housing.
  - f. Quality of Life based on business/projects. Those business/entities that provide a desirable good or service and address an unmet demand in the community will be considered. New job wage requirements will apply to any new jobs created.
  - g. Retention of existing jobs. To be considered under this category, it must be demonstrated to the satisfaction of the City - that the loss of jobs is specific and can be demonstrated.
- 2.04 If a particular project does not involve the creation of jobs, but is nonetheless found to meet another public purpose of the City it may be considered without any specific job wage goals, as permitted by Minnesota Statutes. This public purpose has to be something other than an increase to the City's tax base. Other measurable, specific and tangible goals must be established. Examples of tangible goals may include redevelopment or clean-up of a contaminated site or increased tourism.
- 2.05 Each project shall not only be evaluated against the Business Subsidy Policy but also against other applicable City of Farmington or Economic Development Authority policies, including the Comprehensive Land Use Plan, current Strategic Plan for Economic Development. The level of assistance to be provided for any project is at the discretion of City of Farmington.
- 2.06 Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy. The burden will be on the applicant to demonstrate, to the satisfaction of the City of Farmington, that the public benefit justifies the requested subsidy.
- 2.07 In all cases of business subsidy, where the subsidy is equal to or greater than the threshold prescribed in Minnesota Statutes, a subsidy agreement will be entered into between the City and the recipient. This agreement will delineate the subsidy structure and amount, as well as the expected public benefit. The agreement will include provisions for repayment and other resolution options if the expected public benefit is not achieved. Upon completion of the project, the actual costs of the elements of the project eligible for the business subsidy will be verified. All business subsidies will be subject to the criteria outlined in Minnesota Statutes, Section 116J.933 through Section 116J.955 except those subsidies as exempted by same.