



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

**Date:** August 24, 2004

**To:** Council Member Lisa Goodman, Community Development Cmte

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

**Presenter in Committee:** Kent Robbins, Workforce Coordinator Phone- 612-673-5187

**Approved by:** Mike Christenson, Director, Strategic Partnerships

**Subject:** Living Wage-Job Linkage Employment Report

**RECOMMENDATION:** The Executive Director recommends that the City Council 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 Minneapolis hiring.

Regarding Living Wage, the City Council adopted the City's Living Wage Policy in 1997, and substantially amended and restated it on February 2, 2001 to comply with Business Subsidy Act, which the Minnesota Legislature enacted in 1999 and amended in 2000.

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

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact** (Summarize below)

**Ward:** NA

**Neighborhood Notification:** NA

**City Goals:** NA

**Comprehensive Plan:** NA

**Zoning Code:** NA

**Living Wage/Job Linkage:** Indicates production in 2003

## **Background/Supporting Information**

This transmittal provides hiring information for companies that have contractual agreements with the City of Minneapolis.

The report indicates hiring activity for the period from January 1<sup>st</sup> through December 31<sup>st</sup> 2003. The data includes summaries of Job Linkage Reports and Business Subsidy agreements.

The report indicates hiring activity for the period from January 1, 2003 through December 31, 2003. The data list includes Job Linkage and Business Subsidy hires.

**Business subsidy agreements are different from the 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 Attachments 1 and 3 indicate a total of 4134 job hires through Job Linkage and Business Subsidy agreements with 3560 or 86.11% earning wages at or greater than the area's 2003 living wage of \$9.73 per hour. 1463 or 35.58% lived in Minneapolis.**

**The total of 4122 hires for 2003 Job Linkage agreements represents an increase of 1917 or 86.93% over 2002 year totals.**

### Job Linkage

Attachment 1 shows Job Linkage agreements from 1997 through December 31, 2003. Job Linkage agreements are voluntary agreements that each business signs with CPED that set five-year job hiring and retention goals. Businesses are asked to employ Minneapolis residents whenever possible. Jobs that pay the area's Living Wage or higher are preferred. The Living Wage in 2003 of \$9.73 per hour was based on 110% of the 2003 Federal Poverty Guidelines for a family of four.

Attachment 1 shows six numbered columns that show 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 try's to achieve.
3. Employed as of 12/31/03- This indicates the number of employees working on 12/31/03.
4. Total Hired- This indicates the number of employees hired in 2003.
5. Living Wage- This indicates the number of employees that earned \$9.73 or greater per hour.
6. Minneapolis hires- This indicates the number of hired employees that lived in Minneapolis.

Attachment 2 indicates future Job Linkage projects with committed funding, under construction or completed in 2003. Eleven businesses have signed Job Linkage agreements and will be reporting hiring activity in 2004. Projected job goals for these projects total 1736 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 Business Subsidy Agreements. Business Subsidy Act provisions mandate that a recipient 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, recipients must still successfully complete these objectives within two years after the project is finished or occupied.

### **Close the Gap Campaign**

This campaign is designed to close the unemployment gap between the City and metropolitan area unemployment rates. It was approved by the Mayor and City Council in January 2004. During the first four months of 2004, Staff developed a 7-point employment plan for the Midtown Exchange Project. A key provision was a commitment by the developer, Ryan Companies, to hire 25-30 Minneapolis residents as trade workers on the construction and rehabilitation of Midtown Exchange. They also agreed to pursue a goal of 5% of the onsite construction hours for Pre-apprentice construction workers. Ryan will work with METP staff to contact the new tenants of Midtown so that place of Minneapolis residents in permanent jobs occurs. Ryan has also agreed to work with the Minneapolis Public Schools to support their construction technology programs.

Attachment 4 summarizes the "Close the Gap" production to date.

## **Minneapolis Business Service Pilot**

Staff is participating in one of two statewide pilot projects that involve Minnesota Department of Employment and Economic Development (DEED) business service specialists. The Minneapolis Pilot's mission is to help Minneapolis business prosper and grow. Members of the Pilot will concentrate on visiting Minneapolis financial institutions. CPED staff has developed a comprehensive Minneapolis Business Tool Box that contains employment and economic development programs for business. This tool box will be combined with state programs to provide business with a customized and extensive menu of services.