

City of Belle Plaine

Belle Plaine Economic Development Authority

Business Subsidy Policy

I. POLICY PURPOSE AND SCOPE

- A. This document sets forth specific criteria the City of Belle Plaine and the Belle Plaine Economic Development Authority (collectively, the “City”) uses when evaluating requests for business subsidies. In adopting these criteria, it is the intent of the City to comply with Minnesota Statutes, Sections 116J.993-116J.995, as amended (the “Act”). The City hereby adopts and incorporates by reference, definitions contained in the Act for application in the criteria. The City has adopted this policy and these criteria after a public hearing in accordance with the Act. This policy replaces any previous business subsidy policy.
- B. The City considers business subsidies as a means to encouraging desirable development or redevelopment that may otherwise not occur.
- C. The City reserves the right to approve or reject projects on a case-by-case basis, after consideration of established policy and associated criteria. Meeting policy criteria shall not guarantee the award of a business subsidy. Approval or denial of a business subsidy shall not set a precedent for approval or denial of another business subsidy.
- D. The City may deviate from the Business Subsidy Policy (the “Policy”) for projects which supersede the goals, objectives, and criteria contained in the Policy providing reasons for deviation shall be documented in writing.
- E. The City may charge a fee, as identified in the City’s Fee Schedule, for review of requests for a business subsidy.
- F. Applicant’s not in good standing with the City pertaining to existing licenses, fees, taxes, assessments, or other specific charges shall not be considered for business subsidies.

II. BUSINESS SUBSIDY GOALS

Subject to the purpose and scope of this Policy and subsequent evaluation criteria, the City may offer a business subsidy to assist with a private development meeting one or more of the following policy goals:

- A. To increase, enhance, or diversify the City’s tax base (pursuant to the Act, an increase in tax base cannot be the only goal required for a business subsidy).
- B. To induce investment in revitalization and redevelopment corridors as identified in the Comprehensive Plan.
- C. To increase and/or retain diversity of jobs available within the City of Belle Plaine. Preference will be given to higher wage jobs with benefits such as health insurance. Job retention may only be used as a goal in cases where job loss is specific and demonstrable.

- D. To leverage additional, unsubsidized private development directly or indirectly related to the development receiving a business subsidy.
- E. To diversify the existing housing stock and/or facilitate the presence of a complete housing supply including a variety of housing values, types, and sizes suitable for all incomes, ages, and abilities.
- F. To remove blighting conditions or support redevelopment of underutilized properties.
- G. To retain and support adaptive uses for properties of historical significance.
- H. To support projects providing needed improvements such as transportation or utility infrastructure that would be completed in conjunction with the development receiving a business subsidy.
- I. To offset increased costs of development due to soil correction, site remediation, asbestos or other contaminant removal, and the like.
- J. To facilitate projects which improve the quality of life by providing desirable environs, providing desired goods or services, and/or addressing an unmet demand.
- K. To support projects that contribute to the implementation of other public policies, as adopted from time to time by the City, such as quality urban or architectural design, energy planning, efficiency in local government operation, gains in community resiliency, social equity, economic prosperity, stewardship, sustainability, and/or livability.

III. WAGE AND JOB GOALS

- A. For each business subsidy provided, at least one job must be created. In certain circumstances, the City may determine that job creation is not a goal and can set the wage and job goals at zero.
- B. For each job created, the minimum wage floor shall be 175% of the federal minimum wage, exclusive of benefits. Retained jobs may be exempt from the minimum wage floor requirement.

IV. ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS

- A. Tax Increment Financing. The City of Belle Plaine may consider using tax increment financing for larger development, housing, and/or redevelopment projects that would not occur *but for* the assistance provided through TIF. The City utilizes a “Pay As You Go” TIF note which relies on the developer to pay for the up-front project costs with the promise of being reimbursed as taxes are paid.
- B. Tax Abatement. The City may consider using tax abatement to facilitate medium to large development, housing, and/or redevelopment projects. The City utilizes a “Pay As You Go” approach which relies on the developer to pay for the up-front projects costs with the promise of being reimbursed as taxes are paid.
- C. Revolving Loan Fund. The City may consider issuance of a loan to qualifying applicants as defined in the City’s Revolving Loan Fund Policy as may be amended.

- D. Restoration, Opportunity, Sustainability, and Enterprise (ROSE) Program. The City may consider issuance of a ROSE (i.e. forgivable loan) for qualifying façade restoration, maintenance, and/or improvement projects as defined in City policy as may from time to time be amended.
- E. Minnesota Investment Fund (MIF). The City may consider applying for MIF on behalf of a qualifying project. The MIF Program provides loans to businesses creating or retaining high-paying, full time, permanent jobs, and invest in machinery or real property acquisition or improvements. The program is available for manufacturing, distributions, warehousing, and other eligible business activities. Applications are accepted on a year-round basis. Funds are awarded to local units of government who provide loans to assist expanding businesses. Program guidelines and funding availability is determined by the Minnesota Department of Employment and Economic Development.
- F. Bonds. The City has the authority to issue revenue bonds pursuant to Mn. Stat. 469.152 to 469.165.
- G. Property Sales. The City may negotiate the sale price of property owned by the City or EDA for new or expanding businesses, redevelopment/revitalization projects, and/or to further a variety of life cycle housing options.

V. COMPLIANCE AND REPORTING REQUIREMENTS

Each recipient of a business subsidy from the City must enter into a business subsidy agreement with the City which requires compliance with the requirements of the Act and annually reporting to the City regarding wage and job goals.

VI. APPLICATION PROCESS FOR BUSINESS SUBSIDIES

The applicant will complete an application form as provided by the City, and submit the completed application and applicable application fee (as provided by annual fee resolution) based on the type of subsidy (i.e. Tax Increment Financing, Tax Abatement, Revolving Loan Fund, Façade Program, etc.), and provide other information as requested by the City.

- A. City staff and the City’s consultants shall review the application materials and make preliminary recommendations to the Economic Development Authority and City Council as to the compliance of the application and proposed project with the business subsidy policy and the goals and criteria set forth herein.
- B. Final evaluation of the application shall include, in addition to items subject to preliminary review, a review of applicable credit analysis, financial structuring and legal compliance. A formal recommendation shall then be made to the City Council.
- C. After review of the final evaluation and formal recommendation, the City Council or Economic Development Authority, as appropriate, shall hold the appropriate public hearings, if they have not been held, and consider final approval of the granting of the business subsidy. All business subsidy agreements, whether entered into with the City or the EDA, are subject to approval by the City Council in accordance with the Act.
- D. If requested by the City, the Applicant shall provide adequate financial guarantees to ensure completion of the project, including but not limited to: assessment

agreements, letters of credit, cash escrows, personal guaranties, mortgages, and other securities.

- E. Additional agreements and program requirements (including annual reporting) may be necessary depending on the form of business subsidy and/or the value of the award, as defined by the Act.

VII. MINIMUM ELIGIBILITY REQUIREMENTS

Applicants must meet the following minimum requirements to be eligible for a business subsidy.

- A. Operation of project for at least 5 years following receipt of subsidy (required by the Business Subsidy Act).
- B. Applicant must establish financial feasibility of project
- C. Applicant must demonstrate that the project can't move forward without business subsidy
- D. Compliance with Business Subsidy Act
- E. Meet one or more goals set forth in the policy

VIII. BUSINESS SUBSIDY APPROVAL GUIDELINES

- A. Projects considered for a business subsidy shall meet one or more of the Business Subsidy Criteria as set forth in Section II of this Policy.
- B. Projects considered for a business subsidy shall be consistent with applicable local, state, and federal laws.
- C. Applicants for business subsidies must demonstrate, to the satisfaction of the City, sufficient equity investment in the project.
- D. Applicants may be required to demonstrate, to the satisfaction of the City, a market demand for a proposed project.
- E. Business subsidies may not create an unfair or significant competitive financial advantage over other similar projects in the area.
- F. Business subsidies will not be given to projects that place extraordinary demands on City infrastructure and/or services.
- G. Applicants may be required to demonstrate, to the City's (or if applicable the underwriting authority's) satisfaction, an ability to construct, operate, and maintain the proposed project based on past experience, general reputation, credit history, and similar attributes.
- H. Assistance will not be provided solely to broaden profit margins. Prior to consideration of a business subsidy request the City may order independent analysis of project financials, proposed financial sources and uses, and/or underwriting.
- I. Projects must be consistent with the Comprehensive Plan.

- J. If the business subsidy involves the conveyance of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
- K. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.
- L. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.