



## Legislation Text

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**Date:** July 11, 2017

**To:** Members of the Economic Development Authority

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

EDA Business Subsidy Policy Work Session

### **SUMMARY:**

The Northfield Economic Development Authority shall review the Business Subsidy Policy for the City of Northfield at a work session.

### **BACKGROUND:**

Following the Regular EDA meeting in May, the EDA Board requested a work session to review and recommend changes to the Northfield Business Subsidy Policy. The work session is intended to address concerns from all EDA Board members and direct staff accordingly.

The EDA Executive Committee has convened on three separate occasions to review and recommend changes to the Northfield Business Subsidy Policy. The minutes of those meetings are attached for review. The Executive Committee has been working concurrently with City Attorney, Chris Hood, on the revisions required by State Statute. Staff received detailed comments from City Attorney. A majority of the language drafted by City Attorney mirrors that of State Statute, which is required by the Business Subsidy Act of Minnesota. 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. The following is a list of example wages used by other cities in Minnesota (their policies are also attached):

- Elk River - \$15.00 per hour inclusive of benefits
- Faribault - \$10.00 per hour exclusive of benefits
- Farmington - \$12.85 per hour inclusive of benefits
- Lakeville - \$12.85 per hour inclusive of benefits
- Shakopee - \$19.00 per hour inclusive of benefits
- Willmar - \$12.00 per hour inclusive of benefits

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 received comments from EDA Board members following the May EDA meeting on specific changes for the Business Subsidy Policy. Their comments are attached.

Following the EDA Work Session, Staff will be reviewing the revised policy with City Attorney and will bring forward the final policy when the EDA Board agenda has availability.