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Date: April 20, 2023
To: Mayor and City Council
From: Ginny Sawyer, Policy and Project Manager
Thru: Kelly DiMartino, City Manager
RE: Work Session Summary – April 11, 2023 Local Minimum Wage

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Mayor Arndt, Mayor Pro Tem Francis and Councilmembers Canonico, Pignataro, and Ohlson were present. Councilmembers Peel and Gutowsky participated remotely.

Staff provided updated information based on recent outreach and regional efforts. The wage scenarios presented remained the same from November 2022, however, Council also received a recommendation from a resident (referred to in the conversation as Option 3.) Attached.

The conversation included support to bring an ordinance on May 16, 2023 that includes the Option 3 and one other. There were also numerous questions that staff will work to address including:

- What happens to benefit cliff information at less than 40 hours a week?
- Provide cost of living to wage analysis similar to data provided in this article from Councilmember Canonico (<https://smartasset.com/data-studies/cities-with-the-highest-and-lowest-real-minimum-wage-2023>)
- Are tipped wages a Federal or State requirement?
- Show information on City's move to \$15/hour.
- What data do we have on employee commuters (both in and out of city?)
- Show comparisons of national vs. local wages in similar industries.
- What data do we have on who the minimum earners are?

Next Steps:

- Staff will work on providing information and analysis on the above questions.
- An ordinance with 2 possible options will be brought on May 16.
- May 16 materials will include previous material that addressed minimum wage benefits.

Comments from July 12th Packet of “Consideration of a Local Minimum Wage” ([link](#))

Existing research indicates that a higher local minimum wage generally does not lead to job losses or higher prices, but it does increase worker earnings and employee retention (page 30)

Approximately one-quarter of the Fort Collins workforce would benefit from a 15/hour minimum wage (page 30)

These jobs are primarily concentrated in the service sector – food service, retail, accommodations, personal care (page 30)

Evidence points to increases of a local minimum wage having a minimal impact on employment levels (page 34)

Overall, increases have a minor but positive effect on worker earnings (page 34)

Research indicates that increases to minimum wage do not drive higher prices in most sectors, including grocery, gas, retail chains, drugstores (page 34)

Research generally finds that a higher local minimum wage reduces employee turnover and increases employee retention (page 35)

Leads to improvements in job quality and worker attachment (page 35)

Comments from September 6th Packet of “Consideration of a Local Minimum Wage” ([link](#))

Economic & Planning Systems, Inc Report (begins on page 66)

The research on local minimum wage policies shows that increasing the minimum wage generally does not have a negative impact on employment and does not lead to overall job loss (page 67).

The research studies reviewed indicate that a higher minimum wage will translate to an increase in total net earnings (page 68).

The studies reviewed indicate that raising the local minimum wage does not increase overall prices in most sectors, including grocery, gas, general retail and drugstores, but does not lead to increased prices as restaurants (page 69).

The studies reviewed indicate a higher minimum wage leads to reduced rates of employee turnover and greater employee retention, benefitting both employees, who see increased job stability, and businesses, who incur reduced costs associated with employee turnover (page 70).

STANDARD WAGES

TIPPED WAGES

(\$3.02 less than non-tipped wages)

Colorado minimum wage increase

year	CO	relative to prev year, CO	
		increase (\$)	increase (%)
2019	\$11.10	---	---
2020	\$12.00	\$0.90	8.1%
2021	\$12.32	\$0.32	2.7%
2022	\$12.56	\$0.24	2.0%
2023	\$13.65	\$1.09	8.7%
2024	\$14.33	\$0.68	5.0%
2025	\$14.76	\$0.43	3.0%
2026	\$15.21	\$0.45	3.1%
2027	\$15.66	\$0.45	3.0%
2028	\$16.13	\$0.47	3.0%
2029	\$16.62	\$0.49	3.0%
2030	\$17.11	\$0.49	3.0%

year	CO	relative to prev year, CO	
		increase (\$)	increase (%)
2019	\$8.08	---	---
2020	\$8.98	\$0.90	11.1%
2021	\$9.30	\$0.32	3.6%
2022	\$9.54	\$0.24	2.6%
2023	\$10.63	\$1.09	11.4%
2024	\$11.31	\$0.68	6.4%
2025	\$11.74	\$0.43	3.8%
2026	\$12.19	\$0.45	3.8%
2027	\$12.64	\$0.45	3.7%
2028	\$13.11	\$0.47	3.7%
2029	\$13.60	\$0.49	3.7%
2030	\$14.09	\$0.49	3.6%

Denver minimum wage increase

Established in 2019 to increase to \$17.29 by **2023** (\$14.27 for tipped workers), then increase by the prior year's increase in the regional CPI every year thereafter. Increase of \$6.19 over four years (avgs \$1.55/yr x 4)

year	CO	Denver	relative to prev yr, Denver	
			increase (\$)	increase (%)
2019	\$11.10	\$11.10	---	---
2020	\$12.00	\$12.85	\$1.75	15.8%
2021	\$12.32	\$14.77	\$1.92	15.0%
2022	\$12.56	\$15.87	\$1.10	7.5%
2023	\$13.65	\$17.29	\$1.42	9.0%

year	CO	Denver	relative to prev yr, Denver	
			increase (\$)	increase (%)
2019	\$8.08	\$8.08	---	---
2020	\$8.98	\$9.83	\$1.75	21.7%
2021	\$9.30	\$11.75	\$1.92	19.5%
2022	\$9.54	\$12.85	\$1.10	9.4%
2023	\$10.63	\$14.27	\$1.42	11.1%

Proposed by Fort Collins city staff on November 15, 2022

The city pays \$15 minimum wage for all jobs starting in 2023.

OPTION 1, \$18.50 by 2026 - established based on September 2022 council feedback

year	CO	Fort Collins	relative to prev year, FoCo	
			increase (\$)	increase (%)
2023	\$13.65	\$13.65	---	---
2024	\$14.33	\$15.15	\$1.50	11.0%
2025	\$14.76	\$16.90	\$1.75	11.6%
2026	\$15.21	\$18.50	\$1.60	9.5%
2027	\$15.66	\$19.06	\$0.56	3.0%
2028	\$16.13	\$19.63	\$0.57	3.0%
2029	\$16.62	\$20.22	\$0.59	3.0%
2030	\$17.11	\$20.82	\$0.60	3.0%

year	CO	Fort Collins	relative to prev year, FoCo	
			increase (\$)	increase (%)
2023	\$10.63	\$10.63	---	---
2024	\$11.31	\$12.13	\$1.50	14.1%
2025	\$11.74	\$13.88	\$1.75	14.4%
2026	\$12.19	\$15.48	\$1.60	11.5%
2027	\$12.64	\$16.04	\$0.56	3.6%
2028	\$13.11	\$16.61	\$0.57	3.6%
2029	\$13.60	\$17.20	\$0.59	3.6%
2030	\$14.09	\$17.80	\$0.60	3.5%

OPTION 2, \$16.65 by 2026 - established based business feedback

year	CO	Fort Collins	relative to prev year, FoCo	
			increase (\$)	increase (%)
2023	\$13.65	\$13.65	---	---
2024	\$14.33	\$14.65	\$1.00	7.3%
2025	\$14.76	\$15.65	\$1.00	6.8%
2026	\$15.21	\$16.65	\$1.00	3.4%
2027	\$15.66	\$17.15	\$0.50	3.0%
2028	\$16.13	\$17.66	\$0.51	3.0%
2029	\$16.62	\$18.19	\$0.53	3.0%
2030	\$17.11	\$18.74	\$0.55	3.0%

year	CO	Fort Collins	relative to prev year, FoCo	
			increase (\$)	increase (%)
2023	\$10.63	\$10.63	---	---
2024	\$11.31	\$11.63	\$1.00	9.4%
2025	\$11.74	\$12.63	\$1.00	8.6%
2026	\$12.19	\$13.63	\$1.00	7.9%
2027	\$12.64	\$14.13	\$0.50	3.7%
2028	\$13.11	\$14.64	\$0.51	3.6%
2029	\$13.60	\$15.17	\$0.53	3.6%
2030	\$14.09	\$15.72	\$0.55	3.6%

PROPOSED MINIMUM WAGE INCREASES

We propose \$17.29 (\$14.27 for tipped workers) by 2026 (same target MW as Denver, however 3 years behind their schedule). This splits the difference between options 1 and 2, and gives 3 years for a \$3.64 increase (\$1.22/yr x 3), \$2.08 more than what the state is increasing in that time period (CO increases \$1.56 in that time period).

year	CO	Fort Collins	relative to prev year, FoCo	
			increase (\$)	increase (%)
2023	\$13.65	\$13.65	---	---
2024	\$14.33	\$14.86	\$1.21	8.9%
2025	\$14.76	\$16.07	\$1.21	8.1%
2026	\$15.21	\$17.29	\$1.22	7.6%
2027	\$15.66	\$17.81	\$0.52	3.0%
2028	\$16.13	\$18.34	\$0.53	3.0%
2029	\$16.62	\$18.89	\$0.55	3.0%
2030	\$17.11	\$19.46	\$0.57	3.0%

year	CO	Fort Collins	relative to prev year, FoCo	
			increase (\$)	increase (%)
2023	\$10.63	\$10.63	---	---
2024	\$11.31	\$11.84	\$1.21	11.4%
2025	\$11.74	\$13.05	\$1.21	10.2%
2026	\$12.19	\$14.27	\$1.22	9.3%
2027	\$12.64	\$14.79	\$0.52	3.6%
2028	\$13.11	\$15.32	\$0.53	3.6%
2029	\$13.60	\$15.87	\$0.55	3.6%
2030	\$14.09	\$16.44	\$0.57	3.6%

These numbers are flexible and can increase at any proposed values to reach the 2026 goal (not to exceed more than \$1.75 or 15% any given year)

red denotes maximum increase (\$1.75 or 15%, whichever is greater)

RE: Minimum Wage at the April 11th, 2023 Work Session

Between the November 15, 2022 work session, and now, city staff performed additional outreach with the goal of reaching the lowest income earners, as they had not been targeted and/or reached in previous outreach efforts.

City staff also performed a benefit cliff analysis to determine the *potential negative impacts* a minimum wage increase could have.

Importantly, the outreach performed by the city, nor the analyses conducted by the city, sought to determine, or quantify the *overwhelmingly positive impacts* that increasing the minimum wage has consistency been shown to achieve (discussed throughout the [July 12th packet](#), and [September 6th packet](#), highlights included below).

The attached document outlines Colorado and Denver's minimum wage increases for both standard and tipped workers. It also shows the two options proposed by city staff (originally proposed on November 15, 2022).

In 2019, Denver passed an ordinance to increase minimum wage to \$17.29 an hour by 2023 (\$14.27 for tipped workers). This resulted in an increase of \$6.19 over four years (average of \$1.55/year, however Denver instead chose to increase by a greater dollar amount in the first two years). After 2023, Denver's minimum wage would increase by the prior year's increase in the regional CPI every year thereafter ([more info here](#)).

Option 1 proposed by Fort Collins city staff was based on feedback by City Council at a September 2022 work session (\$18.50 by 2026). Option 2 was based on feedback from businesses (\$16.65 by 2026). **No options have been proposed based on feedback from minimum wage workers and our community's lowest earners.**

In response, we propose a third option that is halfway in-between options 1 and 2 (**\$17.29 by 2026**). The minimum wage of \$17.29 an hour (\$14.27 an hour for tipped works) is the target wage that Denver set and reached this year (2023). This would require Fort Collins to raise wages \$3.64 over three years (\$1.22 per year) which is a slower rate than Denver achieved. Additionally, the state wages increase \$1.56 in that same time period, meaning the additional increase is only \$2.08 over three years (\$0.69 per year).

Of note, starting this year, the city pays \$15 minimum wage for all jobs. In option 3, a \$15 minimum wage wouldn't be reached until 2025 (and 2028 for tipped workers).

Unlike many of the more privileged members of our community, minimum wage workers often don't have the time to be engaged in city politics, and we need to ensure their voice is heard. While we understand the challenges that staff face in reaching minimum wage workers, our city's lowest earners, and those most strongly impacted by low wages, we hope city council can advocate for them.

Thank you,

Emily Gallichotte



Community Development & Neighborhood Services

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MEMORANDUM

Date: April 14, 2023

To: Mayor Arndt and City Councilmembers

Through: Kelly DiMartino, City Manager
Tyler Marr, Deputy City Manager
Caryn Champine, Director of Planning, Development, and Transportation

From: Paul Sizemore, Director of Community Development and Neighborhood Services
Meaghan Overton, Housing Manager

Re: April 11, 2023 Work Session Summary – Land Use Code Extended Discussion

At the April 11 Work Session, staff updated Council on the approach and timeline for engagement around housing-related Land Use Code (LUC) changes, sought input from Council about engagement topics that should be included, and shared a preliminary approach to exploration of potential alternatives and code revisions for Council consideration. The staff presentation was provided by Caryn Champine, Meaghan Overton, and Paul Sizemore. All Councilmembers were in attendance.

Summary of Feedback

Council discussed the content for this work session in three segments: 1) engagement approach and timeline, 2) themes and topics to include in engagement, and 3) approach to potential alternatives and revisions.

1) Public Engagement Approach and Timeline

- Councilmembers expressed general support for the engagement approach and timeline overall
- Several Councilmembers indicated excitement for the walking tours
- Council discussed how success is measured regarding public engagement. Staff shared information about how success metrics are defined in project engagement plans. For this effort, success metrics include:
 - Diverse participation and representation, measured through demographic data (examples include geographic, income, housing tenure, racial, ethnic, and other characteristics)
 - Results of participant questionnaires during or after public events
 - Total number of participants as compared to participation in the initial round of engagement for the project
- Councilmembers encouraged staff to monitor and consider how to weave in information about the state-level land use/housing bill SB23-213

2) Themes and Topics to Include in Engagement

- Councilmembers expressed general agreement on the themes to focus on in community engagement
- Councilmembers discussed how to address new topics or themes that may emerge. Staff shared information about how engagement can be adjusted to incorporate emerging topics if necessary, and stated that additional topics would be shared with Council as well
- Some Councilmembers asked questions about staff bandwidth to support this work going. The City Manager shared that additional staff have been brought on to the team to support the project from departments including Communications and Public Involvement and the City Manager's Office. Staff will come back to Council and discuss staff capacity if there are scope changes guided by the community and/or Council as the work progresses.
- Councilmembers encouraged staff to share information with the public during engagement to build shared understanding of some key topics including:
 - Definition of affordable housing and the ways in which the Land Use Code interacts with affordable housing;
 - Purpose of a form-based code and how it differs from the current Land Use Code;
 - The purpose and impact of community feedback at neighborhood meetings;
 - Applicability of housing capacity increases throughout the city, explanation of how neighborhoods could/could not change over time

3) Approach to Potential Alternatives and Revisions

- Councilmembers expressed general support for the approach to potential alternatives and revisions
- Councilmembers encouraged staff to engage community in developing solutions and informing alternatives that come forward to Council in July
- Councilmembers encouraged staff to continue monitoring state-level activities including SB23-213 and implementation of Proposition 123

Next Steps

- Public engagement will continue, with key events scheduled in April, May, and June
- Council will continue to discuss the Land Use Code Updates at the May 23 work session. The May work session will summarize engagement findings to date and provide information about potential alternatives and code revisions for Council consideration.