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

**Date:** July 24, 2006

**To:** Council Member Lisa Goodman, Community Development Committ  
Council Member Benson, Health, Energy & Environment Committe

**Subject:** Living Wage/Job Linkage Report

**Recommendation:** Receive and file this report

**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 in 1999 and amended in 2000. On November 4, 2005, the Minneapolis City Council adopted the "Minneapolis Living Wage and Responsible Public Spending Ordinance"

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**Approved by:**

Chuck Lutz, Deputy Director CPED

Mike Christenson, Director of Economic Development

**Permanent Review Committee (PRC) Approval**  Not Applicable

**Note:** To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

**Presenter in Committee:** Kent Robbins, Workforce Coordinator

**Financial Impact (Check those that apply)**

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the  Capital Budget or  Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan:  Action is within the plan.  Action requires a change to plan.

Other financial impact (Explain):

Request provided to department's finance contact when provided to the Committee Coordinator.

**Community Impact (use any categories that apply)**

Neighborhood Notification:

City Goals: Supports the "One Minneapolis" Five-Year Goal which stresses equal access, equal opportunity, and equal input. In five years the gap will be closing for access to housing, health care, education and employment; diversity will be welcome, respected and valued; the city's middle class will be thriving; there will be living-wage jobs or entrepreneurial opportunities for everyone; all residents will have confidence in public safety services; and residents will have access to fair, open and transparent decision-making.

Comprehensive Plan:

Zoning Code:

Other:

**Background/Supporting Information:**

This transmittal provides hiring information for companies that have contractual agreements with the City of Minneapolis. This report indicates hiring activity for the period of January 1, 2005 through December 31, 2005. The data is summarized from Job Linkage and Business Subsidy hiring reports.

**Business Subsidy agreements are different from Job Linkage agreements because the 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 attachment 1 indicates a total of 5,699 job hires through Job Linkage and Business Subsidy agreements with 4,947 or 86.80 % earning wages at or greater than the area's 2005 living wage of \$10.23 per hour. 35.46% of those hired, 2023 persons, lived in Minneapolis. The list of companies shown in attachment 1 includes some multi-tenant developments and hiring figures represent responses from 111 Minneapolis companies.**

**The figure of 5,699 hires for 2005 represents an increase of 1030 or 22.06 % over the 2004 year total. The figure of 4,947 living wage hires represents an increase 1161 or 30.66% over 2004 year total. The figure of 2023 hires who are Minneapolis residents represents an increase 516 or 34.24 % over 2004 year total.**

**Job Linkage**

Attachment 1 shows Job Linkage agreements from 1997 through December 31, 2005. Job Linkage agreements are voluntary agreements that each business signs with CPED which set five-year job hiring and retention goals. Businesses are asked to employ Minneapolis residents whenever possible. Jobs' paying the area's Living Wage or higher are preferred. The Living Wage in 2005 of \$10.23 per hour was based on 110% of the 2005 Federal Poverty Guidelines for a family of four.

Attachment 1 shows six numbered columns that indicate the following:

1. Base Employment- This indicates the number of employees working when the agreement was signed.
2. Job Linkage Goal- This indicates the 5-year goal for job hiring that each business tries to achieve.
3. Employed as of 12/31/05- Indicates the number of employees working on the last day of 2005.
4. Hired in 2005- Indicates the number of persons hired in 2005
5. Living Wage in 2005- Indicates the number of 2005 hires that earned \$10.23 or greater per hour.
6. Mpls Hires in 2005- Indicates the number of 2005 hires that lived in Minneapolis.

Attachment 2 shows future development projects that have signed job linkage agreements and are under construction or will be completed in 2006. This table indicates in the addition of over 1700 new jobs in the next few years.

### **Minnesota Business Subsidy Act**

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

Attachment 3 shows ten signed Business Subsidy Agreements. The Minnesota Business Subsidy Act provisions mandate that a business who receives a business subsidy for 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, recipient must still successfully complete these objectives within two years after the project is finished or occupied.