



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

Date: August 25, 2008

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".

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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, 2007 through December 31, 2007. 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 from 1996 through December 31, 2007. 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 2007 of \$12.91 per hour was based on 130% of the 2007 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 12/31/07 - Indicates the number of people working at each business on the last day of 2007
4. Hired in 2007 - Indicates the number of people hired by each business in 2007
5. Living Wage in 2007 - This indicates the number of 2007 hires that earned at or above \$12.91 per hour.
6. Minneapolis hires in 2007- This column indicates the number of 2007 hires that live in Minneapolis.
7. Living Wage/Minneapolis- This column indicates the number of 2007 Minneapolis hires that earned at or above \$12.91 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 2007, the Metropolitan Area's living wage was determined to \$12.91 per hour or 130% of the Federal Poverty Guidelines for a family of four. 2007 was the first 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 7,907 job hires through Job Linkage or Business Subsidy agreements with 5,925 or 74.34% earning wages at or greater than the area's living wage of \$12.91 per hour. 2,165 or 27.16% lived in Minneapolis and 72.42% 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 175 companies. These 175 companies employed 32,161 employees on December 31, 2007.

The figure of 7,907 hires for 2007 represents an increase of 1182 or 17.57 % over the 2006 year total. 2007 hires earning a wage at or greater than the area's living wage increase by 506 or 9.3% over the 2006 year total.