



Request for City Council Committee Action from the Department of Community Planning & Economic Development

Date: August 17, 2009

To: Council Member Scott Benson, Health, Energy & Environment Committee
Council Member Lisa Goodman, Community Development Committee

Subject: Living Wage/ Job Linkage Report

Recommendation: Receive and File

Previous Directives: In June of 1995, the Minneapolis City Council and Mayor amended the existing Job Linkage process to require job creation, job retention, and a preference for hiring Minneapolis residents. The City Council subsequently adopted a Living Wage Resolution in 1997, and substantially amended and restated it on February 2, 2001 to comply with the State Business Subsidy Act, which the Minnesota State Legislature enacted and in 1999 and amended in 2000. On November 5, 2005, the Minneapolis City Council adopted the "Minneapolis Living Wage and Responsible Public Spending Ordinance".

Prepared by: Kent Robbins, Business Services and Special Projects 612-673-5187
Approved by: Cathy Polasky, Director of Economic Policy and Development, CPED

Presenters in Committee: Kent Robbins 612-673-5187

Reviews

- Permanent Review Committee (PRC): Approval N/A X___ Date _____
- Civil Rights Approval Approval N/A X___ Date _____
- Policy Review Group (PRG): Approval N/A X___ Date _____

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification: Not Applicable
- City Goals: Supports the "One Minneapolis" Five-Year Goal which stresses equal access, equal opportunity, and equal input. In five years the gap will closing for access to housing, health care, education, and employment; diversity will be welcome, respected and valued; the opportunities for everyone; all residents will have confidence in public safety services; and residents will have access to fair, open and transparent decision-making.
- Sustainability Targets: Supports Minneapolis residents earning a living wage
- Comprehensive Plan: - Not Applicable
- Zoning Code: - Not Applicable

- Living Wage/Business Subsidy Agreement
- Job Linkage

Yes_____ No__X____
 Yes_____ No _X____

Supporting Information

This transmittal provides hiring information for companies that have job linkage or business subsidy agreements with the City of Minneapolis. This report indicates hiring activity for the period of January 1, 2008 through December 31, 2008. The data is summarized from Job Linkage and Business Subsidy hiring reports. Business Subsidy agreements are different from Job Linkage Agreements because failure to meet job and wage objectives under Business Subsidy requires repayment of the subsidy. Job Linkage agreements are voluntary and have no negative consequences for failure to meet job hiring goals.

Job Linkage

Attachment 1 shows Job Linkage agreements that date from 1996 through December 31, 2008. Job Linkage agreements are voluntary agreements that each business signs with CPED: they include five-year job hiring and retention goals. Businesses are asked to employ Minneapolis residents whenever possible. Jobs that pay the area’s living wage are preferred. The living wage in 2008 of \$13.25 per hour was based on 130% of the 2008 Federal Poverty Guidelines for a family of four.

Attachment 1 shows seven numbered columns that indicate the following:

1. Base employment - Indicates the number of employees working at the business when the agreement was signed.
2. Job Linkage Goal - Indicates the 5-year goal for hiring that each business tries to achieve.
3. Employed as of 12/31/08 - Indicates the number of people working at each business on the last day of 2008
4. Hired in 2008 - Indicates the number of people hired by each business in 2008
5. Living Wage in 2008 - This indicates the number of 2008 hires that earned at or above \$13.25 per hour.
6. Minneapolis hires in 2008- This column indicates the number of 2008 hires that live in Minneapolis.
7. Living Wage/Minneapolis- This column indicates the number of 2008 Minneapolis hires that earned at or above \$13.25 per hour.

Minnesota Business Subsidy Act

The Minnesota Business Subsidy Act was passed by the Minnesota State Legislature in 1999 and amended in 2000 and again in 2008. The Minneapolis City Council and Mayor approved a Living Wage Resolution and Policy in February 2001 to implement this State legislation. Attachment 2 shows the eleven signed Business Subsidy agreements. The Minnesota Business Subsidy Act provisions mandate that a business who receives a business subsidy from the City or CPED for the development objective of job creation/retention must create at least one full time living wage job for every \$25,000 of subsidy. In instances where objectives other than job creation/retention have been established, a recipient must still successfully complete these objectives within two years after the project is finished or occupied.

In 2008, the Metropolitan Area's living wage was determined to be \$13.25 per hour or 130% of the Federal Poverty Guidelines for a family of four. 2008 was the second year that the higher wage requirements from the City's new "Living Wage Ordinance" were in effect.

Hiring data from Attachment 1 indicates a total of 7,106 job hires through Job Linkage or Business Subsidy agreements with 5,424 or 76.32% earning wages at or greater than the area's living wage of \$13.25 per hour. 1,972 or 27.75% lived in Minneapolis and 69.11% of those earned a living wage or greater.

The list of businesses in Attachment 1 includes multi-tenant buildings that result in a total of 184 companies. These 184 companies employed 30,541 employees on December 31, 2008. The number of businesses increased by 9 over the number of 2007 businesses.

The figure of 7,106 hires for 2008 represents a decrease of 801 or 10.13 % less than the 2007 year total. 2008 hires earning a wage at or greater than the area's living wage decreased by 500 or 8.43% less than the 2007 year total. Minneapolis resident hires decreased by 193 or 8.9% from 2007.