CITY OF CLOQUET
CARLTON COUNTY
STATE OF MINNESOTA

RESOLUTION NO. 10-42

RESOLUTION ADOPTING A MODIFIED POLICY AND CRITERIA FOR GRANTING BUSINESS SUBSIDIES

BE IT RESOLVED By the City Council ("Council") of the City of Cloquet, Minnesota ("City") as follows:

Section 1. Recitals.

1.01. Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Act") requires the adoption of a policy and criteria for the granting of business subsidies as defined in the Act; and,

1.02. The City has hereto adopted a business subsidy policy and criteria; and

1.03. Subsequent legislation has been adopted concerning business subsidy policy and criteria and it is necessary that the City revise its business subsidy policy and criteria in accordance with this legislation; and

1.04. The City has determined that it is necessary and appropriate to adopt a modified business subsidy policy and criteria pursuant to the Statutes; and,

1.05. The City has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law on June 15, 2010.

Section 2. City Approval; Further Proceedings

2.01. The modified business subsidy policy and criteria, contained in Exhibit A of this resolution are hereby approved, ratified, established, and adopted and shall be placed on file at City Hall.

2.02. The City Administrator is authorized and directed to file a copy of the modified business subsidy criteria, along with annual reports, to the Minnesota Department of Employment and Economic Development, pursuant to the Statutes.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 15TH DAY OF JUNE, 2010.

Bruce Ahlgren, Mayor

ATTEST:

Brian Fritsinger, City Administrator

EXHIBIT A

MODIFIED POLICY AND CRITERIA FOR GRANTING BUSINESS SUBSIDIES

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

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

1. In cases where job creation is a goal, wages for jobs created shall be no less than 140% of the applicable minimum wage (1.40 x AMW) without health benefits or 125% of the applicable minimum wage (1.25 x AMW) with health benefits. There may be instances in which other factors, such as prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipients business exists, are sufficient enough reason for the wage policy to be waived.

   If the City deviates from the wage requirements set forth above, it will document the reason(s) for the deviation and attach a copy of the document to its next annual report to the Department of Trade and Economic Development as required by the Act.

2. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

3. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

   However, in order to be eligible to receive a subsidy a recipient must satisfy the following minimum requirements, unless waived by the City:

   a. The recipient must demonstrate that the proposed development or redevelopment would not occur without the requested subsidy.

b. The recipient must demonstrate that it has the financial qualifications and experience to undertake and complete the proposed development or redevelopment in accordance with the terms of the agreements between the City, or other responsible city agency, and the recipient.

c. The recipient must enter into a subsidy agreement as required by the Act.

d. The recipient's proposed project must be consistent with the City's Comprehensive Plan and Zoning Ordinances or required changes to the plan and ordinances must be under active consideration by the City at the time of approval.

e. The subsidy must be permitted under applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.

f. The subsidy request should maximize the amount of private investment in the proposed development or redevelopment.

4. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide specific and demonstrable evidence that the loss of those jobs is imminent.

5. 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.

Amended _____