



Legislation Text

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To: Members of the Economic Development Authority

From: Nate Carlson, Economic Development Coordinator
Chris Heineman, Community Planning & Development Director

Northfield Business Subsidy Policy Action

Summary:

Consideration of the recommended changes to the City of Northfield Business Subsidy Policy by the EDA Executive Committee and pass a motion to recommend approval of a Resolution by the Northfield City Council adopting the updated Business Subsidy Policy for the City of Northfield.

Background:

Following the EDA meeting in April, the EDA Executive Committee convened on May 12 to review and recommend changes to the Northfield Business Subsidy Policy. The meeting minutes of the Executive Committee are attached to this report. Committee members discussed the concerns presented by the EDA Board.

Staff received detailed comments from City Attorney that primarily addressed specific state statutory language to be included in the final form of the Policy. The City Attorney also made reference to statutory requirement criteria for the “Living Wage Job” definition, and his comments were that “this is a policy issue for the City.”

The EDA Executive Committee discussed the meaning of “Living Wage Job” and agreed upon the following definition: “Shall mean a job which pays wages that total at least the rate of 150-percent of the current poverty level for a family of four.” A primary justification for using this formula to create the statutory required criteria of a “wage floor,” which would result in a wage of \$17.74 per hour exclusive of benefits utilizing the 2017 ASPE Poverty Guideline. Executive Committee members agreed utilizing a formula based wage floor would help to account for market fluctuations. Staff compared the proposed wage floor amount of \$17.74 to the cost of living tool provided by the Department of Employment and Economic Development (DEED), which can provide an hourly wage for cost of living by county.

In Rice County for a family of four (one full-time, one part-time, and two children), the cost of living is \$20.95 per hour. This cost of living calculation also takes into consideration healthcare expenses, which makes up \$1.58 per hour of the \$20.95 per hour calculation. Taking into account the proposed wage floor is exclusive of benefits, Executive Committee members and Staff support the wage floor formula of “150-percent of the current poverty level for a family of four.” In comparison, Hennepin County’s cost of living is \$25.55 inclusive of healthcare expenses.

Attached is the final draft copy of the amended Business Subsidy Policy. In addition to the final copy, the two

initial drafts (i.e. initial Executive Committee review and City Attorney review) are available to demonstrate the progression from beginning to end of the review process. City Attorney recommends that Council Resolution and the Business Subsidy Policy be separate documents. Staff has drafted the City Council Draft Resolution, and it is attached to this report.

Recommendation:

Staff recommends the EDA Board pass a motion to recommend approval of a Resolution by the Northfield City Council adopting the updated Business Subsidy Policy for the City of Northfield.