CITY OF SARTELL
POLICIES AND PROCEDURES RELATING TO THE USE OF MUNICIPAL SUBSIDIES

WHEREAS, the City of Sartell has adopted policies and procedures relating to the use of municipal subsidies; and

WHEREAS, the Council desires to amend such policies and procedures by resolution; and

WHEREAS, the Council held a public hearing on amending such policies and procedures on October 24, 2011;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SARTELL, MINNESOTA, that the City's Policies and Procedures Relating to the Use of Municipal Subsidies are hereby amended to read as follows:

I. PURPOSE

The purpose of this policy is to establish guidelines and criteria regarding the use of municipal subsidies, such as tax increment financing (TIF), tax abatement, and other business subsidies for private development projects within the City of Sartell. This policy shall be in addition to the requirements and limitations set forth in provisions of Minnesota law.

These guidelines shall be used in processing and reviewing applications requesting municipal subsidies assistance. The fundamental purpose of municipal subsidies in the City is to encourage desirable development or redevelopment that would not otherwise occur "but for" the assistance provided through municipal subsidies.

It is the intent of the City to provide a minimum amount of municipal subsidies, as well as other incentives that the City may deem appropriate, at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case basis, taking into account established policies, specific project criteria, and demand on city services in relation to the potential benefits to be received from a proposed project. Meeting policy guidelines or other criteria does not guarantee the award of municipal subsidies. Furthermore, the approval or denial of one project is not intended to set precedent for approval or denial of another project.

Whenever possible it is the City's intent to coordinate the use of municipal subsidies with other applicable taxing jurisdictions.

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II. OBJECTIVES OF MUNICIPAL SUBSIDIES

As a matter of policy, the City of Sartell will consider using municipal subsidies to assist private development projects to achieve one or more of the following objectives:

A. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
B. To enhance and diversify the City of Sartell's economic base.
C. To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.
D. To achieve development on sites which would not be developed without municipal subsidies assistance.
E. To remove blight and/or encourage development of commercial and industrial areas in the city that result in higher quality development or redevelopment and private investment.
F. To offset increased costs of development of specific properties when the unique physical characteristics of the site may otherwise preclude private investment.
G. To create opportunities for the construction, operation and maintenance of affordable housing.

III. GENERAL POLICIES FOR THE USE OF MUNICIPAL SUBSIDIES

A. Municipal subsidy assistance will be provided from the City by a "pay-as-you-go" note method if the municipal subsidy is tax increment financing or tax abatement, unless specific exception is made by the City Council. All taxes, assessments, and other governmental charges on the subject property must be current before a subsidy payment will be made.
B. A developer requesting municipal subsidy assistance must demonstrate, to the satisfaction of the City, sufficient cash equity investment in the project.
C. Municipal subsidy will not be provided in circumstances where land and/or property price is demonstrated by the City Assessor to be in excess of fair market value.
D. A developer must be able to demonstrate to the City or, if applicable, to the underwriting authority, a market demand for a proposed project.
E. Municipal subsidy will not be used in cases where the subsidy would create an unfair and significant competitive financial advantage over other similar projects in the area.
F. Municipal subsidy will not be used for projects that would place extraordinary demands on city infrastructure and services.
G. If requested by the City, the developer shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, cash escrows, and personal guaranties.
H. Each developer must be able to demonstrate, to the City's satisfaction, an ability to construct, operate, and maintain the proposed project based on past experience, general reputation, and credit history.
I. If requested by the City or its consultants, the developer shall provide sufficient market, financial, environmental, or other data relative to the successful operation of the project.
J. Projects receiving municipal subsidy approval from other affected taxing jurisdictions will be more favorably received by the City.
K. The project must be consistent with the City's Zoning and Comprehensive Plan.
L. The developer shall be responsible for all costs incurred by the City.

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IV. GUIDELINES FOR OFFICE/COMMERCIAL/INDUSTRIAL MUNICIPAL SUBSIDIES

A. Municipal subsidies will not be used for on-site retail or service businesses unless the project demonstrates that it will result in a substantial increase in tax base, a significant improvement in quality employment, or provide a service or amenity complimentary to or supportive of our existing businesses.

B. The project must result in the retention of existing jobs that would be lost "but for" the proposed development or result in an increase and diversification in local jobs. Specific wage and job goals will be determined by the City on a case-by-case basis giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions, and similar factors. The minimum employee compensation, not including benefits, which must be paid for jobs created pursuant to a business subsidy agreement with the City shall be $12.96 per hour. The City will consider additional jobs created by the applicant which do not meet this threshold criteria among all factors related to the proposed subsidy, but the number of jobs created at or above the minimum wage level will be a primary criteria considered by the City and those will be the jobs required to be created and reported under the business subsidy agreement.

C. Municipal subsidies will not be used for commercial/industrial projects that have a history of inconsistent compliance with applicable environmental rules and regulations.

D. Any office, commercial/retail and industrial development(s) constructed under Minnesota Statutes Section 469.176, Subd. 4c(d) is exempt from guidelines A-B. The development is required to create new jobs in the State of Minnesota, including construction jobs and minimum employee compensation, not including benefits, shall be $7.00 per hour. Construction of the project must commence before July 1, 2012. If construction does not commence by this date, then the development will be required to meet all aforementioned guidelines (A-C).

V. GUIDELINES FOR HOUSING-RELATED MUNICIPAL SUBSIDIES

A. Developer must be or agree to become an active participant in city crime free multi-housing program.

B. The management company must be approved by the City for the length of the district.

C. A change in project ownership requires prior written approval by City for the length of the district.

D. Municipal subsidy may be utilized only to leverage MHFA tax credits or similar assistance.

E. Minimum of 50% equity investment in the project by the owner is required for tax credit projects and minimum of 20% equity investment by the owner is required for projects without tax credits.

F. Minimum reserve requirement for long-term capital improvements of $250 per unit/per year.

G. A developer must have previous favorable experience developing and operating affordable housing developments.

H. Any market rate rental developments constructed under Minnesota Statutes Section 469.176, Subd. 4c(d) must meet guidelines A, B, C, E and F. In addition, the development is required to create new jobs in the State of Minnesota, including construction jobs, and construction of the project must commence before December 31, 2011. If construction does not commence by this date, then the development will be required to meet all aforementioned guidelines (A-G).

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VI. SUBSIDY AGREEMENT AND REPORTING REQUIREMENTS

Individuals or business developers receiving municipal subsidy assistance from the City shall enter into appropriate agreements that identify the reason for the subsidy, the public purpose served by the subsidy, and the specific goals to be attained. All agreements and reports, whether required by the State of Minnesota or the City, shall be timely prepared and filed. Failure to comply with any of these requirements may result in a revocation of the requested subsidy as well as fines, repayment requirements, and a determination that the individual or business is ineligible for loans or grants from public entities for a period of years.

VII. SUBSIDY APPLICATION PROCESS AND PROCEDURE

A. Application for municipal subsidies shall be made on forms provided by the City of Sartell Administrator, or designee. A non-refundable fee of $5,000 shall accompany the application to cover initial legal, administrative, and planning costs. **The applicant shall be responsible for all costs incurred by the City over and above the application fee amount.** Following a review by appropriate City Staff, the application shall be referred to the City Council for further action.

B. Among other things, the application for municipal subsidies shall request information relating to the applicant; a detailed description of the project; a preliminary site plan; the amount of business subsidy requested; the public purpose of the project; the number and types of jobs to be created; the wages and benefits to be paid new employees; verifiable funding sources and uses; and a "but for" analysis which demonstrates the need for public assistance.

ADOPTED BY THE SARTELL CITY COUNCIL THIS 24th DAY OF OCTOBER, 2011.

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