

CITY OF CENTERVILLE BUSINESS SUBSIDY POLICY

The Centerville City Council hereby adopts the following business subsidies policy pursuant to the Act:

Terms used herein are intended to have the same meanings as prescribed in the Act and this Policy shall apply only with respect to subsidies granted under the Act, if and to the extent required thereby.

1. Definitions. The following definitions shall apply to this Policy:

- A. "Achievement Date" means a date that is two (2) years following the Benefit Date and is the date by which a Recipient must meet its Job and Wage Requirements.
- B. "Act" means *Minnesota Statutes*, Sections 116J.993 to 116J.995, as amended.
- C. "Benefit Date" means the date that the Recipient receives a Subsidy. If the Subsidy involves the purchase, lease, or donation of physical equipment, the Benefit Date begins when the Recipient puts the equipment into service. If the Subsidy is for improvements to property, the Benefit Date refers to the earliest date of either:
 - (1) When the improvements are finished for the entire project; or
 - (2) When a Recipient, its tenants or subtenants, first occupies the property. If the Recipient, its tenants or subtenants occupies the property and the City expects that other businesses will also occupy the same property, the City may assign a separate Benefit Date for each business, being when each first occupies the property.
- D. "City" means the City of Centerville, which is the "grantor" of a Subsidy under the Act.
- E. "Development Agreement" means an agreement entered into between the City and a Recipient that contains the general conditions of the Subsidy and the obligations of the Recipient in consideration of that Subsidy.
- F. "Economic Development District" means a tax increment district described in *Minnesota Statutes*, Section 469.174, subdivision 12.
- G. "Full-Time Equivalent Employee" (FTE) means persons, on a part time basis, whose cumulative, annual hours worked is equal to approximately 2000 hours per year; provided, however, that (a) no more than 3 part time employees may be aggregated to constitute 1 Full-Time Equivalent Employee and (b) no more than 50 percent of a Job and Wage Requirement may be fulfilled by Full-Time Equivalent Employees. In order to count an FTE as a substitute for Permanent Full-Time Employee, the rate of pay shall be not less than 200 percent of the Federal Minimum Wage.
- H. "Job and Wage Requirements" means the requirements described in Section 3 hereof.
- I. "Permanent Full-Time Employees" means persons who are eligible to receive health, pension and other benefits provided according to the personnel or employment policies of a Recipient, its tenants or subtenants, or through a collective bargaining agreement, or due to State statutes, and whose wages, as that term is defined at 26 U.S.C. § 3401, shall not be less than 180 percent of the Federal Minimum Wage.

- J. "Policy" means this policy setting forth the requirements and criteria for awarding a Subsidy, as approved by the City Council, and as the same may be amended from time-to-time at the discretion of the City Council.
- K. "Qualifying Employees" means Permanent Full-Time Employees or Full-Time Equivalent Employees employed within the property with regard to which a Subsidy is granted, and in the event such property consist of an expansion or addition to an already existing facility, it shall mean additional Permanent Full-Time and Full-Time Equivalent Employees employed as a result of such expansion or addition. The following persons shall not be considered Qualifying Employees:
 - (1) Contract personnel who are not employees of the Recipient, its tenants, or subtenants; or
 - (2) Employees of a Recipient located within an Economic Development District, Redevelopment District, or Tax Increment District established before or after the applicable Effective Date whose wage or salary is less than 180 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.
- L. "Qualified Jobs" means jobs held by Qualifying Employees.
- M. "Recipient" means any for-profit or non-profit business that receives a Subsidy.
- N. "Redevelopment Activity" means an activity that includes the demolition and replacement, or Substantial Rehabilitation, of physical facilities located upon real property.
- O. "Redevelopment District" means a tax increment district described in Section 469.174, subdivision 10 of the Tax Increment Act.
- P. "Special Category Subsidy" means (1) any Subsidy of more than \$25,000 but less than \$150,000 and (2) any Subsidy that is a business loan or is a guarantee of any payment under any loan, lease or other obligation of more than \$75,000 but less than \$150,000.
- Q. "Subsidy" means any City grant, loan (at rates below those commercially available to the Recipient) or contribution of personal property, real property or infrastructure, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, other obligation or any preferential use of government facilities given to a business, *except* (1) any Subsidy, the value of which is less than \$25,000, (2) any Subsidy that is a business loan or guarantee of any payment under any loan, lease or other obligation, the value of which is less than \$75,000 and (3) any additional exception described in Section 116J.993, Subdivision 3 of the Act, which are incorporated herein by reference.
- R. "Subsidy Agreement" means the agreement required by Section 116J.994, subdivision 3 of the Act to be entered into by the City and the Recipient that contains the Job and Wage Requirements described in Section 3 hereof, which may be a Development Agreement or separate agreement.
- S. "Substantial Rehabilitation" means rehabilitation of physical structure at a cost in excess of 10 percent of the assessor's fair market value last assigned to that structure prior to commencement of such rehabilitation.

- T. "Tax Abatement" means reimbursement of certain development costs incurred pursuant to a Development Agreement, as permitted by *Minnesota Statutes*, Sections 469.1812 to 469.1815.
 - U. "Tax Increment Act" means *Minnesota Statutes*, Section 469.174 to 469.178.
 - V. "Tax Increment District" means a district established pursuant to the Tax Increment Act or any predecessor statute.
 - W. "Tax Increment Subsidy" means any Subsidy provided in accordance with the provisions of the Tax Increment Act.
2. General Requirements. The following requirements shall apply:
- a. Any Recipient must be located in or moving into the City.
 - b. Each Recipient other than a Recipient of a Special Category Subsidy shall enter into a Subsidy Agreement with the City that, at a minimum, contains the Job and Wage Requirements and complies with the provisions of Section 116J.994, Subdivision 3 of the Act.
 - c. A public hearing shall be required before the City Council before granting a Subsidy that exceeds \$150,000.
 - d. The public notice of any public meeting about a Subsidy, including those required by Section 116J.994, Subdivisions 4 and 5 of the Act, must include notice that a person with residence in or the owner of taxable property within the City may file a written complaint with the City if the grantor fails to comply with the Act, and that no action may be filed against the City for the failure to comply unless a written complaint is filed.
 - e. In the case of a Tax Increment or Tax Abatement Subsidy that is not a Special Category Subsidy, the Development Agreement shall require that, following the Achievement Date, the Recipient provide evidence of meeting the Job and Wage Requirements as a condition precedent to disbursement of the Tax Increment Subsidy or Tax Abatement. In all cases, if the Recipient fails to meet such requirements, the Recipient shall repay all Subsidy received, or a pro rata portion based upon the number of Qualified jobs created, all in accordance with the terms of Section 116J.994, Subdivision 6 of the Act.
 - f. Each Recipient other than the Recipient of a Special Category Subsidy must provide a binding legal obligation to continue operations within the City for at least 5 years from and after the Benefit Date.
 - g. The purpose of a Subsidy may be increased City property tax base, creation of additional employment or the retention of existing employment; provided:
 - i. Increased tax base shall not be a singular purpose unless the City Council specifically finds, after the public hearing with respect to a Subsidy, that the Job and Wage Requirements do not apply and are, therefore, zero; and
 - ii. Job retention shall be a purpose only in cases where the Recipient has certified to the satisfaction of the City Council that job loss is imminent and demonstrable.
 - h. A Recipient other than the Recipient of a Special Category Subsidy shall provide to the City such reports concerning the Subsidy as are required by Section 116J.994, Subdivision 7 of the Act. A Recipient of a Special Category Subsidy shall be required to provide the City with information necessary to complete the reports required by Section 116J.994, Subdivision 8(b) of the Act.

3. Job and Wage Requirements.
 - a. Except where the purpose of the Subsidy is employment retention, or where the City Council has determined that the Job and Wage Requirements do not apply and are, therefore, zero, each Development Agreement and/or Subsidy Agreement shall require the Recipient to create a specified number of Qualified Jobs on or before the Achievement Date.
 - b. In the case of a Subsidy granted by the City (i) within an Economic Development District established before or after the applicable Effective Date or (ii) not within a Tax Increment District, but granted in connection with other than a Redevelopment Activity, the Recipient shall be required to create one Qualified Job for each \$50,000.00 of present value Subsidy.
 - c. If the City Council chooses to deviate from the Job and Wage Requirements established herein, the resolution approving the Subsidy shall state the reasons for such deviation and the City shall provide a copy of such resolution to the Minnesota Department of Employment and Economic Development when filing its next annual report.
4. Enforcement of Policy Requirements
 - a. A person with residence in or an owner of taxable property located in the City may bring an action for equitable relief arising out of the failure of the City to comply with the Act.
 - b. Prior to bringing an action, the party must file a written complaint with the City stating the alleged violation and proposing a remedy. The City has up to 30 days to reply to the complaint in writing and may take action to comply with the Act.
 - c. The written complaint under this Section 4 for failure to comply with Section 116J.994, subdivisions 1 to 5 of the Act must be filed with the City within 180 days after approval of the Development Agreement or Subsidy Agreement. An action under this Section 4 must be commenced within 30 days following receipt of the City's reply pursuant to Section 4B hereof or within 180 days after approval of the Development Agreement or Subsidy Agreement, whichever is later.
5. Reporting. Within 1 year of the granting of a Subsidy, including a Special Category Subsidy, City staff shall file the report required by Section 116J.994, subdivision 8.



CITY OF CENTERVILLE COUNCIL MEETING AGENDA

Wednesday, January 23, 2013
6:30 p.m. or shortly thereafter
Set Agenda = *Italics*

OPEN FORUM 6:30 p.m.: An opportunity for members of the public to address the City Council on items not on the current agenda. Items requiring Council action may be deferred to staff or Boards and Commissions for research and future Council Agendas if appropriate. You will be limited to two (2) minutes and we ask that you conduct yourself in a professional, courteous manner, and refrain from the use of profanity. Failure to abide by this policy may result in the loss of your privilege to speak. Persons wishing to speak will be required to complete a sign-up sheet and give it to the Mayor or a Staff person by 6:15 p.m.

COUNCIL MEETING

I. CALL TO ORDER

1. **Roll Call**

II. PUBLIC HEARINGS

1. **Business Subsidy Policy (Page 1)**
2. **Potential for Granting a Business Subsidy for HAF Equipment (Page 2)**

III. APPROVAL OF AGENDA

IV. APPROVAL OF MINUTES

1. **January 9, 2013 City Council Meeting Minutes (Pages 3-9)**

V. CONSENT AGENDA

1. **City of Centerville January 9, 2013 through January 23, 2013 Claims (Check #27748-27775) w/Check #27754 Voided (Pages 10-11)**
2. **Centennial Lakes Police Department Claims through January 10, 2013 (Check #9162-9288) (Pages 12-13)**
3. **Centennial Fire District Claims through January 4, 2013 (Check #5632-5646) (Page 14)**

VI. AWARDS/PRESENTATIONS/APPEARANCES

VII. OLD BUSINESS

VIII. NEW BUSINESS

1. **Res. #13-0XX – Amending Business Subsidy Policy (Pages 15-19)**
2. **Personnel Policy Dated January 1, 2013 ~ Section 8.02 & 8.03 Modifications (Pages 20-71)**
3. **Res. #13-0XX – Approving Plans and Specifications & Calling for Bids on 2013 Street Improvement (Pages 72 & Handouts)**

IX. ANNOUNCEMENTS/UPDATES

1. **City Administrator Dallas Larson**

CITY OF CENTERVILLE

RESOLUTION #13-007

A RESOLUTION AMENDING BUSINESS SUBSIDY POLICY

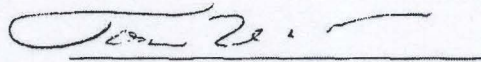
WHEREAS, the City of Centerville by Resolution 00-09 adopted on April 26, 2000, has adopted a business subsidy policy, and

WHEREAS, changes in legal requirements have caused the existing policy to be insufficient.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF

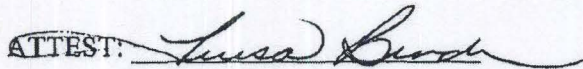
CENTERVILLE, MINNESOTA: that the City hereby amends its business subsidy policy by repealing Resolution 00-09 and adopting the policy attached hereto entitled "City of Centerville Business Subsidy Policy" dated January 23, 2013.

Adopted by the City Council this 23rd day of January, 2013.



Tom Wilharber, Mayor

ATTEST:



Teresa Bender, City Clerk