

Minneapolis Community Development Agency

Request for City Council Action

Date: July 29, 2003

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Refer to: MCDA Board of Commissioners

Prepared by Kent Robbins, Workforce Coordinator, Phone 612-673-5187

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____**Subject: Living Wage-Job Linkage-Neighborhood Employment Report**

Previous Directives: In October of 1997 the Board of Commissioners approved an extension of the MCDA's contract with the Minnesota Department of Economic Security to operate the Minneapolis Enterprise Zone Incentive Grant Program. In June of 1995, the Minneapolis City Council and Mayor amended the existing Job Linkage process to require job creation, job retention, and Minneapolis hiring goals. Regarding Living Wage, the Council, adopted the City's Living Wage Policy in 1997, and substantially amended and restated it on February 2, 2001 to comply with the Business Subsidy Act, which the Minnesota Legislature enacted in 1999 and amended in 2000.

Ward: NA**Neighborhood Group Notification:** NA**Consistency with *Building a City That Works*:** NA**Comprehensive Plan Compliance:** NA**Zoning Code Compliance:** NA**Impact on MCDA Budget:** (Check those that apply)

- No financial impact
 Action requires an appropriation increase to the MCDA Budget
 Action provides increased revenue for appropriation increase
 Action requires use of contingency or reserves

Crown Roller Mill,
 105 Fifth Ave. S., Suite 200
 Minneapolis, MN 55401-2534
 Telephone: (612) 673-5095
 TTY: (612) 673-5154
 Fax: (612) 673-5100
 www.mcda.org

___ Other financial impact (Explain):

Living Wage / Business Subsidy: Indicates production in 2002

Job Linkage: Indicates production in 2002

Affirmative Action Compliance: NA

RECOMMENDATION:

City Council Recommendation: The Executive Director recommends that the City Council receive and file this report.

MCDA Board Recommendation: The Executive Director recommends that the Commissioners receive and file this report.

Background/Supporting Information

This transmittal provides hiring information for companies that have contractual agreements with the MCDA. It also indicates job placements from our collaborative agreements with Neighborhood Employment and Training (NET) and the Minneapolis Employment and Training Program (METP).

This report indicates hiring activity for the period from January 1st through December 31st, 2002. The data listed includes Job Linkage Agreements, Minnesota Business Subsidy Act Agreements, and job placements and retention funded by the Minnesota Department of Economic Security and administered by MCDA staff.

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 their goals.

Hiring data from Attachments 1,3, and 4 indicate a total of 2272 job hires through Job Linkage and Business Subsidy agreements with 1886 or 83% earning wages at or greater than the area's 2002 living wage of \$9.57 per hour. 1136 or 50% lived in Minneapolis.

The total of 2205 hires for 2002 Job Linkage Agreements represents an increase of 1185 over the 2001 year totals. Of these, 1840 employees or 83.5% of all those hired earned the Area's living wage of \$9.57 per hour. 48.8% of those hired lived in Minneapolis.

Job Linkage

Attachment 1 shows Job Linkage agreements from 1995 through December 31, 2002. Job Linkage agreements are voluntary agreements that businesses sign with the MCDA that set five-year job hiring and retention goals. Business are asked to employ Minneapolis residents whenever possible. Jobs that pay the area's living wage or higher

are preferred. The living wage for Minneapolis in 2002 of \$9.57 per hour was based on 110% of the 2002 Federal Poverty Guidelines for a family of four.

Attachment 1 shows six numbered columns that indicate the following:

1. Base Employment- The number of employees working when the Job Linkage Agreement was signed.
2. Job Linkage Goal- The 5-year goal for job hiring that business try to achieve.
3. The total number of employees for each business on 12/31/02
4. Total Hired-Total number of employees hired in 2002.
5. Living Wage- Number of employees that earned \$9.57 or greater per hour.
6. Minneapolis hires- Number of employees that lived in Minneapolis.

Attachment 2 indicates future Job Linkage projects with committed funding, under construction or completed during 2002. Nine of these businesses have signed Job Linkage agreements and will be reporting hiring activity for 2003. Attachment 2 indicates job goals totaling 1680 jobs.

Minnesota Business Subsidy Act

The Minnesota Business Subsidy Act was passed by the Minnesota State Legislature in 1999 and amended in 2000. The Minneapolis City Council and Mayor approved the Living Wage Policy in February 2001 to implement this state legislation.

Attachment 3 indicates seven signed Minnesota Business Subsidy Agreements. Business Subsidy Act provisions mandate that a recipient who receives a business subsidy from the City or MCDA 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 and retention have been established, recipients must still successfully complete these objectives within two years after the project is finished and occupied.

Attachment 3 includes a footnote, which indicates that Graco Inc. has satisfied their business subsidy jobs goal of 48 hires.

Minnesota Department of Economic Security Grants

Attachment 4 shows the placement by employer and job title of Minneapolis residents utilizing funds from the Minnesota Department of Economic Security and administered by MCDA and METP. These job placements emphasize retention and salary promotion. The 2-year hiring total for these funds is 274. Fifteen of these employees achieved hourly wage increases of at least \$2.00.

55 Minneapolis residents were hired in 2002 and 34 earned hourly wages at or exceeding \$9.57.

If there are any questions about the information in this report, please call Kent Robbins at 612-673-5187.

					1	2	3	4	5	6
				<i>Local Public</i>	<i>Base</i>	<i>Jobs Link</i>	<i>Emp. As of</i>	<i>Hired</i>	<i>Liv. Wage</i>	<i>Mpls.</i>
<i>Business</i>	<i>Agreement</i>	<i>Address</i>	<i>Ward</i>	<i>Participation</i>	<i>Emp.</i>	<i>Goal</i>	<i>12/31/02</i>	<i>in 2002</i>	<i>in 2002</i>	<i>Hires</i>
Ambassador Press	10-Dec-96	1400 Wash. Ave. N.	5	IRB, TI, Land Sale	54	33	65	7	7	0
Adhesive Systems	13-May-97	2645 26th Ave. So.	9	Land Sale	9	12	20	1	1	0
Armour Photography	04-Apr-01	210 16th Ave. North	5	\$827,000 Miles Clean	4	6	4	1	1	0
Mpls Speaker Co. Inc	07-Mar-01	2637 3rd Ave. S.	2	\$337,000 Miles Clean	40	12	31	0	0	16
ASAP Printing	17-Oct-97	3110 West Lake Street	7	Cap. Inv. Fund loan	36	28	63	7	3	2
Baker Bearing / BW	24-Mar-97	2515 26th Ave. S.	9	Soil Correction	11	19	16			
Cord Sets	12-Dec-97	1115 Aldrich Ave. N.	5	TI	32	8	32	0	0	0
CSM (University)	01-Aug-96	1700 Elm St. SE	2	TI	0	180	567	111	108	90
CSM (Kasota)	01-Apr-96	2575 University	2	TI	0	278	414	58	58	39
D. C. Sales	27-Jul-95	1113 E. Franklin Ave.	6	TI, Land Sale	45	14	50			
Garelick Steel	12-May-97	1900 No. 2 St.	5	Land Sale	21	11	19	2	2	0
Graphic Systems	17-Aug-95	2632 26th Ave. S.	9	Land Sale	46	R46	46	10	10	4
Green Institute	17-Nov-95	2845 16th Ave. S.	6	NRP and EC contract	0	64	30	1	1	0
Harmony Engineering	07-Jul-99	460 Hoover St. NE	1	IRB	96	30	38	3	3	0
Transit Team Inc.	02-Jan-99	1154 N. 5th St.	5	TI Land Sale	128	141	267	204	197	104
Hiline, Inc.	09-Dec-96	2730 Summer St. NE	1	FMV Land Sale	15	5	17	5	5	3
Impact Mailing	24-Jun-97	3600 Lyndale No.	4	BDF	103	31	82	20	14	19
Mack Engineering	11-Aug-97	3215 East 2nd St.	2	Land Sale	30	9	25	1	1	0
Midwest Automation	05-Dec-	3530 E. 28th St.	9	BDG	40	9	32	8	5	2

	96									
New French Bakery	20-Jun-97	2609 26th Ave.	9	BDG, Land Sale	22	49	120	64	31	39
Northern Cap	07-May-98	2633 Minnehaha	9	Land Sale, IRB	119	30	124	15	15	5
Rochford Supply	28-Nov-97	1500 Wash. Ave.	5	FMV Land Sale	27	34	27			
Siewert Cabinet	22-Apr-97	2640 Minnehaha	9	FMV Land Sale	19	12	45	4	4	3
CSM Hospitality (Mil.Depot)	05-Oct-00	300 Washington Ave. S.	5	12.1 Million	0	190	180	125	42	86
Stremel Manufacturing	20-Jul-00	1411 Washington Ave. N.	5	T.I. \$500,000 Contamination Grant	71	25	83	36	30	9
Litin Paper Company *	29-Jun-00	3003 Pacific Ave.	3	\$300,000 MILES	28	6	33	2	2	0
Valspar Corporation	11-May-01	1101 South 3rd St.	2	\$300,000 MILES	350	38	415	45	44	9
RSP Architects, Ltd. - Grain B.	13-Oct-00	1220 Marshall St. NE	3	11.5 Mill Miles T.I.	150	80	189	18	18	9
Omni remanufacturing	09-Mar-99	1300 Washington N.	5	BDF Loan/\$75,000	251	128	228	49	49	16
Fairview Health Services	10-Jun-02	2450 Riverside Ave.	2	\$118 million HRB	6094	280	7312	989	963	362
Holiday Inn Metrodome	19-Apr-02	1500 Washington S.	2	\$7.5 mill CDRRB	142	37	134	20	12	14
Thymes Inc.	17-Dec-01	900 6th Ave. SE	2	\$1.5 Million TI	82	30	86	4	4	2
Caswell International	20-Jul-99	2540 2nd Street NE	3	BDF Loan/\$75,000	74	20	84	5	5	1
Steven Cabinets *	16-Jun-01	2920 Talmadge Ave. 1	1	BDF Loan/\$75,000	18	10	27	10	10	4
Block E - Hard Rock Café	19-Jul-02	600 Hennepin Ave.	5	\$39 million T.I.	0	205	120	120**	88	60
Block E- Sega Game Works	16-Aug-02	600 Hennepin Ave.	5	SAB	0	200	139	139	80	95
Block E- Standard Parking	01-Aug-02	600 Hennepin Ave.	5	SAB	0	40	13	13	7	6
Block E- Border's Book Store	08-Aug-02	600 Hennepin Ave.	5	SAB	0	80	33	33	4	24
Block E-Cold Stone Cream	14-Aug-02	600 Hennepin Ave.	5	SAB	0	22	9	9	1	7
Block E-Starbucks Coffee	19-Nov-02	600 Hennepin Ave.	5	SAB	0	42	12	12	2	9

Block E- Crown Theaters	25-Jul-02	600 Hennepin Ave.	5	SAB	0	125	41	41	4	35
Uptown Transfer	11-Oct-99	3040 4th Avenue S.	5	BDF Loan/\$75,000	5	5	8	0	0	1
Guild Art Corporation	19-Oct-99	2640 Minnehaha Ave.	9	BDF Loan/\$75,000	10	5	9	0	0	0
ASI Systems	24-Jun-99	1301 Washington N.	5	FMV Ld Sal \$150K	20	24	25	7	7	2
DHL Worldwide Express	01-Nov-99	1601 2nd Street N.	5	FMV LdSal \$150K	32	15	34	6	6	0
Totals:					8224	2668	11351	2205	1840	1077
Percentages of Column 4								100%	83.47%	48.84%
<i>BDF = Business Development Fund</i>				<i>NRP = Neighborhood Revitalization Program</i>						
<i>IRB = Industrial Revenue Bond</i>				<i>EC = Enterprise Community</i>						
<i>TI = Tax Increment Financing</i>				<i>MILES = Minneapolis Industrial Land and Employment Strategy</i>						
<i>FMV = Fair Market Value</i>		* Includes 3 2001 hires		**Total hired for 2002 = 237						

Attachment 2				
Future Job Linkage Projects				
31-Dec-02				
			Local	Job
			Public	Linkage
Project	Address	Ward	Participation	Goals
Pro Floor, Inc**	2668 Minnehaha Ave.	9	\$751,000 Miles	139 Jobs
All Weather Roof **	2101 E. 26th St. S.	9	\$2.7 Million IDB	42 Jobs
Depot East Office Project**	500 Wash. Ave. So.	5	\$3.3 mil.pay-go TI	120 Jobs
Abbot Northwestern Hospital**	800 East 28th St.	8	\$6.7 mill pay-go TI	530 Jobs
Le Meriden Hotel- Block E**	600 Hennepin Ave. S	5	\$39 million TI	200 jobs
Applebee's - Block E**	600 Hennepin Ave. S	5	\$39 million TI	250 jobs
Jimmy John's - Block E**	600 Hennepin Ave. S	5	\$39 million TI	50 jobs
Nicos Deli & Market Cate**	555 Nicollet Mall	7	\$75,000 BDF Loan	14 jobs
Stinson Technology Campus Development	500 Stinson.Blvd. NE	1	\$16.6 million TI	150 Jobs -Phase 1
Metro Produce Distributors**	2700 E. 28th St.	9	Land Easements	35 Jobs
Guthrie Theater ***	2nd St. & Chicago Ave. S.	2	Credit of up to \$750,000 for Parking Revenue	100-200 Jobs
				1680 New Jobs

