



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

Date: August 20, 2007

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 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: Charles T. Lutz, Deputy Director, CPED _____

Presenters in Committee: Kent Robbins

Reviews

- Permanent Review Committee Approval _N/A_X Date _____
(PRC):
- 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 be 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, one and transparent decision-making.
- Sustainability Targets – Supports Residents earning a living wage.
- Comprehensive Plan-Not Applicable
- Zoning Code- Not Applicable

- Living Wage/Business Subsidy Agreement Yes_____ No X_____
- Job Linkage 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, 2006 through December 31, 2006. 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 1997 through December 31, 2006. 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 that pay the area's living wage are preferred. The living wage in 2005 \$10.58 per hour was based on 110% of the 2006 Federal Poverty Guidelines for a family of four.

Attachment 1 shows seven numbered columns that indicate the following:

1. Base Employment- This indicates the number of employees working at the business 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 12/31/06- Indicates the number of people working at each business on the last day of 2006.
4. Hired in 2006- Indicates number of persons hired at each business in 2006.
5. Living Wage in 2006- Indicates the number of 2006 hires that earned at or above \$10.58 per hour.
6. Minneapolis Hires in 2006- Indicates number of 2006 hires that lived in Minneapolis
7. Living Wage/Minneapolis- Indicates number of 2006 Minneapolis hires that earned at or above \$10.58 per hour.

Minnesota Business Subsidy Act

The Minnesota Business Subsidy Act was passed by the Minnesota State Legislature in 1999 and amended in 2000. The Minnesota City Council and Mayor approved a Living Wage Resolution and Policy in February 2001 to implement this state legislation. Attachment 2 shows the ten 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 2006 the Metropolitan Area's living wage was determined to be \$10.58 per hour or 110% of the Federal Poverty Guidelines for a family of four. 2006 was a "transition year" that bridged from the requirements of the City's former "Living

Wage Policy” to the new “Living Wage Ordinance”. In 2007, the Area’s Living Wage is based on 130% of the Federal Poverty Guidelines for a family of four or \$12.91 per hour.

Hiring Data from attachment 1 indicates a total of 6,721 job hires through Job Linkage and Business Subsidy agreements with 5,419 or 80.62% earning wages at or greater than the area’s living wage of \$10.58 per hour. 2433 or 36% lived in Minneapolis and 74% of those earned a living wage or greater.

The list of businesses shown in attachment 1 includes multi-tenant buildings that result in a total number of 160 companies. These 160 companies employed 34,040 employees on December 31, 2006.

The figure of 6,721 job hires for 2006 represents an increase 1,022 or 18% over the 2005 year total. 2006 job hires earning a wage at or greater than the area’s living wage increased by 9.5% over the 2005 year total. Minneapolis 2006 hires increased by 410 or 20.26%. Minneapolis resident 2006 hires who earned a living wage totaled 1,789.