



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 work to date and provide additional information based on further analysis and outreach. Staff will also be requesting direction on ordinance considerations scheduled for May 16, 2023.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What additional information does Council need?
2. Does Council support moving forward with a May 16, 2023 first reading?
3. What wage and wage schedule would Council like to consider?

BACKGROUND / DISCUSSION

Local Minimum Wage Work to Date

In 2019, the Colorado State legislature passed a bill (HB19-1210) 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 that 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.

In 2022, The City project team engaged in outreach and analysis 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.

An ordinance was brought to Council in November 2022. Due to the short timeframe to implement (January 1, 2023) and the lack of outreach representation from the lowest-income earners, Council delayed ordinance consideration to May 16, 2023, with direction to engage more low-income earners.

2023 Outreach Efforts

Through one-on-one interactions, small meetings, and tabling events, and emails or brief presentations to regional groups and partners staff has worked to engage housing providers, housing program residents, the Larimer County Workforce Center, Larimer County Health and Human Services, Denver County Health and Human Services, and non-profit grant managers. In an effort to avoid the binary question of yes/no to a higher minimum wage, staff expanded the conversation to include what policy tools and other interventions would be of most benefit to low-income earners.

Feedback received included:

- Continuing and improving skill up programs
- Direct cash payments
- Securing and ensuring fulltime hours for those working minimum wage jobs

Engagement efforts with low-income earners did not result in high numbers of participants, however the conversations were valuable. Much of the conversation in this space focused on housing and the difficulty to qualify for an apartment when working minimum wage jobs. Other comments included:

- Wages need to be higher, but even the increases proposed by the City don't reach living wage by 2030.
- The group discussed concerns related to housing affordability and incidences of youth/college student homelessness.
- There was a lot of discussion about missing middle housing in our community, with suggestions for City programs that support people who are trying to purchase their own homes.
- Helping people find places to live that are close to the places they work is one additional way to support them while the minimum wage is below what would be considered a living wage in our community.
- Additionally, folks commented that the rapidly increasing cost of natural gas places additional strain on lower-income earners and their households.

This group also suggested a slower wage increase for businesses with fewer than 20 employees and encouraging restaurants to move toward a non-tipped base wage. There was also mention that engagement opportunities with the City tend to be limited to those who possess the time, transportation, and means to attend meetings. Bus schedules often do not enable folks to attend Council meetings and work sessions in person as desired.

Staff also continued to hear concerns from the business community regarding a wage increase. 2023 has been the first year of the FAMLI act and the second year of mandatory sick leave. Business representatives have provided a breakdown of employer cost to every dollar paid:

At an hourly rate of \$13.65 employers will contribute approximately \$15.12 after contributions to Social Security, Medicare, FAMILI, Potential Unemployment, and Work Comp Insurance.

Benefit Cliff

To gain some insight into benefit cliff risks, staff selected 5 benefits and 3 family types (single adult, 1adult/1child, and 1 adult/2 children) See Attachment

Benefit criteria are likely to change each year but looking at just 2022 requirements and wages varying from \$15-\$19/hour, the most impacted earner is the single adult. These individuals experience ineligibility starting at \$15 and see continued benefit loss at \$17/hr.

Single adults with 1 child also have ineligibility at \$15/hr and then see additional benefit loss at \$18/hr.

Adults with 2 children have the most benefit eligibility, although they lose the Health First Colorado (Medicaid) benefit at \$16/hr.

Non-profit providers did share stories of being very careful in promoting their employees who receive benefits to ensure they did not experience negative consequences from a wage increase.

Regional Wage Efforts

Staff continued to reach out and inform local partners and regional elected officials about the local minimum wage consideration. No direct feedback or questions have been provided to date.

The Boulder Consortium of Cities continues to meet and to include Fort Collins. Their efforts regarding the local minimum wage are focused on IGAs between all Boulder County communities as they determine and standardize their desired local wages. Staff will stay engaged in this space and has encouraged the Consortium to work with Larimer County as well.

This group met on March 31, 2023. The overall goal is to develop an outreach plan, create and finalize IGAs between all Consortium communities, and implement local minimum wages by 2024. It is unclear what wage they may propose or the data they will use to determine the wage.

Possible Implementation Scenarios

HB19-1210 allows an increase of no more than \$1.75 or 15%. The following tables have not changed since the November 2022 meeting.

Year	CPI	State Minimum Wage	Annual Salary 40hrs/wk & 2 holidays	Increase	Local Minimum Wage	Annual Salary 40 hrs/wk & 2 holidays	Difference
2023	9%	\$13.65	\$28.2K	\$0.00	\$13.65	\$28.2K	\$0.00
2024	5%	\$14.33	\$29.6K	\$1.50	\$15.15	\$31.3K	\$0.82
2025	3%	\$14.76	\$30.5K	\$1.75	\$16.90	\$34.9K	\$2.14
2026	3%	\$15.21	\$31.4K	\$1.60	\$18.50	\$38.2K	\$3.29

Year	CPI	State Minimum Wage	Annual Salary 40hrs/wk & 2 holidays	Increase	Local Minimum Wage	Annual Salary 40 hrs/wk & 2 holidays	Difference
2027	3%	\$15.66	\$32.3K	3%	\$19.06	\$39.3K	\$3.39
2028	3%	\$16.13	\$33.3K	3%	\$19.63	\$40.5K	\$3.50
2029	3%	\$16.62	\$34.3K	3%	\$20.22	\$41.7K	\$3.60
2030	3%	\$17.11	\$35.3K	3%	\$20.82	\$43.0K	\$3.71

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2024	5%	\$14.33	\$29.6K	\$1.00	\$14.65	\$30.2K	\$0.32
2025	3%	\$14.76	\$30.5K	\$1.00	\$15.65	\$32.3K	\$0.89
2026	3%	\$15.21	\$31.4K	\$1.00	\$16.65	\$34.4K	\$1.44
2027	3%	\$15.66	\$32.3K	3%	\$17.15	\$35.4K	\$1.49
2028	3%	\$16.13	\$33.3K	3%	\$17.66	\$36.5K	\$1.53
2029	3%	\$16.62	\$34.3K	3%	\$18.19	\$37.6K	\$1.58
2030	3%	\$17.11	\$35.3K	3%	\$18.74	\$38.7K	\$1.63

NEXT STEPS

A first reading for local minimum wage consideration is scheduled for May 16, 2023.

A local ordinance will need to state a targeted minimum wage, an implementation timeline, an ongoing annual adjustment strategy, and enforcement specifications 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. Previous Council Materials, November 15, 2023
2. Benefit Cliff Analysis
3. Presentation