



WORK SESSION AGENDA ITEM SUMMARY

City Council

STAFF

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SUBJECT FOR DISCUSSION

Consideration of a Local Minimum Wage.

EXECUTIVE SUMMARY

The purpose of this item is to review specific requirements and mechanisms for setting a local minimum wage and providing economic and survey analysis from residents regarding setting a higher local minimum wage.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What additional information does Council need?
2. Does Council support moving forward with the November 15 first reading?
3. What wage range, or what specific wage, would Council like to consider?
4. How quickly would Council like to meet the desired range? (Should wage be increased by \$1.75, or 15%, or a lesser amount in the first years?)
5. Once target wage is reached, does Council support defaulting to a CPI increase annually?

BACKGROUND / DISCUSSION

Criteria to Set a Local Minimum Wage

In 2019, the Colorado State legislature passed a bill allowing municipalities to adopt their own minimum wage and in 2021, City Council adopted a priority to increase the local minimum wage.

The state house bill limits the number of municipalities establishing a local minimum wage to 10-percent of all local governments in the state and requires those considering a local wage to engage with stakeholders including chambers of commerce, small and large businesses, businesses that employ tipped workers, workers, labor unions, and community groups and consult with surrounding local governments. Currently, only the City and County of Denver has implemented a local minimum wage law.

The bill also states that any local wage adjustment must take effect on the same date as the statewide adjustment and that if a local government adopts a wage is higher than the statewide minimum the local government can only increase the wage each year by \$1.75 or 15%, whichever is higher until the local wage reaches the amount enacted by the local government.

A reporting requirement was also included in the bill and the 2021 Local Minimum Wage Report is attached for reference.

The City project team focused on meeting the engagement requirements in the following ways:

- Meeting with Fort Collins Chamber of Commerce and the Latino Chamber of Commerce.
- Utilizing the scheduled National Business Survey to incorporate questions on minimum wage.
- Distributing and making available a general questionnaire for anyone interested in participating.
- Sharing plans for minimum wage considerations through regional managers group.
- One on one meetings, small group conversations, direct emails to non-profit and health sector contacts, presentation to Economic Advisory Board.

Analysis of the National Business Survey and the Online Survey

For the survey and questionnaire, a wage of \$15 was used to provide a benchmark for participants to react to and to gauge impacts.

Online General Findings and Feedback

Result reports can be found at <https://www.fcgov.com/citymanager/minimum-wage>.

From the online survey and direct conversations, the following generalizations are offered:

- Overall, housing costs are cited as the biggest financial stressor.
- Current inflation trends and costs of goods and services are concerning to all.
- The majority of all respondents report making or paying more than \$15/hour currently.

Employee Specific Response and Feedback:

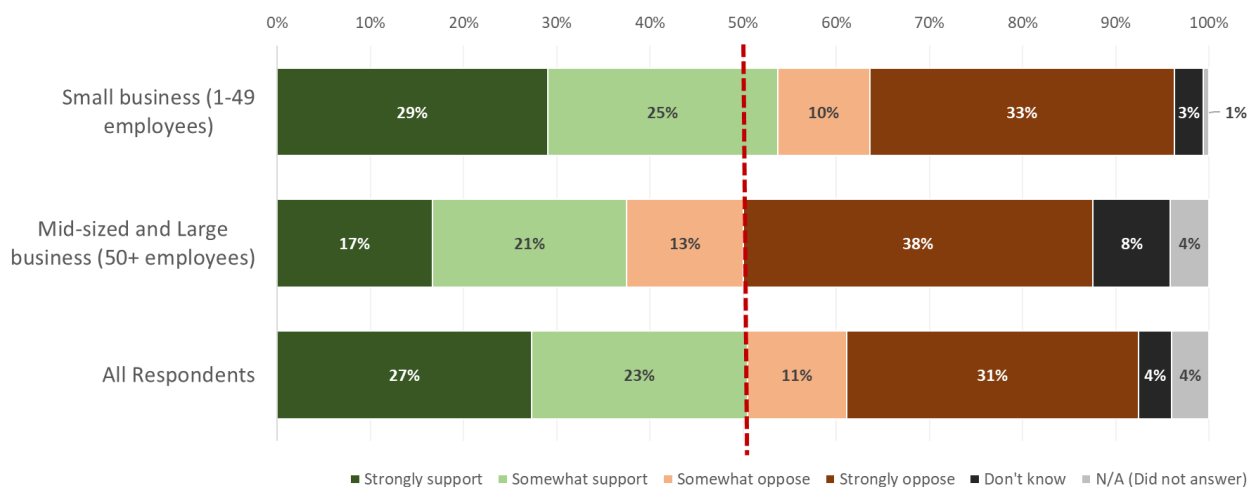
- Approximately 1100 responses.
- The majority work between 30-49 hours a week, are between 20-29 years old, and have been in their jobs between 0-2 years.
- Approximately 1/3 identified as college students with only 4 total identifying as high school students.
- The majority households were unrelated adults followed by couples, single adult, and couple with no children.
- Open comments on the impacts of a \$15 minimum wage were almost evenly split between would help and would hurt.
- Open responses under “additional comments” resulted in just over 500 comments. General themes of these comments included:
 - Those opposed to a local minimum wage typically stated that minimum wage is not intended to be a living wage and artificially raising it will negatively impact first-time/unskilled workers and businesses.
 - An over-whelming majority spoke to a need to address housing costs stating that while a higher minimum wage would be beneficial it is just one aspect of helping residents and employees find stability in the community.
 - Two respondents addressed losing other benefits and stated that benefit requirements should be adjusted, or the wage would have to be livable to lose the benefits.

Employer Specific Response and Feedback:

- Approximately 267 responses.
- Open comments reflected the following themes:
 - Minimum wage and living wage are different conversations. We should not consider moving to a living wage.
 - Higher wages mean less job opportunities for high school and college students.
 - Higher wages mean increased prices for consumer products so that businesses can keep up. Inflation.
 - Raise minimum wage to keep up with cost of living.
 - Local government should not be making decisions on minimum wage.
 - Housing prices are the issue, not wages.
 - Increasing minimum wage for tipped employees to \$15 will really hurt businesses.
 - Consider raising the minimum wage at a better time. Businesses are just recovering from COVID and recession.
 - Labor shortage is the issue, not minimum wage.

National Business Survey General Findings

- There were approximately 198 responses with 82% of those identifying as small business (1-49 employees.)
- 73% report paying all employees more than minimum wage and 62% report paying above \$15/hour.
- Small Business respondents were more supportive of a \$15 minimum wage than large business

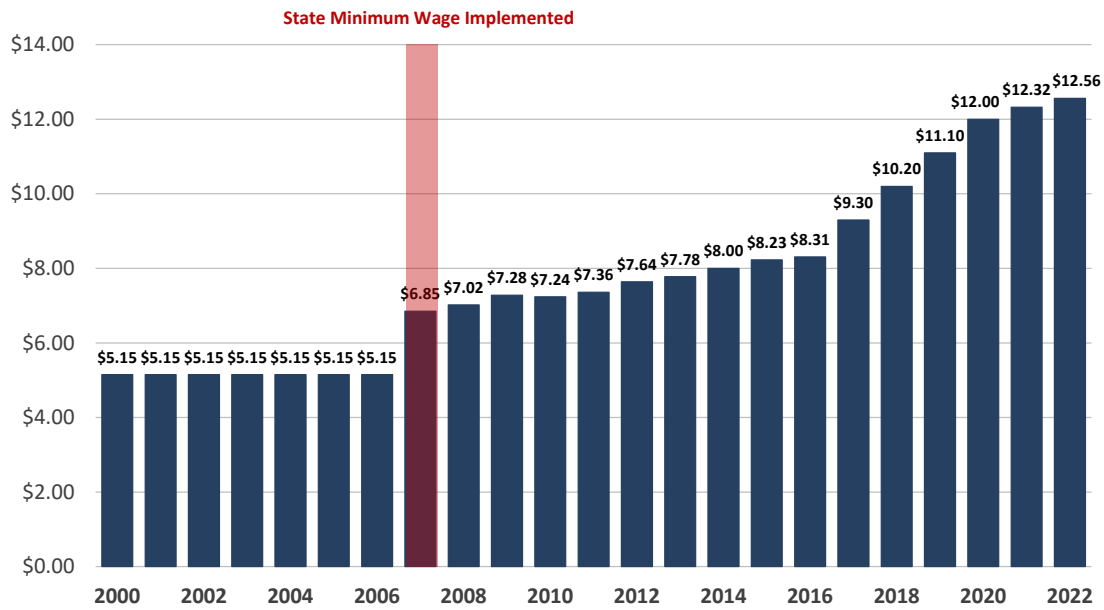


respondents.

- All respondents reported price increases would be a likely result of a higher minimum wage.
- A majority of respondents did not think negative impacts to employees would be likely (fewer hours, lay-offs, etc.)

Current State

A state minimum wage was put in place in 2007 (\$6.85/hour) and is adjusted every year on January 1 based on cost-of-living as determined by the Consumer Price Index (CPI). In 2016, Colorado voters approved a ballot initiative to raise the wage to \$12/hour by 2020.



Source: Economic & Planning Systems

Denver Program

To date, Denver is the only community to adopt a local minimum wage. The program began in 2020 and outlined the following adjustment schedule:

- \$12.85 from January 1, 2020 – December 31, 2020; (\$.85 above the state wage)
- \$14.77 from January 1, 2021 – December 31, 2021; (\$1.92/15% above 2020 wage)
- \$15.87 from January 1, 2022 – December 31, 2022; (\$1.10/7.5% above 2021 wage) and;

On January 1st in subsequent years, the Minimum Wage will increase by the prior year's increase in the regional consumer price index, if any.

In 2023, Denver's minimum wage will increase to \$17.29 based on the Denver Department of Finance determined that the CPI for the Denver-Aurora-Lakewood area was 9%.

Denver's program is administered out of the Denver Labor office which is part of the Auditor's Office where they receive and investigate complaints. Detailed information on Denver's program can be found at: <https://denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Auditors-Office/Denver-Labor>

The City of Fort Collins has a few possible enforcement avenues including authorizing specially commissioned officers to write civil infraction notices of violation of the minimum wage ordinance into Fort Collins municipal court after receipt and investigation of a credible complaint. It is difficult to estimate staff resources needed to investigate and/or structure court proceedings. Staff has not yet met with Court staff to discuss the City's best enforcement options.

Possible Implementation Scenarios

HB19-1210 allows increase of no more than \$1.75 or 15%.

State Minimum Wage	\$1.75 Increase (HB19-1210)	City Minimum Wage
2023 = \$13.70 (9% CPI)	+\$1.75	\$15.45
2024 = \$14.39 (assume 5% CPI)	+\$1.75	\$17.20
2025 = \$14.82 (assume 3% CPI)	+\$1.75	\$18.95
2026 = \$15.26 (assume 3% CPI)	CPI (assume 3% CPI)	\$19.52
2027 = \$15.72 (assume 3% CPI)	CPI (assume 3% CPI)	\$20.10
2028 = \$16.19 (assume 3% CPI)	CPI (assume 3% CPI)	\$20.70
2029 = \$16.68 (assume 3% CPI)	CPI (assume 3% CPI)	\$21.32
2030 = \$17.18 (assume 3% CPI)	CPI (assume 3% CPI)	\$21.96

State Minimum Wage	15% Increase (HB19-1210)	City Minimum Wage
2023 = \$13.70 (9% CPI)	+15%	\$15.75
2024 = \$14.39 (assume 5% CPI)	+15%	\$18.11
2025 = \$14.82 (assume 3% CPI)	+15%	\$20.83
2026 = \$15.26 (assume 3% CPI)	CPI (assume 3% CPI)	\$21.45
2027 = \$15.72 (assume 3% CPI)	CPI (assume 3% CPI)	\$22.09
2028 = \$16.19 (assume 3% CPI)	CPI (assume 3% CPI)	\$22.75
2029 = \$16.68 (assume 3% CPI)	CPI (assume 3% CPI)	\$23.43
2030 = \$17.18 (assume 3% CPI)	CPI (assume 3% CPI)	\$24.13

NEXT STEPS

Staff has scheduled a first reading for local minimum wage consideration on November 15, 2022. This would allow time for a second reading and a January 1, 2023 implementation if desired.

A local ordinance will need to state a targeted minimum wage, an implementation timeline, an ongoing annual adjustment strategy, and enforcement specifics and actions including:

- Requiring employers to maintain employment and payroll records for a specific number of years;
- Giving City staff authority to investigate credible complaints;
- Giving City staff authority to subpoena or obtain such records;
- Description of fines, penalties and other relief available to the employee and the City; and
- Prohibiting retaliation against employees who file complaints.

ATTACHMENTS

1. 2021 Local Minimum Wage Report
2. EPS Literature Review