

Fort Collins City Council Work Session Agenda

Following the Council Meeting on Tuesday, September 6, 2022
Colorado Room, 222 Laporte Ave, Fort Collins, CO 80521

NOTICE:

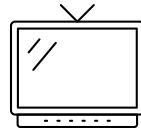
Work Sessions of the City Council are held on the 2nd and 4th Tuesdays of each month in the Colorado Room of the 222 Building. Meetings are conducted in a hybrid format, however there is no public participation permitted in a work session.

City Council members may participate in this meeting via electronic means pursuant to their adopted policies and protocol.

How to view this Meeting:



Meetings are open to the public and can be attended in person by anyone.



Meetings are televised live on Channels 14 & 881 on cable television.



Meetings are livestreamed on the City's website, fcgov.com/fctv

Upon request, the City of Fort Collins will provide language access services for individuals who have limited English proficiency, or auxiliary aids and services for individuals with disabilities, to access City services, programs and activities. Contact 970.221.6515 (V/TDD: Dial 711 for Relay Colorado) for assistance. Please provide 48 hours advance notice when possible.

A solicitud, la Ciudad de Fort Collins proporcionará servicios de acceso a idiomas para personas que no dominan el idioma inglés, o ayudas y servicios auxiliares para personas con discapacidad, para que puedan acceder a los servicios, programas y actividades de la Ciudad. Para asistencia, llame al 970.221.6515 (V/TDD: Marque 711 para Relay Colorado). Por favor proporcione 48 horas de aviso previo cuando sea posible.



While work sessions do not include public comment, mail comments about any item on the agenda to cityleaders@fcgov.com





City Council Special Work Session Agenda

September 6, 2022

Jeni Arndt, Mayor
Emily Francis, District 6, Mayor Pro Tem
Susan Gutowsky, District 1
Julie Pignataro, District 2
Tricia Canonico, District 3
Shirley Peel, District 4
Kelly Ohlson, District 5

Colorado River Room, 222
Laporte Avenue, Fort Collins

Cablecast on FCTV
Channel 14 on Connexion
Channel 14 and 881 on Comcast

Carrie Daggett
City Attorney

Kelly DiMartino
City Manager

Anissa Hollingshead
City Clerk

CITY COUNCIL WORK SESSION (Immediately following the Regular Council Meeting)

A) CALL MEETING TO ORDER

B) ITEMS FOR DISCUSSION

1. Transfort Advertising Discussion.

(Staff: Drew Brooks, Caryn Champine; 10 minute presentation; 30 minute discussion)

The purpose of this work session is to provide an update on progress in creating a new Transfort advertising policy before issuing a Request for Proposals (RFP) for a new advertising agreement. Staff will provide historical context regarding past and current agreements, updates and changes to the proposed policy, revenue and expense impacts, and legal risks due to ever evolving caselaw.

2. Consideration of a Local Minimum Wage.

(Staff: Ginny Sawyer; DeAngelo Bowden; 15 minute presentation; 60 minute discussion)

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.

C) ANNOUNCEMENTS

D) ADJOURNMENT

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September 6, 2022



WORK SESSION AGENDA ITEM SUMMARY

City Council

STAFF

Drew Brooks, Transfort & Parking Services Director
Caryn Champine, PDT Director

SUBJECT FOR DISCUSSION

Transfort Advertising Discussion.

EXECUTIVE SUMMARY

The purpose of this work session is to provide an update on progress in creating a new Transfort advertising policy before issuing a Request for Proposals (RFP) for a new advertising agreement. Staff will provide historical context regarding past and current agreements, updates and changes to the proposed policy, revenue and expense impacts, and legal risks due to ever evolving caselaw.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What feedback and questions do Councilmembers have regarding proceeding with a new Transfort advertising policy and agreement?

BACKGROUND / DISCUSSION

Strategic Alignment

High Performing Government 7.8 - Maintain and protect assets and infrastructure to drive reliability, cost effectiveness, efficiency and improve the customer experience.

Historical Background

For several decades, Transfort has contracted for advertising services on buses, shelters and benches as a source of revenue to fund operations. Transit advertising is a common form of additional revenue in the transit industry for agencies of all sizes and modes.

Transfort currently administers two advertising agreements, one for on-bus advertising for the 54 buses in the transfort fleet, and a second for bus stop shelters and benches. Advertising is currently sold on 210 shelters and 167 benches throughout the Transfort system, which consists of 480 total active bus stops.

The current agreement for advertising on shelters and benches was first initiated in 2001 and was executed for a twenty-year term. The long term of this contract was intended to allow the vendor to recoup the costs of benches and shelters, which they purchased provided, but the City now owns. This agreement was structured such that the vendor provided all maintenance at these shelters and benches including: cleaning, repairs, refuse removal, snow removal, and replacement of damaged or worn components. The

agreement allowed the vendor to keep a high percentage of the advertising revenues to provide these services and turn a profit. Transfort received a small portion of advertising revenues (20%).

The on-bus advertising agreement is a more traditional five-year agreement with no maintenance components. Advertising revenues are distributed proportionally with the firm retaining 40% of revenues and Transfort retaining 60%. For both agreements the contractor sold, installed and maintained all advertising on buses, benches and shelters in compliance with Transfort's Advertising Policy. The current policy is attached.

Both agreements were to expire at the end of 2021. In the summer of 2020 Transfort and purchasing staff produced a Request for Proposal (RFP) with the intent to combine these two agreements into a single traditional term contract. There were only two responses to this RFP and neither respondent was willing or able to perform the requested maintenance program as previously administered for benches and shelters. Purchasing staff quickly negotiated a short-term extension of the current agreements to allow the current advertising and maintenance programs to continue while the team regrouped to devise a new strategy.

Revenue & Expense Considerations

Historical revenues received by Transfort are outlined in the chart below:

Year	On-Bus Advertising Revenue	Bus Shelter & Bench Advertising Revenue	Totals
2017	\$ 129,500	\$ 140,454	\$ 269,954
2018	\$ 134,125	\$ 143,263	\$ 277,388
2019	\$ 138,750	\$ 146,128	\$ 284,878
2020	\$ 143,375	\$ 149,051	\$ 292,426
2021	\$ 148,000	\$ 152,032	\$ 300,032
Five Year Total			\$ 1,424,678

It is likely that Transfort's revenue for shelter and bench advertising will see an increase in revenue share with a new agreement that does not include a requirement to provide shelters and benches and perform all maintenance. It is unknown at this time what that increase might be without conducting an RFP. The current revenue share for Transfort is 20% under the current agreement with maintenance included. On-bus advertising is expected to maintain similar revenue until such time that Transfort expands routes and increases the bus fleet size to accommodate more advertising space. It is expected that the revenue share to Transfort would remain at 60% as in the current contract.

On the expense side, it is expected that the maintenance costs to bring all maintenance in-house will increase the budget by approximately \$380,000 annually for staff payroll and for outside contracting for a portion of snow removal. There is also an additional one-time expense of \$179,000 for vehicles and equipment for the expanded maintenance staff. These expenses are outlined in the following charts (the items in red are not currently budgeted):

Ongoing Expenses		
Position	Status	Additional Cost (Benefits Included)
Technician I, Facilities	Funded with ARPA through 2024	\$80,000
Technician I, Facilities	Funded with ARPA through 2024	\$80,000
Facilities Supervisor	BFO Offer	\$60,000
Technician I, Facilities	BFO Offer	\$50,000
Technician I, Facilities	BFO Offer	\$80,000
Ongoing Expense Total		\$350,000

One-Time Expenses	
Equipment	Total
Vehicles	\$120,000
Utility Vehicle (Snow Removal)	\$34,000
Trailer	\$15,000
Storage Unit	\$10,000
	\$179,000

Regardless of revenue from any future advertising agreement, there will be an ongoing increase in expense since no current vendor will agree to perform the maintenance outlined in the previous agreement. However, staff are hopeful that an increase in revenue share with a future bench and shelter advertising agreement will cover the difference.

Identified Changes to Program

Staff began work on estimations of new expenses that would be incurred in order to bring all bench and shelter maintenance in-house. It is estimated that one FTE is needed to maintain about 60 stops or 25 shelters annually. This would bring the total need of maintenance staff to eight FTE or equivalent, up from the current three full-time and two part time hourly staff. Staff identified ARPA funding, administered through the Federal Transit Administration (FTA) to cover the expense of two Maintenance Technicians through at least 2024. Two hourly conversions and one new FTE have been requested in the current Budgeting for Outcomes (BFO) cycle.

In addition to upgrading the maintenance program, the City Attorney's Office reviewed the entire advertising policy and conducted a thorough review of new and evolving caselaw. It was determined that the current policy contained substantial risk of litigation due to recent court rulings as high as the Supreme Court which impacted restrictions that governmental entities, and transit agencies specifically, have historically applied to advertising and other programs. Recommended options for the program are discussed in the "Proposed Options" section below.

The entire policies and procedures related to the advertising program were also evaluated for improvements. Two examples that were found in need of change were as follows:

- Many transit agencies are now using digital advertising signs to rotate out multiple ads on buses and in shelters. It was determined that these should be prohibited in advance as they do not comply with the City's sign ordinances and Night Sky policies.
- The previous contract did not include a restriction on the size of an ad displayed on the back of bus bench. The current contractor, in line with current industry practices, had begun over the last few years to extend the size of the bench advertising graphics beyond the dimensions of the bus stop bench back, extending the profile of the advertisement several inches above the bench. City staff have begun to hear concerns from the community and Councilmembers about this enlarging of the advertising space. The size of bench advertising will be restricted to the specific dimensions of the bench back display only in all future contractual agreements for bus stops advertising.

Proposed Options













From a legal perspective, the City Attorney has provided three possible options to proceed with advertising on Transit properties:


Option 1: As one of Transfort's primary goals of advertising is to increase revenue to support operations, one option would be to allow all types of commercial advertising with restrictions only on those areas for which we have confidence that government restriction would be upheld by the courts. Those limitations would allow Transfort to prohibit false or misleading advertisements as well as any advertising which promoted unlawful activities. The attached draft of a revised Transfort Advertising Policy reflects implementation of this Option.

Option 2: Another option would be to permit commercial advertising under the above restrictions but prohibit "political" advertising subject to an exhaustive list of restrictions, similar to that which was put into place by the Bay Area Rapid Transit system in California, (see attached). Creation of this type of advertising policy would require not only an exhaustive list of restrictions, but a detailed procedure explaining the methodology for making decisions to exclude political speech.


Option 3: Another option might be to eliminate commercial advertising altogether, seeking to avoid the threat of litigation for alleged constitutional violations. If this option were followed, then Transfort could limit all advertising to only Transfort advertising and "government speech." Transfort advertising would include publication of information about Transfort services, rules, Code of Conduct, programs, etc., including co-sponsorships with commercial or governmental third parties that are intended to increase ridership or otherwise support Transfort's mission. Government speech would include publication of public service information about federal, state, or local government programs and activities when requested specifically by federal, state and local entities, including advertising from non-profit organizations that are partnering with such entities. Eliminating commercial advertising would significantly reduce revenue received by Transfort but most likely would eliminate or severely reduce the threat of First Amendment litigation.

Each of these options have differing considerations. The matrix below illustrates the various considerations of each option:


Options	Aligning with Caselaw	Financial Benefit to the City	Council Policy Alignment	Administrative Impacts
1 – Immediate, Critical Improvements				
2 – Prohibit "Political" Speech				
3 – Suspend Commercial Advertising				



Minimal alignment or benefit to the City



Moderate alignment or benefit to the City



Greatest alignment or benefit to the City

ATTACHMENTS

1. Advertising Policy
2. Bart Example Policy
3. Powerpoint Presentation

TRANSFORT ADVERTISING POLICY

Transfort desires to maintain a safe environment for its transit customers and to maintain and encourage ridership. In setting standards for advertising on Transfort bus exteriors and interiors, benches, and shelters, as set forth more fully below, Transfort seeks to maintain a professional advertising environment that will maximize advertising revenue and minimize interference with or disruption to its transit system. Advertising space on Transfort bus interiors and exteriors, benches, and shelters and this Advertising Policy do not provide or create a public forum.

All advertising content displayed on bus exteriors and interiors, as well as on bus shelters and benches, shall be limited to:

- (1) advertising that proposes a commercial transaction;
- (2) publication of information about Transfort services, rules, Code of Conduct, programs, or products, including co-sponsorships with commercial or governmental third parties that are intended by Transfort to increase ridership or otherwise support Transfort's mission ("Transfort Advertising"); or
- (3) publication of public service information about federal, state, or local government programs and activities when requested specifically by federal, state and local entities, including advertising from non-profit organizations that are partnering with such entities ("Government Speech").

All advertisements must be approved by Transfort in writing before production or placement of the advertisement on a bus exterior, interior, bench, or shelter. Transfort shall retain the right to reject any proposed advertising or order the removal of advertising whenever Transfort, in its sole discretion, determines that the proposed advertisement does not comply with this policy. Transfort reserves the right to discontinue and have the Service Provider remove any preauthorized and installed advertisements within 24 hours of written notification.

This policy is intended to ensure that permitted advertising does not include obscene, false, misleading, or defamatory advertisements; advertisements which violate copyright, trademark, or other intellectual property rights; advertisements that promote unsafe or violent behavior; or advertisements that may adversely impact the safety or reliability of the Transfort system or its passengers and personnel.

To further those goals, the following prohibitions on advertising shall apply to:

PROHIBITED PRODUCTS, SERVICES OR ACTIVITIES:

This policy prohibits the display by the Service Provider of noncommercial advertising (except for Transfort Advertising or Government Speech) or any commercial advertising that promotes or depicts the sale, rental, use of, or participation in the following products, services, or activities, or that uses brand names, trademarks, slogans, or other material that identify with such products or activities:

- **Alcohol, Tobacco, Nicotine, and/or Cannabis products:** Advertising of alcohol, tobacco, nicotine, and/or cannabis related products, and products that simulate smoking or other use of such products or are modeled on such products, including but not limited to cigarettes, cigars, electronic cigarettes and vaping implements, and smokeless (e.g., chewing) tobacco;

- **Illegal Activities, Products, or Services:** Advertising that promotes illegal activities, products, or transactions under federal, state, or local law;
- **Materials in violation of Copyrights, Trademarks, Intellectual Property, or otherwise Unlawful:** Advertising that contains any material that infringes upon copyrights, trademarks, service marks, or is otherwise unlawful.
- **False, Misleading, or Defamatory Information, or that which Invades Another's Privacy:** Any material that is misleading or deceptive, or that constitutes a public nuisance, or that the sponsor reasonably should have known is false, fraudulent, misleading, deceptive, or which reasonably would constitute a tort of defamation or invasion of privacy;
- **Sexual, Sadomasochistic, and/or Excretory Subject Matter:** Advertising that contains or involves any material that describes, depicts, represents, or relates to sexually explicit nudity, sexual conduct, sexual excitement, sadomasochistic abuse, excretory organs or subject matter, or any other materials identified as harmful to children as codified at C.R.S. § 17-7-501;
- **Adult/Mature Only Products, Entertainment, and/or Services:** Advertising of adult films rated "X" or "NC-17"; television or electronic content (e.g., online, downloadable, or app content) rated "MA"; electronic (video, computer, or app) games rated "A" or "M"; and similar adult/mature content regardless of platform or type; adult bookstores, adult video stores, nude dance clubs, and other similar adult entertainment establishments; and/or other Adult Oriented Uses, including but not limited to, adult telephone services, online adult sites, escort services, and other similar adult services;
- **Profanity, Obscenity, and Violence:** Advertising that contains any profane or obscene language or images, or portrays images or descriptions of graphic violence, including dead, mutilated or disfigured human beings or animals, the act of killing, mutilating, or disfiguring human beings or animals, or intentional infliction of pain or violent action towards or upon a human being or animal; and
- **Subject Matter that is Adverse, Harmful, or Disruptive to Transfort Operations, Equipment, Staff, and/or Customers:** Material that depicts or advocates conduct in violation of Transfort's Code of Conduct; or that is so objectionable under contemporary community standards as to be reasonably foreseeable that it will result in harm to, disruption of or interference with the transportation system, its equipment, staff, and/or customers.
- **City Sign Code:** Advertising that is not in compliance with City sign code (found online at <https://www.fcgov.com/zoning/banners>) at any time, as the same may be modified or supplemented by the City Council or City.
- **Residential:** No advertising in residential areas.

BART ADVERTISING CONTENT GUIDELINES

OBJECTIVE

Through these guidelines, the San Francisco Bay Area Rapid Transit District (“BART”), in keeping with its primary function as a provider of public transportation, does not intend to convert its property into an open public forum for public discourse, debate, or expressive activity. In furtherance of the discrete and limited objectives described below, BART shall retain control over the nature of advertisements accepted for posting in the BART system, and maintain its advertising space as a nonpublic forum with limited content neutral subject matter restrictions. In setting its advertising standards, BART seeks to meet the following goals and objectives:

- (a) Maintain a secure and orderly operating environment;
- (b) Maintain a safe and welcoming environment for all BART passengers, including minors who use the BART system, without regard to race, color, marital status, sexual orientation, religion, national origin, ancestry, age, sex, gender identity, disability, medical condition, or veterans’ status, and avoid claims of discrimination from the public;
- (c) Maintain and increase ridership and fare revenue;
- (d) Avoiding unintentional appearance of favoritism, association with, or bias towards any group, movement, or viewpoint;
- (e) Preserve the marketing potential of the advertising space by avoiding content that the community could view as inappropriate or harmful to the public;
- (f) Increase advertising revenue to help support BART service to the public;
- (g) Avoid imposing demeaning or disparaging messages on a captive audience; and
- (h) Reduce the diversion of resources from BART objectives caused by controversy surrounding advertisements.

BART retains the unqualified right to display, on or in its facilities, advertisements and notices that pertain to BART operations and promotions, consistent with the provisions of its agreement with the Advertising Contractors. Promotional materials may include, but not be limited to, internal marketing collateral, BART branding campaigns, and co-promotional campaigns with third parties. Consistent with the status of the BART premises to which this policy pertains as a nonpublic forum, BART does not accept free public service announcements. These Guidelines shall be effective upon adoption and shall be enforced to the degree that it does not impair the obligations of any executed contract. BART reserves the right, from time to time, to suspend, modify, or revoke the application of any or all of these Guidelines as it deems necessary to comply with legal mandates, facilitate its primary transportation function, to ensure the safety or security of BART customers and BART facilities, or to fulfill the goals and objectives referred to herein. All provisions of these Guidelines shall be deemed severable.

For purposes of understanding the meaning of advertisements, BART may refer to information beyond the advertisement including, but not limited to, dictionaries, reviews by authoritative bodies,

or public information regarding the advertiser. BART shall assess whether an independent, reasonably prudent person, knowledgeable of BART's customer profile and using prevailing community standards, would believe that the advertisement complies with the provisions of these Guidelines. In the case of advertisements that use double entendres or multiple interpretations, all meanings of the advertisement must comply with these Guidelines. BART reserves the right, in all circumstances, to require that an advertisement in the BART system include a disclaimer indicating that such advertising is paid for by the advertiser, stating that "The views expressed in this advertisement do not reflect the views of BART," or a similar statement, and BART may set minimum size standards for the disclaimer to ensure legibility.

ADVERTISING STANDARDS

A. Permitted Advertising Categories

The BART system is limited to only the following categories of advertising:

1. **Commercial Advertising.** Paid communications from a for-profit entity or entities.
2. **Governmental Advertising.** Paid communications from public entities created by government action with the intent to advance a specific government purpose as well as communications from BART related to BART programs, products, services, or partnerships.
3. **Public Service Announcements.** Paid communications from any entity not described under Sections A1 or A2 of these guidelines which promotes or furnishes any of the following goods or services:
 - a. The prevention or treatment of an illness, injury, condition, or syndrome recognized by the most recent Diagnostic and Statistical Manual ("DSM") or the Centers for Disease Control ("CDC");
 - b. The recruitment or solicitation of participants for medical, psychological, or behavioral studies;
 - c. Museums, theaters, or galleries which are open to the general public;
 - d. Licensed or accredited pre-K through 12 education programs or services;
 - e. Colleges or universities that have received regional or statewide accreditation;
 - f. Vocational or trade programs;
 - g. Visual or performing arts, fairs, or festivals, provided that the venue or event is open to the general public and has a valid operating permit issued by a governmental entity;
 - h. Environmental matters;
 - i. Provision of services and programs that provide support to low income citizens, victims of abuse, families, youth, immigrants, historically disadvantaged populations, senior citizens, veterans, people identifying as LGBT, or people with disabilities;
 - j. Solicitation by broad-based contribution campaigns which provide funds to multiple charitable organizations;
 - k. Diet or nutrition;
 - l. Sporting events, sporting activities, or services related to sports;
 - m. Travel services, information, or promotion;
 - n. Licensed farmers markets, public botanical gardens, or public parks;
 - o. Commercial or professional trade organizations;

- p. Credit unions, investment entities, or financial services;
- q. Zoos, planetariums, or aquariums;
- r. Governmentally funded public broadcast entities; or
- s. Government-designated historic sites.

B. Prohibited Advertising Categories

Notwithstanding any provisions in Section A of these Guidelines, advertising content that falls into one or more of the following categories is prohibited in the BART system based on inconsistency with the goals and objectives described above:

1. **Political or Public Issue Content.** Any material that, when viewed as a whole, can reasonably be regarded as directly:
 - a. Supporting or opposing a political party;
 - b. Supporting or opposing any political or judicial office holder;
 - c. Supporting or opposing a proposed ballot measure;
 - d. Supporting or opposing a law, ordinance, regulation, or proposed legislation;
 - e. Supporting or opposing a constitutional amendment or amendments;
 - f. Supporting or opposing an active governmental investigation;
 - g. Supporting or opposing ongoing civil litigation;
 - h. Supporting or opposing ongoing criminal prosecution;
 - i. Supporting or opposing a judicial ruling or rulings;
 - j. Supporting or opposing a strike, walkout, boycott, protest, divestment, embargo, or groupings thereof;
 - k. Supporting or opposing the election of any candidate or group of candidates;
 - l. Supporting or opposing any foreign nation or group of nations or any policy of a foreign nation or group of nations other than the policies of the advertiser itself;
 - m. Depicting an image or images of one or more living political or judicial figures or depicting an image of one or more political or judicial figures that have died within the last five (5) years;
 - n. Referring to one or more living political or judicial figures or referring to one or more political or judicial figures that have died within the last five (5) years; or
 - o. Using a slogan, symbol, slogans, or symbols associated with any prohibited category of this section B1.
2. **Religious Content.** Any material that, when viewed as a whole, can reasonably be regarded as directly:
 - a. Promoting or opposing any religion, atheism, spiritual beliefs, or agnosticism, inclusive of images depicting religious iconography occupying 15% or more of any advertisement frame.

3. **Obscene or Vulgar Content.** Any material that, when viewed as a whole, can reasonably be regarded as:
 - a. Meeting the standards for obscenity as set forth in the California Penal Code Section 311; or
 - b. Utilizing words, text, symbols, or images recognized by the community as extremely vulgar, indecent, or profane for display in a public setting that includes minors.
4. **Unlawful, Unsafe, or Disruptive Content.** Any material that depicts or, when viewed as a whole, can reasonably be regarded as encouraging or promoting any of the following:
 - a. The sale, use, possession, or distribution of goods or services that are unlawful;
 - b. A contest or contests that violate applicable law;
 - c. Unlawful or unsafe behavior;
 - d. Detrimental actions to the maintenance and safe operation of public transportation; or
 - e. Graffiti or vandalism.
5. **False, Misleading, or Tortious Content.** Any material that depicts or, when viewed as a whole, can reasonably be regarded as:
 - a. False or fraudulent;
 - b. Deceptive or misleading;
 - c. Copyright, trademark, or patent infringement;
 - d. Constituting a tort of libel, trade libel, public disclosure of private facts, intrusion into private matters, misappropriation of a person's name or likeness, or depiction in a false light; or
 - e. BART graphics, logos, or representations without the express written consent of BART, or which implies or declares an endorsement by BART, its directors, management, or employees, of any service, product, or point of view, without prior written authorization by BART.
6. **Content Advertising Specified Goods or Services.** Any material that directly advertises any of the following categories of goods or services:
 - a. Alcohol, or any material that depicts the consumption of alcoholic beverages or signs of excessive alcohol intoxication;
 - b. Firearms or non-firearm weapons;
 - c. Tobacco, or depictions of tobacco-related products, e-cigarettes, products that simulate smoking, or products that resemble tobacco products; or
 - d. "Adult"-oriented goods or services, including the use of brand names, trademarks, or slogans, for goods or services rated "X" or NC-17 by the Motion Picture Association of America ("MPAA"), adult book stores, adult video stores, nude dance clubs, adult telephone services, adult internet sites, or escort services.

Notwithstanding items 6.a. and 6.c. above, depictions of tobacco products or alcohol consumption are permissible to the extent that the purposes of such depictions are non-commercial and are otherwise advancing a scientific, medical, journalistic, artistic, or public health objective.

7. **Inappropriate, Offensive, or Violent Content.** Any material that, when viewed as a whole, can reasonably be regarded as depicting or describing any of the following:
- a. A graphic or realistic dead, mutilated, or disfigured human body or bodies;
 - b. A graphic or realistic human body part or body parts in a state of mutilation, dismemberment, decomposition, or disfigurement;
 - c. A fetus or fetuses in a state of mutilation, dismemberment, decomposition, or disfigurement;
 - d. Human or animal excrement, vomit, or graphic depictions of blood or viscera;
 - e. An act of animal abuse as defined in California Penal Code Section 597;
 - f. The act of killing, mutilating, or disfiguring human beings or animals;
 - g. Genocide, mass-murder, or war crimes recognized under the laws and customs of war;
 - h. Weapons or violent implements, if either appear to be aimed or pointed at the viewer;
 - i. Images of firearms, non-firearm weapons, or threatening sharp-edged device in the foreground of an image or occupying 15% or more of any advertisement image or frame;
 - j. Graphic violence or graphic sexual harassment;
 - k. Denigrating public transportation or the mission of BART;
 - l. Graphic images that, under contemporary community standards, would be reasonably considered extremely frightening to minors or the elderly; or
 - m. Material that is insulting, degrading, disparaging, demeaning, or disrespectful; or material that belittles or is dismissive of genocide, war crimes, or slavery that is so objectionable under contemporary community standards as to make it reasonably foreseeable that the material will result in harm to (including loss of ridership), disruption of, or interference with the transportation system.

ADVERTISING PROGRAM ADMINISTRATION

(a) BART may, from time to time, select “Advertising Contractors” who shall be responsible for the daily administration of BART’s advertising programs, in a manner consistent with these Guidelines and with the terms and conditions of their agreements with BART.

(b) BART shall designate an employee as its “Contract Administrator” to be the primary contact for the Advertising Contractors on issues related to advertising content. Questions regarding the terms, provisions, and requirements of these Guidelines shall be addressed initially to the Contract Administrator.

(c) The Advertising Contractors shall comply with these Guidelines, and shall review all advertising with reference to them. If there is any question as to whether a proposed advertisement falls into a prohibited category--as outlined in these Guidelines--the Advertising Contractors shall refer that advertisement to the Department Manager of Marketing and Research, or their designee for review and consideration. The Department Manager of Marketing and Research or their designee shall determine whether the proposed advertising will be accepted. In the event that the advertising is rejected, the advertiser may request in writing that the decision be reconsidered. Upon such request, the Department Manager of Marketing & Research shall consult with BART’s Office of the General Counsel and with the Assistant General Manager for External Affairs, or the officer designated by the General Manager for this purpose. The Assistant General Manager for External Affairs or General Manager designee, on the basis of such consultation, shall determine whether the proposed advertising will be accepted or rejected.

BART Advertising Content Guidelines



TRANSFORT



Transfort Advertising Discussion

City Council Work Session

Drew Brooks, Director of Transfort & Parking

What feedback and questions do Councilmembers have regarding proceeding with a new Transfort advertising policy and agreement?

2001-2021

Twenty-Year Advertising Contract

- Contractor purchased benches and shelters
- Contractor performed all maintenance including:
 - Cleaning
 - Repairs
 - Trash removal
 - Snow removal
- Contractor sold, installed and maintained all advertising on benches and shelters
 - Transfort retained a small share of revenue (20%)
 - City allotted 10% of space for internal use
- Transfort Staff review and approve all advertisements submitted by the contractor for compliance with the advertising policy



2021-Present

Contracts for both benches & shelters AND on-bus advertising were to expire at the end of 2021

- Staff released a new RFP the summer of 2020
- No vendors responded who would continue needed maintenance
- Staff negotiated a short-term extension of the 2001 agreement to allow time for:
 - Hiring of staff to bring maintenance in-house
 - Procuring needed maintenance equipment
 - Complete review of policies and procedures
 - Legal review



Year	On-Bus Advertising Revenue	Bus Shelter & Bench Advertising Revenue	Totals
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2021	\$ 148,000	\$ 152,032	\$ 300,032
		Five Year Total	\$ 1,424,678

- On-Bus revenue share for Transfort is 60%
- Shelter & bench revenue share for Transfort is 20%
 - Expected to increase with a new agreement

Ongoing Expenses		
Position	Status	Additional Cost (Benefits Included)
Technician I, Facilities	Funded with ARPA through 2024	\$80,000
Technician I, Facilities	Funded with ARPA through 2024	\$80,000
Facilities Supervisor	BFO Offer	\$60,000
Technician I, Facilities	BFO Offer	\$50,000
Technician I, Facilities	BFO Offer	\$80,000
	Ongoing Expense Total	\$350,000

One-Time Expenses	
Equipment	Total
Vehicles	\$120,000
Utility Vehicle (Snow Removal)	\$34,000
Trailer	\$15,000
Storage Unit	\$10,000
	\$179,000



Changes in Progress

- Bring maintenance in-house
- Restrict advertising display size, specifically on benches
- Prohibit digital advertising
- Alignment with evolving caselaw

Other Concerns We Hear

- Ability to control advertising content
- Role of City selling advertising space

1 – Address Immediate, Critical Improvements:













- Continue advertising program and release RFP
- Implement improvements in progress (e.g. restrict advertising area)
- Revise contract and regulations to allow all types of commercial advertising with restrictions only on those areas for which we have confidence that government restriction would be upheld by the courts.

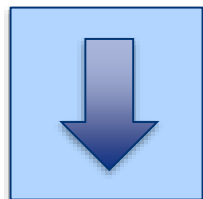
2 – Prohibit "Political" Advertising:

- Continue advertising program and release RFP
- Implement improvements in progress (e.g. restrict advertising area)
- Permit commercial advertising under the above restrictions but **prohibit “political” advertising subject to an exhaustive list of restrictions.**

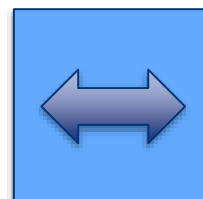
3 – Suspend Advertising Program:

- This would require further analysis to understand and address financial impacts to the maintenance program.
- City could limit all advertising to only Transfort advertising and “government speech.”
- Requires greater internal oversight and investment; eliminates revenue stream

Options	Aligning with Caselaw	Financial Benefit to the City	Council Policy Alignment	Administrative Impacts
1 – Immediate, Critical Improvements				
2 – Prohibit "Political" Speech				
3 – Suspend Commercial Advertising				



Minimal alignment or benefit to the City



Moderate alignment or benefit to the City



Greatest alignment or benefit to the City

What feedback and questions do Councilmembers have regarding proceeding with a new Transfort advertising policy and agreement?

September 6, 2022



WORK SESSION AGENDA ITEM SUMMARY

City Council

STAFF

Ginny Sawyer, Project and Policy Manager
DeAngelo Bowden, Sr. Specialist, Environmental Services

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:

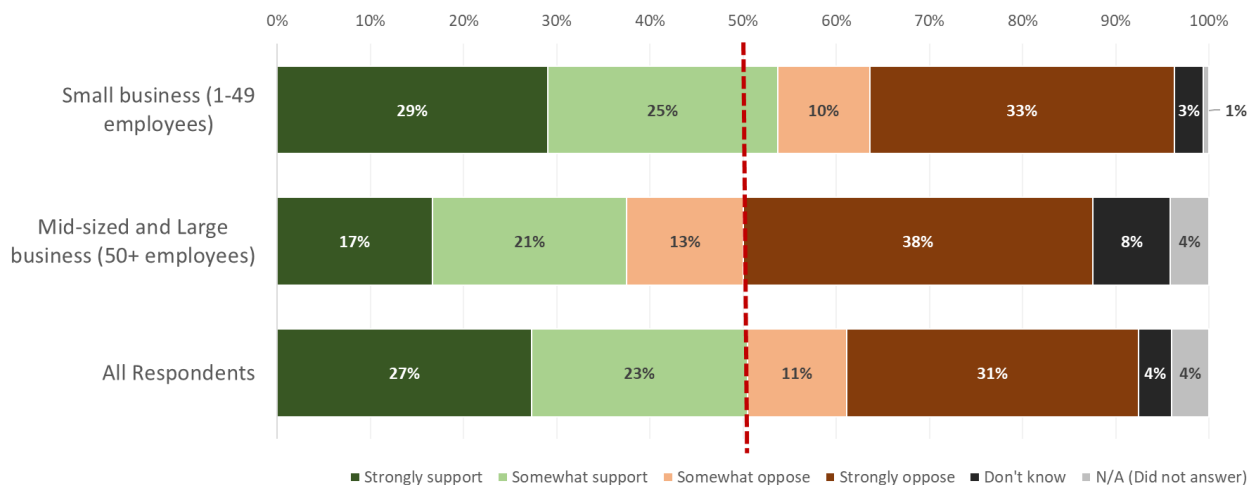
- Approximately 1100 responses.
- The majority work between 30-49 hours a week, are between 20-29 years old, and have been in their jobs between 0-2 years.
- Approximately 1/3 identified as college students with only 4 total identifying as high school students.
- The majority households were unrelated 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

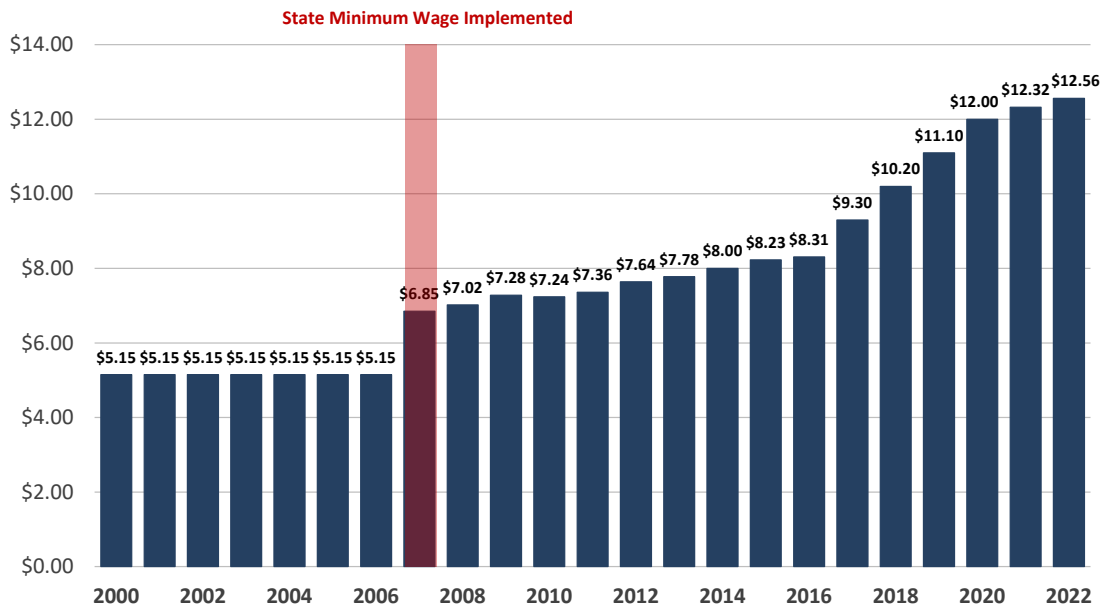


respondents.

- 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



COLORADO

Department of
Labor and Employment

Item 2.



COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT

LOCAL MINIMUM WAGE REPORT

2021

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I.

STATUTORY MANDATE

I. STATUTORY MANDATE

The Executive Director of the Colorado Department of Labor and Employment (“CDLE”) hereby submits the 2021 Local Minimum Wage Report (“Report”), in accordance with House Bill 19-1210, Concerning the Repeal of the Prohibitions on a Local Government Establishing Minimum Wage Laws within its Jurisdiction (the “Act”). Effective January 1, 2020, the Act gave local governments within Colorado the authority to establish a local minimum wage higher than the Colorado state minimum wage. The Act requires the CDLE Executive Director to report to the General Assembly by July 1, 2021, regarding enacted local minimum wages and other relevant data, as set forth in C.R.S. § 8-6-101:

- 8) (a) By July 1, 2021, the executive director of the department of labor and employment shall issue a written report regarding local minimum wage laws in the state. The report must include the location, nature, and scope of enacted local minimum wage laws. To the extent feasible, the executive director shall also include in the report economic data, including jobs, earnings, and sales tax revenue, in the jurisdiction of any local government that has enacted a local minimum wage law pursuant to this section, as well as data for neighboring jurisdictions, relevant regions, and the state. The report may include recommendations for possible improvements to this section.
- (b) The executive director shall update the report by July 1 each year thereafter if an additional local government enacts a minimum wage law after July 1 of the year prior.
- (c) (I) The executive director shall submit the report required in this subsection (8) to the senate local government committee and the house of representatives transportation and local government committee, or their successor committees.
- (II) Notwithstanding section 24-1-136 (11)(a)(I), the report required in this subsection (8) continues indefinitely.



II.

EXECUTIVE SUMMARY

II. EXECUTIVE SUMMARY

As of July 1, 2021, only the City and County of Denver (“Denver”) has enacted a local minimum wage that is greater than the state minimum wage. Denver passed its minimum wage law on November 25, 2019, and it took effect on January 1, 2020. This Report presents unemployment rates, earnings, and sales tax revenue data for the state of Colorado, Denver, and neighboring or otherwise relevant localities. Because the SARS-CoV-2 (“COVID-19”) pandemic impacted all of these economic metrics, this Report attempts to isolate the impact of COVID-19 on each measure where possible.

This Report also provides a cost-of-living-adjusted wage for each Colorado county, based on the Colorado average cost of living and minimum wage.

Finally, this Report includes the number and percent of local governments (“localities”) that have enacted a local minimum wage, and the number and percent of additional local governments that may do so pursuant to the Act.



III. **ENACTED LOCAL MINIMUM WAGES**

III. ENACTED LOCAL MINIMUM WAGES

A. Denver Minimum Wage

On November 25, 2019, Denver City Council passed an ordinance, [Council Bill 19-1237](#) (the “Ordinance”), making Denver the first (and to date only) local government in the state to enact a local minimum wage (the “Denver Minimum Wage”).¹ The Ordinance increases Denver’s minimum wage to:

- ❖ \$12.85 per hour on Jan. 1, 2020 (when the Colorado minimum wage was \$12.00);
- ❖ \$14.77 per hour on Jan. 1, 2021 (when the Colorado the minimum wage is \$12.32);
- ❖ \$15.87 per hour on Jan. 1, 2022; and
- ❖ a wage adjusted annually thereafter based on the Consumer Price Index (“CPI”).²

The Denver Minimum Wage does not apply to work that: (1) is not performed physically within the geographic boundaries of the city; (2) is performed by an employee working fewer than four hours in any given week for a particular employer within the geographic boundaries of the city; or (3) occurs in the city solely for the purpose of traveling through Denver from a point of origin outside of the city to a destination outside of the city, with no employment-related or commercial stops in the city except for refueling or the worker’s personal meals or errands.³ The Denver Minimum Wage may be reduced by 15% for unemancipated minors who work for a youth employment program certified by Denver Economic Development & Opportunity (“DEDO”).⁴

Denver maintains a tip credit of up to \$3.02 per hour for “food and beverage worker[s],”⁵ which is identical in amount to the tip credit against the Colorado minimum wage provided for in Article XVIII, section 15 to the Colorado Constitution. Denver’s tip credit, however, applies to a different subset of employees: while the state tip credit applies to all employees in an occupation in which they customarily and regularly receive more than \$30.00 per month in tips,⁶ Denver’s tip credit applies only to “a worker for any business or enterprise that prepares and offers for sale food or beverages for consumption either on or off an employer’s physical premises.”⁷

For the purposes of adjusting the Denver Minimum Wage after 2022, Denver uses the CPI reported in the U.S. Department of Labor’s Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Denver-Aurora-Lakewood Metropolitan Statistical Area (“MSA”).⁸ This differs from the state minimum wage, which is adjusted using the more general CPI-U for all urban consumers in the Denver-Aurora-Lakewood MSA.

The Ordinance also creates an enforcement and investigation mechanism through the Denver Auditor, to collect and investigate Denver Minimum Wage complaints,⁹ and to independently investigate suspected violations beginning January 1, 2022.¹⁰ The Denver Auditor may award payment of wages as well as a range of penalties and attorneys’ fees payable to the city.¹¹ The Ordinance creates a private right of action for broad legal and equitable remedies, including wages owed, interest, triple liquidated damages, daily penalties, and attorneys’ fees and costs.¹²

¹ Available at <https://denver.legistar.com/LegislationDetail.aspx?ID=4217876&GUID=693CB146-85AE-44D6-9921-690E0652538D&>.

² Denver Council Bill 19-1237 (the “Ordinance”) at Section 2(b)(2), 3:3-8.

³ Ordinance at Section 2(c), 3:27-32.

⁴ Ordinance at Section 2(b)(4), 3:13-19.

⁵ Ordinance at Section 2(b)(3), 3:9-12.

⁶ Colorado Overtime and Minimum Pay Standards Order, 7 CCR 1103-1, Rule 1.10.

⁷ Ordinance at Section 4(e), 15:8-10.

⁸ Ordinance at Section 2(b)(5), 3:20-26.

⁹ Ordinance at 2(d), 4:1-31; *see also*, “How Enforcement Works,” Denver Auditor, <https://www.denverauditor.org/denverlabor/citywide-minimum-wage/how-minimum-wage-enforcement-works/>

¹⁰ Ordinance at Section 2(f), 5:23-6:9.

¹¹ Ordinance at Section 2[sic](a), 9:16-13:13.

¹² Ordinance at Section 2(j), 8:30-9:12.



IV. **ECONOMIC DATA**

IV. ECONOMIC DATA

A. Adjustments for Effects of COVID-19

The Denver Minimum Wage went into effect on January 1, 2020, just over two months before Governor Jared Polis declared a state of disaster emergency due to the COVID-19 pandemic.¹³ In the ensuing year, COVID-19 and the resulting state and local public health orders transformed Colorado's economy. These economic effects varied widely between localities depending on population density, demographics, predominant industries,¹⁴ and differences among the various local and state public health orders and regulations,¹⁵ with greater impacts on urban centers on average.¹⁶

Denver had higher COVID-19 infection rates, and came to have stricter public health orders, than most other counties¹⁷ — and among large- and mid-sized counties, the unemployment and per capita COVID-19 case data¹⁸ confirmed a strong correlation between unemployment and higher COVID-19 infection rates.

A correlation coefficient of 0 indicates that two variables are not at all related (no correlation), while a correlation of ± 1 indicates perfect relationship between the two variables (that is, a change in one always predicts a change in the other). Generally, a correlation coefficient of ± 0.5 to ± 1 is a “high” degree of correlation. The CDLE found a ranked correlation coefficient of 0.82 in its comparison of county COVID-19 infection rates and unemployment rates, indicating a high positive correlation: as COVID-19 rates increased, so did unemployment.¹⁹

To isolate the effects of COVID-19 on the economic metrics analyzed, this Report presents data for: (1) 2019; (2) all available periods of 2020; and (3) January and February, or the first quarter (“Q1”), of 2020 — the time period entirely or largely before the significant impact of the COVID-19 pandemic on the Colorado economy.

¹³ See Colo. Exec. Order No. D 2020 003, at 1 (Mar. 11, 2020), <https://www.colorado.gov/governor/2020-executive-orders> [<https://perma.cc/66FD-5MUY>].

¹⁴ See Congressional Research Service, Unemployment Rates During the COVID-19 Pandemic, updated May 20, 2021, at 11, <https://fas.org/sgp/crs/misc/R46554.pdf> (variance in unemployment rates by industry).

¹⁵ See Bente Birkeland and Claire Cleveland, Officials Raise Concerns As State Heads Toward Patchwork of Orders, Colorado Public Radio (April 24, 2020), <https://www.cpr.org/2020/04/24/officials-raise-concerns-as-state-heads-toward-patchwork-of-orders>.

¹⁶ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7499053/>: “The long-term economic shutdowns due to the COVID-19 pandemic have had very negative impacts on urban economy. The consequences are complex and occur in various ways and on a wide range of scales. Although research on this topic is currently underway, early findings imply that the outbreak has had a significant influence on city tax revenues, citizens’ income, tourism and hospitality, small- and medium-sized businesses, urban food supply chain, and migrant workers.”

¹⁷ As of December 31, 2020, Denver had reported 6,533.52 total COVID-19 cases per 100,000 residents, the thirteenth-highest infection rate among 64 counties. Colorado Department of Public Health and Environment, covid19_case_summary_2020-12-31.xls, <https://covid19.colorado.gov/data> (main website), <https://drive.google.com/drive/folders/1bBAC7H-pdEDgPxRuUeR36ghzc0HWNf1?usp=sharing> (linked files) (last visited June 2, 2021).

¹⁸ Counties with at least 350,000 residents, or “Comparable Counties” as defined in the following Section IV(B) of this Report.

¹⁹ Analyzed using the Spearman’s ranked correlation coefficient, a test that measures the strength and direction of association between two ranked variables. A ranked correlation is appropriate for “nonparametric” relationships between variables – that is, where we do not expect a linear relationship and are not trying to identify an equation (or “parameter”) that will predict one variable based on another. This analysis ranks counties by two variables: (1) 2020 per capita COVID-19 infection rates (cases per 100,000 population, see note 17 above) and (2) change in unemployment rate from 2019 to 2020. These ranks are then compared using the Pearson’s correlation coefficient. The statistical significance (p-value) of this correlation was 0.023, exceeding the ≤ 0.05 threshold generally required by social scientists and courts to reject the “null hypothesis” that one variable does not affect the other. A p-value of 0.05 means that the correlation will be observed by chance (that is, that the correlation will be detected even between variables that do not actually have a relationship) one in 20 times; a p-value of 0.023 means that the detected correlation between COVID-19 rates and unemployment would happen by chance fewer than one in 43 times.

IV. ECONOMIC DATA

B. Jurisdictions Included

This Report analyzes unemployment rates, earnings, and sales tax revenue data, where available, for Colorado, Denver, and the following “neighboring jurisdictions[and] relevant regions” that the Act asks for this Report to analyze (“Comparator Jurisdictions”):

- ❖ “Comparable Counties,” defined as counties with at least 350,000 residents, about half of Denver’s population.²⁰ This group includes Arapahoe, Adams, Douglas, El Paso, Jefferson, and Larimer counties.
- ❖ “Comparable Cities,” defined as cities with at least 100,000 residents. With more than 700,000 residents, Denver is Colorado’s largest city by a wide margin.²¹ Only two other Colorado cities (Aurora and Colorado Springs) have populations greater than 200,000.²² This Report uses a minimum population of 100,000 to capture Colorado’s many mid-sized cities. This group includes Arvada, Aurora, Boulder, Centennial, Colorado Springs, Fort Collins, Greeley, Lakewood, Pueblo, Thornton, and Westminster. This group excludes smaller cities and towns that are not comparable to Denver, the sole locality with a local minimum wage, and thus the locality that the Act tasks this Report with analyzing via comparisons to other comparable localities.
- ❖ “Neighboring Cities,” defined as cities or municipalities that share a border with Denver, or that have a border near (within two miles of) Denver and are likely to share commerce with Denver due to highway access and the nature of the locality that separates Denver and the Neighboring City. For example, Westminster is considered a Neighboring City even though it does not border Denver because (1) its southern border is within two miles of Denver’s border, (2) it is separated from Denver by a small unincorporated community, and (3) it is connected to Denver directly by both an interstate and state highway. This group includes Arvada, Aurora, Centennial, Commerce City, Englewood, Lakewood, Littleton, Westminster, and Wheat Ridge. For sales tax data only, this group also includes Glendale and Greenwood Village.²³
- ❖ “Neighboring Counties,” defined as counties that share a border with Denver. This Comparator Jurisdiction is used only when data are not available for the Neighboring Cities. This group includes Adams, Arapahoe, and Jefferson counties.
- ❖ “Rural Counties,” defined as those counties classified as only having “rural populations” by the U.S. Census Bureau²⁴ that are included in the Denver-Aurora-Lakewood Metropolitan Statistical Area.²⁵ This group includes Clear Creek, Elbert, Gilpin, and Park counties.

²⁰ Colorado State Demography Office, Population Forecasts - years (2000 to 2050), 1 year increments, 2000 - 2050.xls, <https://demography.dola.colorado.gov/population/population-totals-counties/> (last visited May 24, 2021).

²¹ Colorado State Demography Office, Population Estimates - years (2010 to Current), Municipalities within Counties, 2010 - Current.xls, <https://demography.dola.colorado.gov/population/population-totals-municipalities/#population-totals-for-colorado-municipalities> (last visited May 24, 2021).

²² Same as note 21 above.

²³ Unemployment and earnings data are not available for these localities.

²⁴ U.S. Census Bureau, Rural America, <https://mtgis-portal.geo.census.gov/arcgis/apps/MapSeries/index.html?appid=49cd4bc9c8eb444ab51218c1d5001ef6> (last visited June 2, 2021); see also U.S. Census Bureau, Colorado Urban and Rural Decennial Census Data, <https://data.census.gov/cedsci/table?q=DECENNIALCD1132010.P2&g=0400000US08.050000&tid=DECENNIALLSF12010.P2> (last visited June 2, 2021) (showing 0 urban population for Clear Creek, Elbert, Gilpin, and Park counties).

²⁵ U.S. Office of Management and Budget, OMB Bulletin No. 13-01: Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas (PDF) (February 28, 2013), <https://obamawhitehouse.archives.gov/sites/default/files/omb/bulletins/2013/b13-01.pdf>.

IV. ECONOMIC DATA

C. Unemployment Rates

This section compares unemployment rates for Denver and Comparator Jurisdictions, as well as the rate for Colorado.²⁶ This comparison uses Colorado's unemployment rate as a baseline, and measures unemployment for Denver and Comparator Jurisdictions from that baseline. A lower-than-Colorado unemployment rate for a jurisdiction indicates higher rates of employment than the state average, while a higher unemployment rate indicates the inverse.

As of the finalization of this Report, monthly unemployment data were available for all of 2019 and 2020.²⁷ Accordingly, this analysis compares annual average unemployment rates for 2019 with average unemployment rates for: (1) all of 2020; and (2) only January and February 2020, the sole months when the Denver Minimum Wage was in effect but COVID-19 had not yet significantly impacted Colorado's economy.

Table 1 shows the average unemployment rate for Colorado, Denver, and each Comparator Jurisdiction²⁸ for (1) 2019 and (2) January and February of 2020. The unemployment rate for Denver and each Comparator Jurisdiction (A) is compared to the Colorado rate (B), to calculate how many percentage points a given locality's unemployment rate is above or below the Colorado rate (C) ("± Colorado"). A positive ± Colorado factor indicates an unemployment rate higher than the state average; a negative factor indicates an unemployment rate lower than the state average. Each locality's 2019 ± Colorado factor is compared to the January-February 2020 ± Colorado factor to determine whether the locality's unemployment rate increased or decreased relative to the state average.

²⁶ Unemployment rates from U.S. Bureau of Labor Statistics, BLS Beta Labs, BLS Data Finder 1.1, <https://beta.bls.gov/dataQuery/find?st=0&r=20&more=0> (last visited May 24, 2021) (reports generated for each county). These data are not seasonally adjusted, as no seasonally-adjusted data were available for all localities.

²⁷ Unemployment data were also available for certain months in early 2021, but this report analyzes only data for 2020, the first full year in which the Denver Minimum Wage was in effect.

²⁸ The population-weighted average for each group of Comparator Jurisdictions is used. Population data are derived from the Colorado State Demography Office. Population Forecasts - years (2000 to 2050), 1 year increments, 2000 - 2050.xls, <https://demography.dola.colorado.gov/population/population-totals-counties/> (last visited June 1, 2021) (county); (last visited June 1, 2021) (city). These data report population estimates or forecasts for July of each year. For each time period analyzed, the population for the midpoint of the time period is used. For 2019 and 2020 full years, this midpoint is July, and the July population estimate is used. For other periods, e.g. January-February of 2020, the population estimate for the preceding July is increased by the average monthly rate of growth or attrition for the county or city, which is calculated by dividing the annual growth from one July population estimate to the next by 12 (the number of months in a year). This growth rate is then multiplied by the number of months of "growth or attrition to the midpoint of the time period, and that growth is applied to the most recent population estimate. For example, to calculate the population for Q1 of 2020, the 2019 to 2020 population growth/attrition rate is divided by 12, then multiplied by 7 (months August 2019 through February 2020, which is the midpoint of the January-March span of Q1 2020), and this growth is applied to the July 2019 population estimate.

IV. ECONOMIC DATA

C. Unemployment Rates (Cont'd)

Table 1. Average Unemployment Rate:
2019 versus Jan.-Feb. 2020 (Post-Denver Minimum Wage, Pre-COVID-19)

	2019			Jan.-Feb. 2020			Difference, 2019 to Jan.-Feb. 2020 (C2 - C1)
	(A1) Locality/ies	(B1) Colorado	(C1) Locality +/- Colorado (A1 - B1)	(A2) Locality/ies	(B2) Colorado	(C2) Locality +/- Colorado (A2 - B2)	
Denver	2.59	2.66	-0.067	2.80	2.90	-0.100	-0.033
Comparable Cities	2.81	2.66	+0.152	2.99	2.90	+0.086	-0.066
Neighboring Cities	2.69	2.66	+0.030	2.88	2.90	-0.022	-0.052
Comparable Counties	2.67	2.66	+0.014	2.86	2.90	-0.043	-0.057
Rural Counties	2.25	2.66	-0.405	2.42	2.90	-0.483	-0.079

IV. ECONOMIC DATA

C. Unemployment Rates (Cont'd)

Table 1 shows that comparing 2019 and January-February 2020, Denver's unemployment rate dropped compared to the state, from 0.067 percentage points lower than the state average to 0.100 percentage points lower. This represents a decrease of 0.033 percentage points compared to the state average. All Comparator Jurisdictions also experienced a decreased unemployment rate compared to state average: Comparable Cities by 0.066 percentage points, Neighboring Cities by 0.052, Comparable Counties by 0.057, and Rural Counties by 0.079. The variance in decreased +/- Colorado factor shown in Table 1 is nominal, with the widest spread only 0.046 percentage points (between Denver and Rural Counties).

Table 1 indicates, after Denver adopted a local minimum wage:

- ❖ its unemployment trend remained in line with Comparator Jurisdictions — all saw a rise in unemployment from 2019 to early 2020 that was smaller than the statewide rise; and
- ❖ its January-February 2020 unemployment rate remained lower than in all three urban Comparator Jurisdictions (Comparable Cities, Comparable Counties, and Neighboring Cities) with only Rural Counties having lower average unemployment.

Table 2 presents the same analysis as Table 1, but compares the 2019 +/- Colorado factor for each locality to the 2020 factor. Table 2 includes the period of 2020 during which COVID-19 impacted Colorado unemployment rates, with higher COVID-19 infection rates strongly correlated with higher unemployment rates. This correlation is borne out in Denver's unemployment rate. Compared to Comparable Counties, Denver had the second-highest rate of COVID-19 cases in 2020, Adams County had the highest, and Arapahoe County had the third-highest. These three counties also had the largest increase in unemployment relative to the state average, with Denver increasing 1.00 percentage points, Adams County increasing 0.58, and Arapahoe County increasing 0.60.

IV. ECONOMIC DATA

C. Unemployment Rates (Cont'd)

**Table 2. Average Unemployment Rate:
2019 versus 2020**

	2019			2020			Difference 2019 to Jan.-Feb. 2020 (C3 - C1)
	(A1) Locality/ies	(B1) Colorado	(C1) Locality +/- Colorado (A1 - B1)	(A3) Locality/ies	(B3) Colorado	(C3) Locality +/- Colorado (A3 - B3)	
Denver	2.59	2.66	-0.067	8.23	7.30	+0.933	+1.000
Comparable Cities	2.81	2.66	+0.152	7.69	7.30	+0.394	+0.242
Neighboring Cities	2.69	2.66	+0.030	8.05	7.30	+0.749	+0.719
Comparable Counties	2.67	2.66	+0.014	7.23	7.30	-0.071	-0.085
Rural Counties	2.25	2.66	-0.405	6.23	7.30	-1.066	-0.662

Thus, Denver experienced worse unemployment than other localities not after adopting a local minimum wage, but months later after suffering a greater impact from COVID-19 than much of the rest of Colorado.

The preceding tables aggregate unemployment rates for all jurisdictions in each Comparator Jurisdiction group. The following charts present unemployment rates for each individual jurisdiction, with each Comparator Jurisdiction group represented in a separate chart. These charts show, month by month, each jurisdiction's +/- Colorado factor. That is, in each chart, "0" on the Y-axis is the Colorado unemployment rate (the state baseline), and the lines for each jurisdiction show how much higher or lower its unemployment rate was than the Colorado rate.

IV. ECONOMIC DATA

C. Unemployment Rates (Cont'd)

Chart 1. Unemployment Rate +/- Colorado:
Denver and Comparable Cities

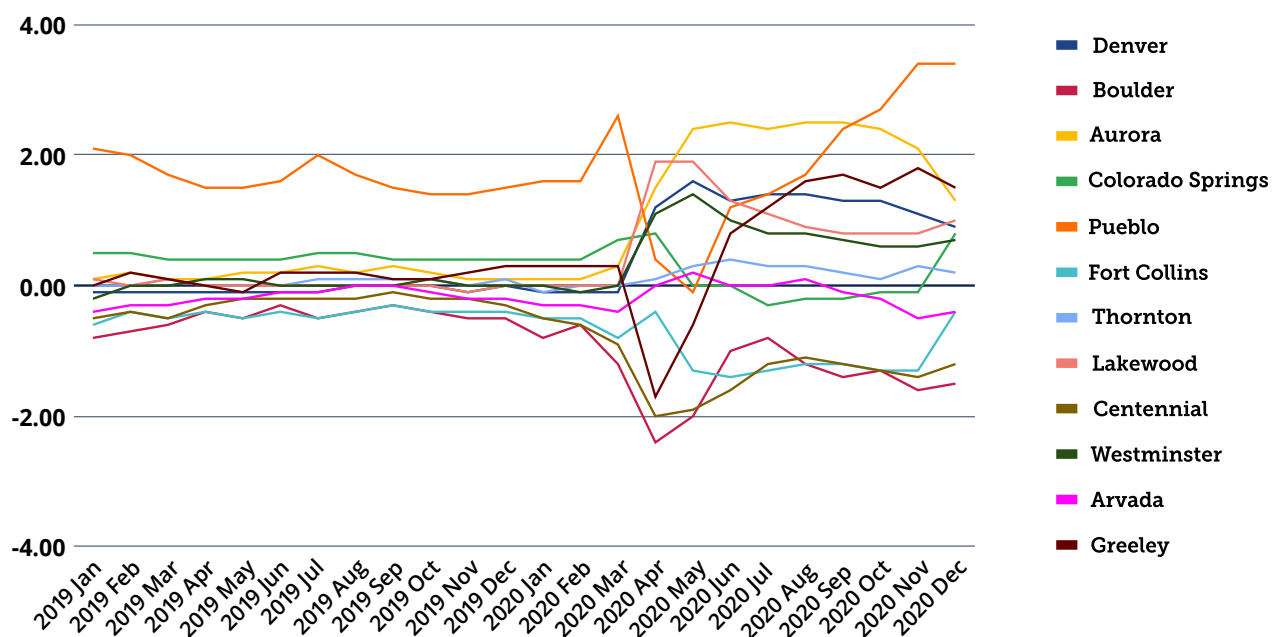
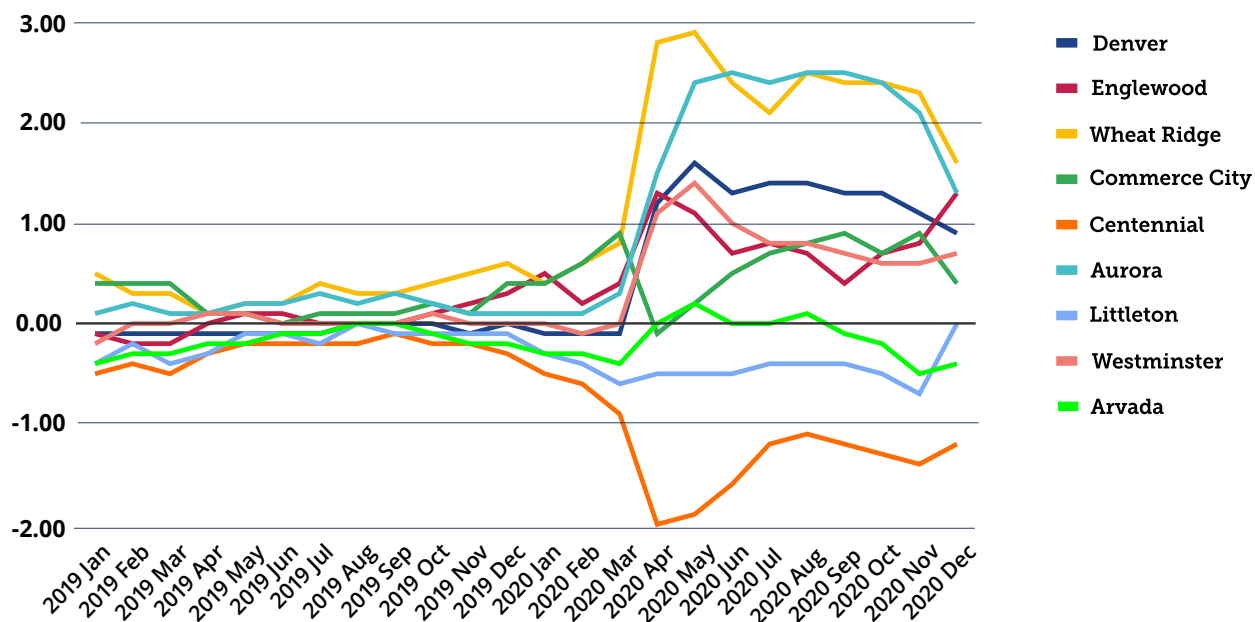


Chart 2. Unemployment Rate +/- Colorado:
Denver and Neighboring Cities



IV. ECONOMIC DATA

C. Unemployment Rates (Cont'd)

Chart 3. Unemployment Rate +/- Colorado:
Denver and Comparable Counties

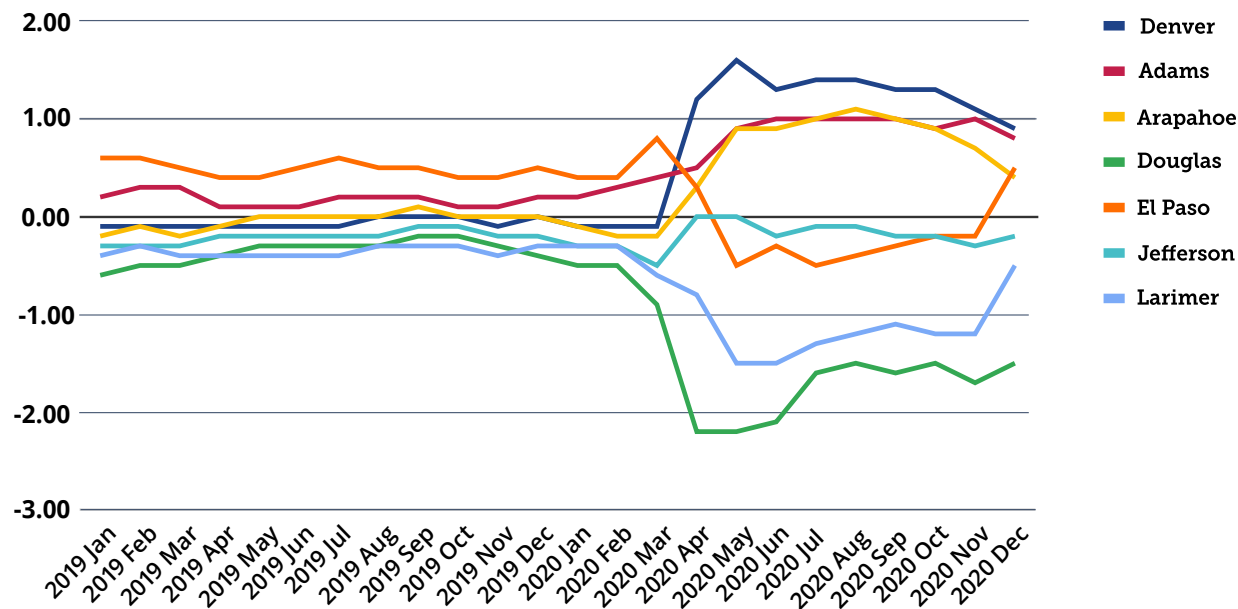
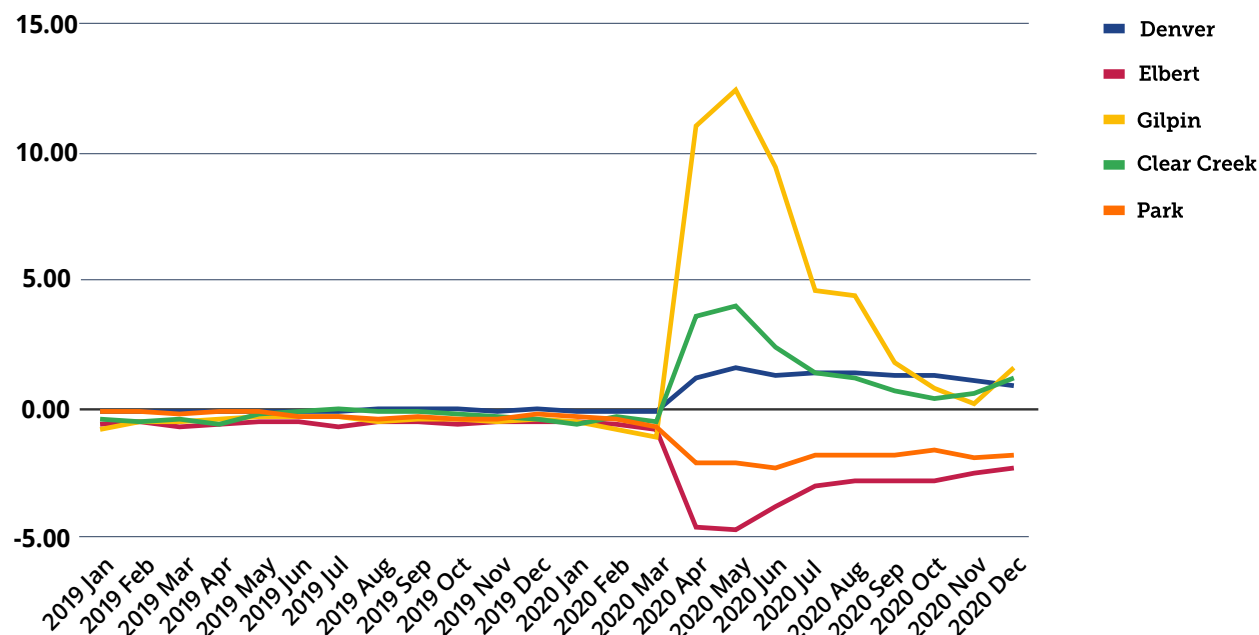


Chart 4. Unemployment Rate +/- Colorado:
Denver and Rural Counties



IV. ECONOMIC DATA

D. Earnings

This section compares average per-worker weekly earnings for Denver, Comparator Jurisdictions, and Colorado as a whole.²⁹ This comparison uses Colorado's weekly average earnings as a baseline, and measures earnings for Denver and Comparator Jurisdictions from that baseline. Higher-than-Colorado earnings for a jurisdiction indicate higher earnings than the state average, while lower earnings indicate the inverse.

As of the finalization of this Report, quarterly earnings data were available for all of 2019 and Q1-Q3 of 2020. Accordingly, this analysis compares average weekly earnings for: (1) Q1-Q3 2019 compared to Q1-Q3 2020 — the entire period during which Denver's minimum wage has been in effect for which data are available; and (2) Q1 2019 compared to Q1 2020 — the first quarter during which Denver's minimum wage was in effect but COVID-19 had mostly not yet significantly impacted Colorado's economy. Because earnings fluctuate significantly throughout the year, with higher earnings in Q1, quarters in 2020 must be compared with the same quarters in 2019 to provide a meaningful comparison. Data are only available on the county level, so earnings are analyzed only for Comparable Counties, Neighboring Counties, and Rural Counties.

Table 3 shows the average weekly earnings for Colorado, Denver, and each Comparator Jurisdiction³⁰ for (1) Q1 2019 and (2) Q1 2020. The earnings for Denver and each Comparator Jurisdiction (A) are compared to average Colorado earnings (B), to calculate how much higher or lower a given locality's weekly earnings are than the Colorado average (C) ("± Colorado"). A positive ± Colorado factor indicates earnings higher than the state average; a negative factor indicates earnings lower than the state average. Each locality's Q1 2019 ± Colorado factor is compared to the Q1 2020 ± Colorado factor to determine whether the locality's earnings increased or decreased relative to the state average.

²⁹ Earnings data from U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages, <https://beta.bls.gov/dataQuery/find?st=0&r=20&more=0> (last visited May 24, 2021) (reports generated for all industries and all counties in Colorado).

³⁰ The population-weighted average for each group of Comparator Jurisdictions is used. Population data from the Colorado State Demography Office, see note 28 above.

IV. ECONOMIC DATA

D. Earnings (Cont'd)

Table 3. Average Weekly Earnings:
Q1 2019 versus Q1 2020 (Post-Denver Minimum Wage, Mostly Pre-COVID-19)

	Q1 2019			Q1 2020			Difference Q1 2019 to Q1 2020 (C2 - C1)
	(A1) Locality/ies	(B1) Colorado	(C1) Locality +/- Colorado (A1 - B1)	(A2) Locality/ies	(B2) Colorado	(C2) Locality +/- Colorado (A2 - B2)	
Denver	\$1,533.00	\$1,231.00	\$302.00	\$1,622.00	\$1,283.00	\$339.00	\$37.00
Comparable Counties	\$1,199.61	\$1,231.00	-\$31.39	\$1,231.60	\$1,283.00	-\$51.40	-\$20.01
Neighboring Counties	\$1,264.43	\$1,231.00	\$33.43	\$1,306.25	\$1,283.00	\$23.25	-\$10.19
Rural Counties	\$832.04	\$1,231.00	-\$398.96	\$864.16	\$1,283.00	-\$418.84	-\$19.88

Table 3 shows that comparing Q1 2019 and Q1 2020, Denver's average weekly earnings increased compared to the state, from \$302.00 higher than the state average to \$339.00 higher, a 12.3% increase.

The earnings for all Comparator Jurisdictions fell compared to the state average. Denver's earnings remained significantly higher than the state average.

Table 4 presents the same analysis as Table 3, but compares the Q1-Q3 2019 +/- Colorado factor for each locality to the Q1-Q3 2020 factor. This table shows that Denver's average weekly earnings continued to rise in Q2 and Q3 of 2020, with an increase of \$52.00 compared to the state average between Q1-Q3 2019 and Q1-Q3 2020. During this same period, wages for all comparator jurisdictions fell relative to the state average.

IV. ECONOMIC DATA

D. Earnings (Cont'd)

Table 4. Average Weekly Earnings:
Q1-Q3 2019 versus Q1-Q3 2020

	Q1-Q3 2019			Q1-Q3 2020			Difference Q1-Q3 2019 to Q1-Q3 2020 (C4 - C3)
	(A3) Locality/ies	(B3) Colorado	(C3) Locality +/- Colorado (A3 - B3)	(A4) Locality/ies	(B4) Colorado	(C4) Locality +/- Colorado (A4 - B4)	
Denver	\$1,413.67	\$1,176.33	\$237.33	\$1,538.33	\$1,249.00	\$289.33	\$52.00
Comparable Counties	\$1,143.79	\$1,176.33	-\$32.54	\$1,209.76	\$1,249.00	-\$39.24	-\$6.70
Neighboring Counties	\$1,199.85	\$1,176.33	\$23.52	\$1,272.42	\$1,249.00	\$23.42	-\$0.10
Rural Counties	\$830.92	\$1,176.33	-\$345.41	\$886.61	\$1,249.00	-\$362.39	-\$16.98

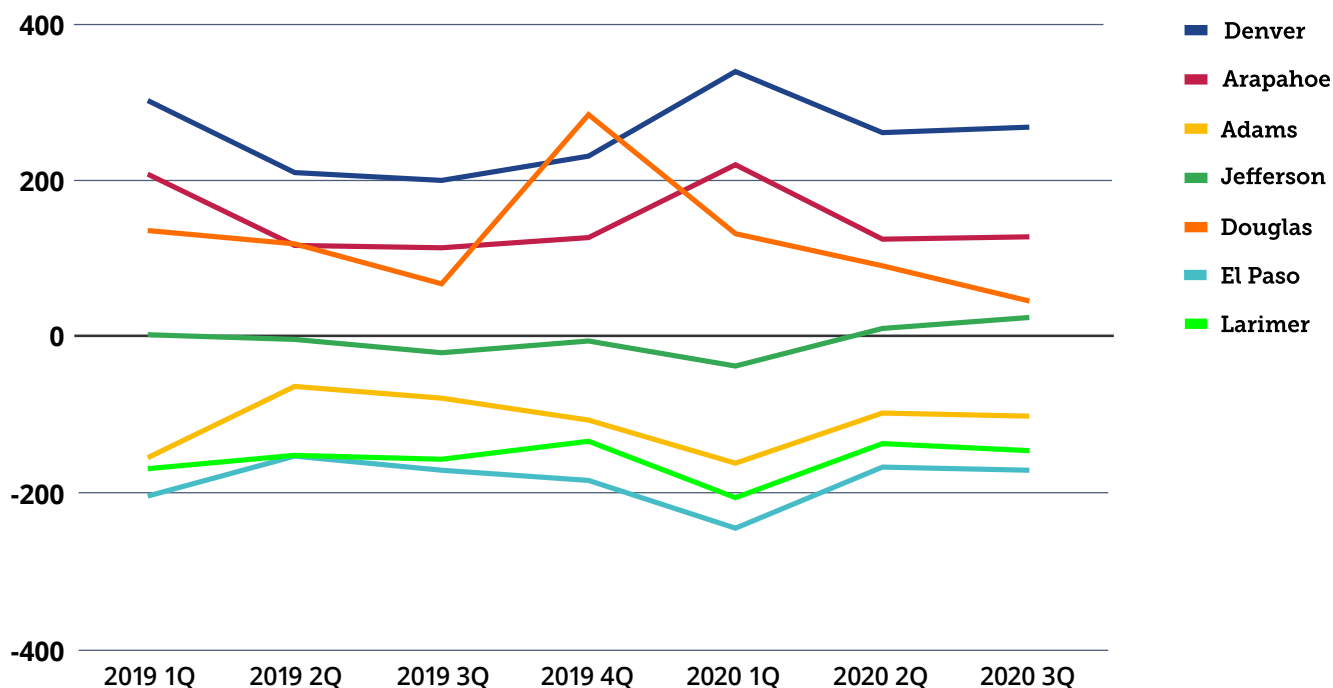
IV. ECONOMIC DATA

D. Earnings (Cont'd)

Tables 3 and 4 show that Denver wages rose, and also rose more than those of all Comparator Jurisdictions and the state, both in early 2020 after adopting a local minimum wage but before the main COVID-19 impact, and later in 2020 after the main impact of COVID-19.

The preceding tables aggregate weekly earnings for all jurisdictions in each Comparator Jurisdiction group. The following charts present average weekly earnings for each individual jurisdiction, with each Comparator Jurisdiction group represented in a separate chart. These charts show, quarter by quarter, each jurisdiction's +/- Colorado factor. That is, in each chart "0" on the Y-axis is the average Colorado weekly earnings (the state baseline), and the lines for each jurisdiction show how much higher or lower that jurisdiction's earnings were than the Colorado average.

Chart 5. Average Weekly Earnings +/- Colorado:
Denver and Comparable Counties



IV. ECONOMIC DATA

D. Earnings (Cont'd)

Chart 6. Average Weekly Earnings +/- Colorado:
Denver and Neighboring Counties

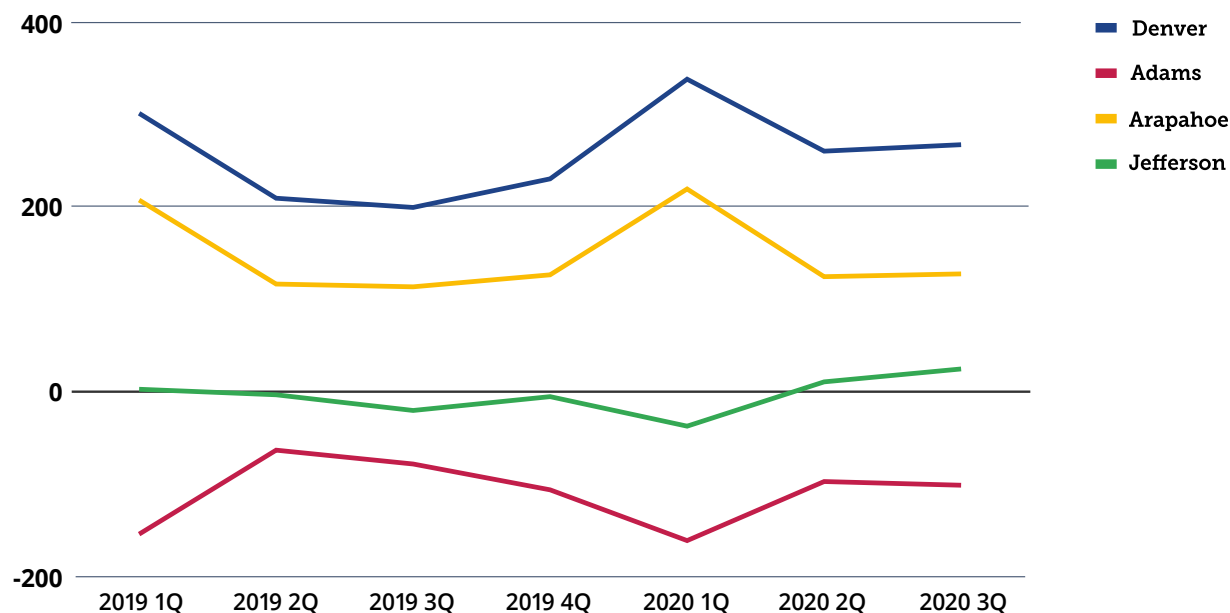
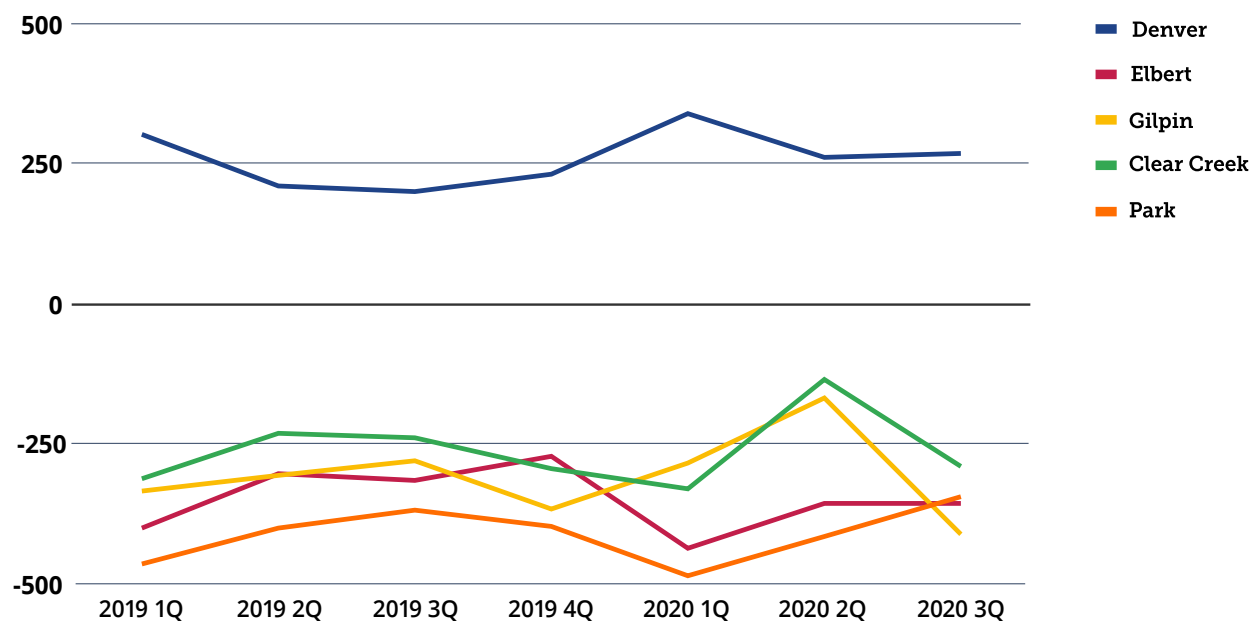


Chart 7. Average Weekly Earnings +/- Colorado:
Denver and Rural Counties



IV. ECONOMIC DATA

E. Sales Tax Revenue

This section compares per capita monthly state sales tax collected for Denver and Comparator Jurisdictions, as well as per capita sales tax revenues for Colorado.³¹ This comparison uses Colorado's per capita sales tax revenues as a baseline, and measures sales tax collected from Denver and Comparator Jurisdictions from this baseline. Higher-than-Colorado sales tax revenues for a jurisdiction indicate higher per capita sales tax revenues than the state average, while lower sales tax revenues indicate the inverse.

As of the finalization of this Report, monthly sales tax data were available for all of 2019 and 2020. Accordingly, this analysis compares monthly average sales tax revenues for: (1) 2019 compared to 2020, the period during which Denver's minimum wage has been in effect for which data are available; and (2) January-February of 2019 compared to January-February of 2020, the months when Denver's minimum wage was in effect but before the significant economic impacts of COVID-19. Because sales tax revenue fluctuates significantly throughout the year, with higher sales tax revenues at the end of the year, January-February of 2020 must be compared with these same months in 2019 to provide a meaningful comparison.

Table 5 shows the average per capita monthly state sales tax revenues for Colorado, Denver, and each Comparator Jurisdiction³² for (1) January-February 2019 and (2) January-February 2020. The sales tax revenues for Denver and each Comparator Jurisdiction (A) are compared to Colorado sales tax revenues (B), to calculate how much higher or lower a given locality's sales tax revenues are than the Colorado average (C) ("± Colorado"). A positive ± Colorado factor indicates sales tax revenues higher than the state average and a negative one indicates the inverse. Each locality's January-February 2019 ± Colorado factor is compared to the January-February 2020 ± Colorado factor to determine whether the locality's sales tax revenues increased or decreased relative to the state average.

³¹ Sales tax data from the Colorado Department of revenues Sales Reports, <https://cdor.colorado.gov/retail-sales-reports> (last visited May 24, 2021). For 2019, these reports include sales tax reported by city, county, and the state. For 2020, the reports include only taxable sales, and sales tax revenues are calculated by multiplying taxable sales by the 2.9% Colorado sales tax. Per capita sales tax is derived by dividing total sales tax collected for a given locality by the population for that locality. Population data come from the Colorado State Demography Office. See note 28 above.

³² The population-weighted average for each group of Comparator Jurisdictions is used. Population data come from the Colorado State Demography Office. See note 28 above.

IV. ECONOMIC DATA

E. Sales Tax Revenue (Cont'd)

Table 5. Average Monthly Per Capita Sales Tax Revenues:
Jan.-Feb. 2019 versus Jan.-Feb. 2020 (Post-Denver Minimum Wage, Mostly Pre-COVID-19)

	Jan.-Feb. 2019			Jan.-Feb. 2020			Difference Jan.-Feb. 2019 to Jan.-Feb. 2020 (C2 - C1)
	(A1) Locality/ies	(B1) Colorado	(C1) Locality +/- Colorado (A1 - B1)	(A2) Locality/ies	(B2) Colorado	(C2) Locality +/- Colorado (A2 - B2)	
Denver	\$49.92	\$37.83	\$12.10	\$51.78	\$43.12	\$8.66	-\$3.44
Comparable Cities	\$35.02	\$37.83	-\$2.81	\$40.54	\$43.12	-\$2.58	\$0.23
Neighboring Cities	\$51.98	\$37.83	\$14.15	\$50.42	\$43.12	\$7.30	-\$6.85
Comparable Counties	\$45.26	\$37.83	\$7.43	\$43.54	\$43.12	\$0.42	-\$7.01
Rural Counties	\$28.30	\$37.83	-\$9.53	\$27.36	\$43.12	-\$15.76	-\$6.23

Table 5 shows that comparing January-February 2019 and January-February 2020, Denver's average monthly per capita sales tax revenues decreased compared to the state average, from \$12.10 higher than the state average to \$8.66 higher. This represents a decrease of \$3.44 compared to the state average.

Most Comparator Jurisdictions experienced a larger sales tax decrease than Denver in January-February 2020.

Tax revenues for Neighboring Cities, Comparable Counties, and Rural Counties all fell by \$6.23-\$7.01, i.e., by about twice as much as Denver's sales tax revenues fell. Comparable Cities did not suffer a similar drop, instead rising by \$0.23 compared to the state average, though even with this increase in Comparable Cities' sales tax revenues, Denver retained higher per capita sales tax revenues than the state average and all Comparator Jurisdictions, including Comparable Cities.

Table 6 presents the same analysis as Table 5, but compares the 2019 +/- Colorado factor for each locality to the 2020 factor.

IV. ECONOMIC DATA

E. Sales Tax Revenue (Cont'd)

Table 6. Average Monthly Per Capita Sales Tax Revenues:
2019 versus 2020

	2019			2020			Difference 2019 to 2020 (C4 - C3)
	(A3) Locality/ies	(B3) Colorado	(C3) Locality +/- Colorado (A3 - B3)	(A4) Locality/ies	(B4) Colorado	(C4) Locality +/- Colorado (A4 - B4)	
Denver	\$57.72	\$45.40	\$12.32	\$48.63	\$45.91	\$2.72	-\$9.60
Comparable Cities	\$43.10	\$45.40	-\$2.30	\$44.22	\$45.91	-\$1.69	\$0.61
Neighboring Cities	\$48.09	\$45.40	\$2.69	\$51.38	\$45.91	\$5.47	\$2.77
Comparable Counties	\$41.42	\$45.40	-\$3.97	\$44.95	\$45.91	-\$0.96	\$3.01
Rural Counties	\$23.90	\$45.40	-\$21.50	\$28.15	\$45.91	-\$17.76	\$3.74

IV. ECONOMIC DATA

E. Sales Tax Revenue (Cont'd)

Table 6 shows tables show that a \$9.60 decrease in Denver's monthly per capita sales tax revenue, as compared to the state average, between 2019 and 2020. Comparator Jurisdictions showed an overall increase in sales tax revenues for this same time period.

Some commentators had previously so noted, citing the economic impacts of COVID-19 particularly on Denver bars and restaurants.³³ A Common Sense Institute report, noting Denver's greater rate of sales tax revenues decline, provides some possible explanation:³⁴

Denver's sales tax revenues did not suffer relative to other parts of the state in the initial months after it adopted its minimum wage; Denver's sales tax revenues suffered only after the impact of COVID-19.

While the evidence that some cities are being hit much harder from a revenues standpoint than [sic] others, there is not enough detail in the reports just yet, to fully understand exactly why. However, it is likely that many factors are at play, including the following.

- ...
- ❖ **City mix of residential vs commercial** – Denver, which typically benefits from large numbers of in-commuters, faces larger revenues losses due to the near elimination of daily commuters, business travelers and evening commuters going to events or dinners. Cities and counties outside the urban core may benefit from local citizens staying in their
- ❖ **Degree to which businesses have stayed open and consumers have returned to more normal spending patterns** - While the state's executive administration has issued many statewide orders related to public health, including the March and April Safer-at-Home orders, some cities have implemented stricter policies [sic], while others have received exemptions. There is also an observable difference between the way citizens of different counties or cities have chosen to respond to the orders. In some regions, people have continued to shop in retail stores, or frequent restaurants and bars at higher rates than others.

The preceding tables aggregate sales tax revenues for all jurisdictions in each Comparator Jurisdiction group. The following charts present monthly per capita sales tax revenues for each individual jurisdiction, with each Comparator Jurisdiction group represented in a separate chart. These charts show, month by month, each jurisdiction's +/- Colorado factor. Those in each chart "0" on the Y-axis is the Colorado monthly per capita sales tax revenues (the state baseline), and the lines for each jurisdiction show how much higher or lower that jurisdiction's sales tax revenues were than those of Colorado.

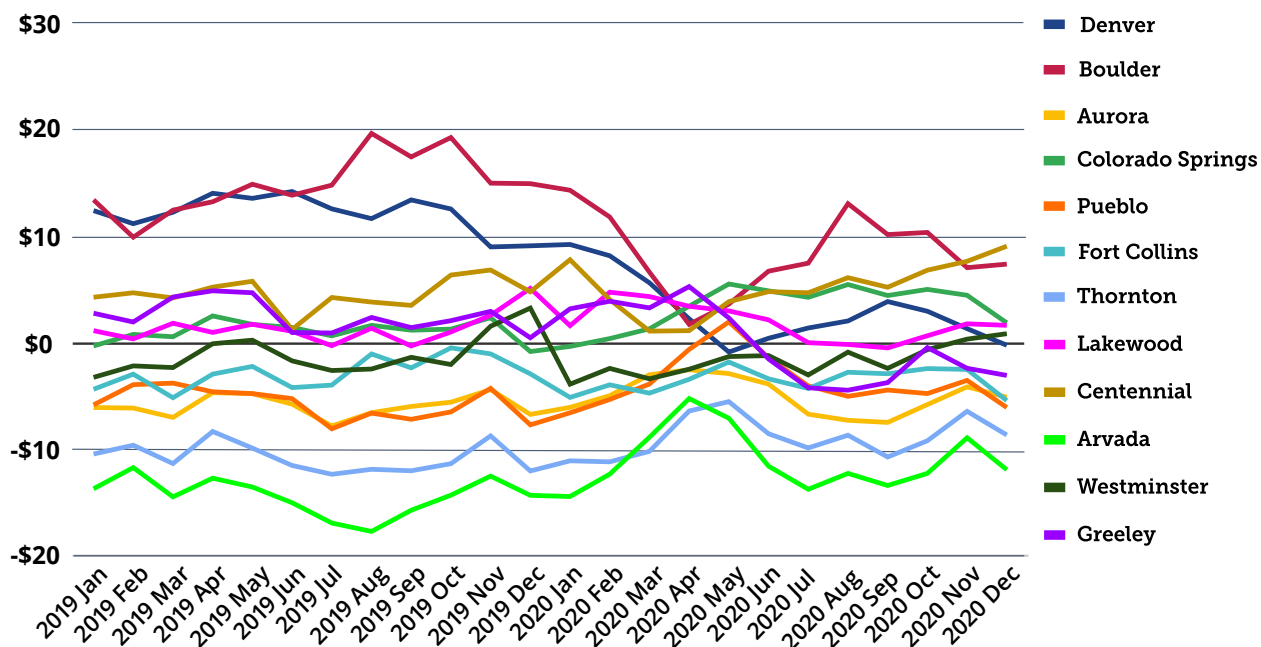
³³ Alayna Alvarez, *More revenues loss looms over Denver amid virus surge, city officials predict*, Colorado Politics (Nov. 19, 2020), https://www.coloradopolitics.com/denver/more-revenue-loss-looms-over-denver-amid-virus-surge-city-officials-predict/article_6dab53fa-2a95-11eb-b452-eff61ee77070.html ("The pandemic has decimated consumer spending at restaurants and bars, the single largest contributor to Denver's sales and use tax revenue, the finance department estimates.").

³⁴ Common Sense Institute, *Sales and Use Tax Revenues in Colorado Cities Since Start of the Pandemic* (August 2020), <https://commonsenseinstitute.org/sales-and-use-tax-revenue-in-colorado-cities-since-start-of-the-pandemic/>.

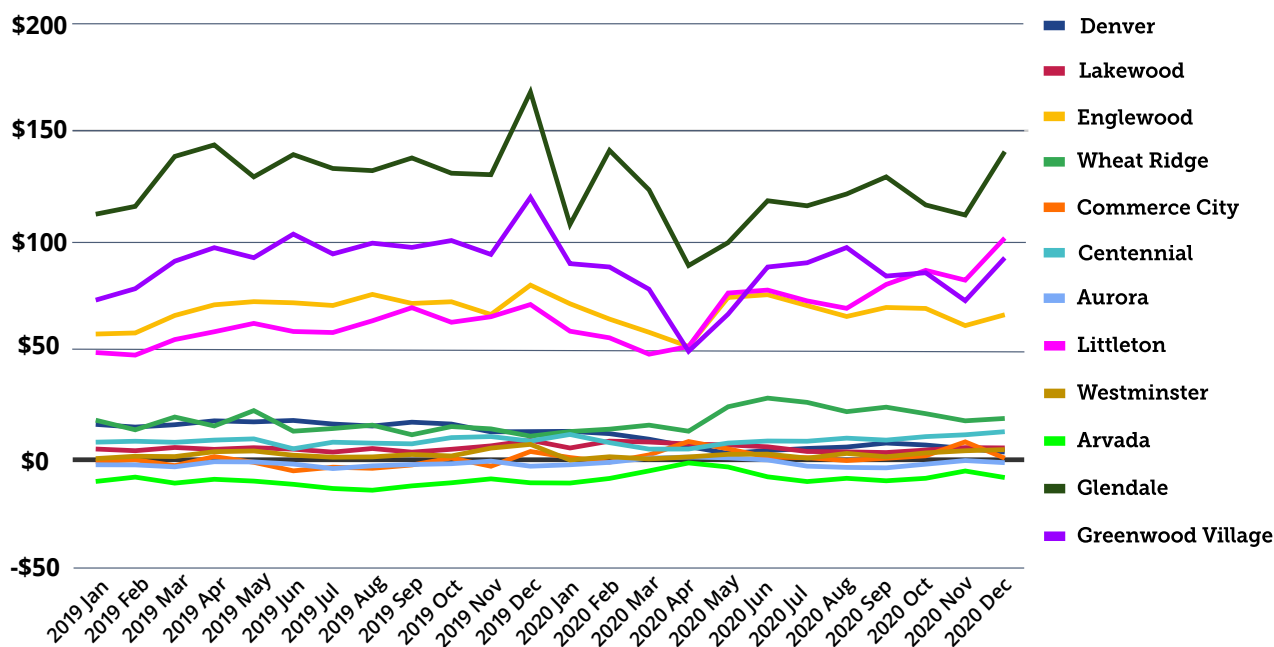
IV. ECONOMIC DATA

E. Sales Tax Revenue (Cont'd)

**Chart 8. Sales Tax Per Capita +/- Colorado:
Denver and Comparable Cities**



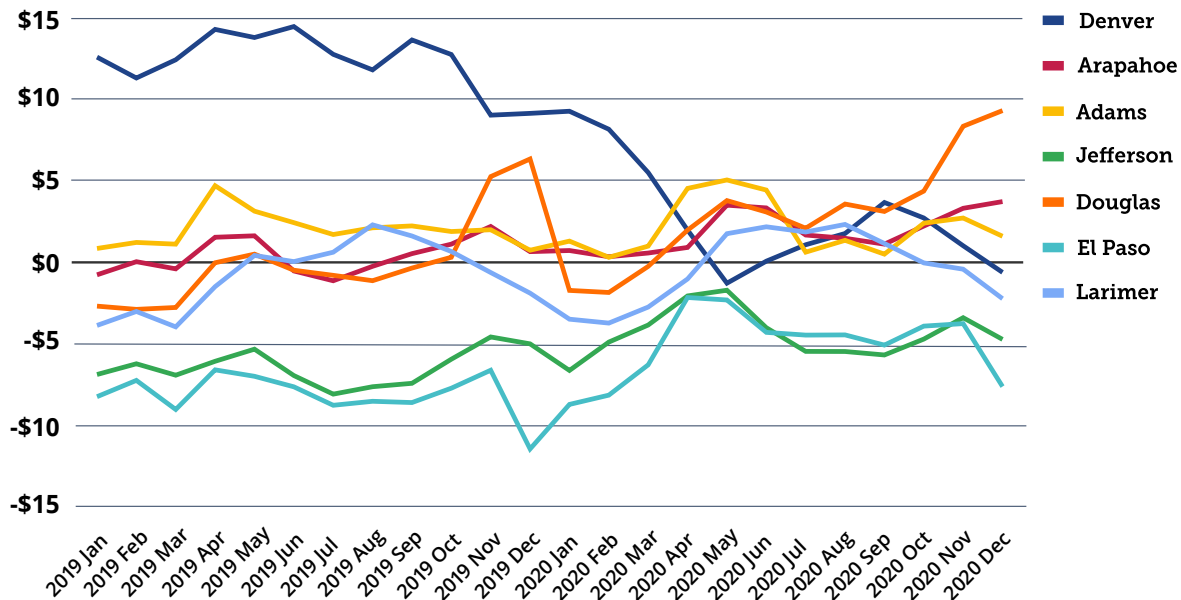
**Chart 9. Sales Tax Per Capita +/- Colorado:
Denver and Neighboring Jurisdictions**



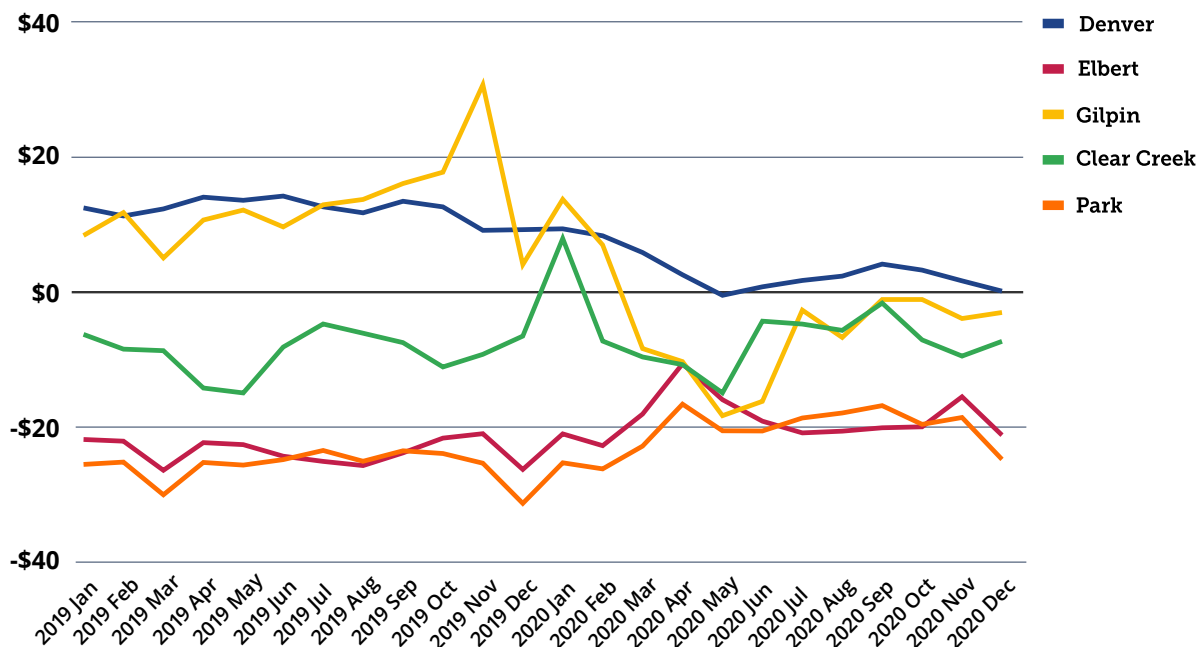
IV. ECONOMIC DATA

E. Sales Tax Revenue (Cont'd)

**Chart 10. Sales Tax Per Capita +/- Colorado:
Denver and Comparable Counties**



**Chart 11. Sales Tax Per Capita +/- Colorado:
Denver and Rural Counties**



IV. ECONOMIC DATA

F. Cost-of-Living-Adjusted Wages

In addition to the foregoing unemployment rate, earnings, and sales tax data, this Report compares the cost of living across Colorado counties to the applicable minimum wage for the state and these counties. By Colorado statute, minimum wages are intended to supply a minimum “necessary cost of living.”³⁵ Accordingly, this Report’s analysis of local minimum wages includes analyzing the relationship of the minimum wage in each county to that county’s cost of living.

The Colorado annual average cost of living for 2020 was \$57,714.31 based on the cost of living data reported in a relevant and comprehensive study of state variation in cost of living: the Colorado Legislative Council Staff 2019 School District Cost-of-Living Study.³⁶ This cost of living establishes a baseline: in a state where the average cost of living is \$57,714.31, the minimum wage set by state law to provide for the “necessary cost of living” was \$12.32. Accordingly, statewide, the minimum wage comes to \$1.00 per hour for every \$4,684.60 in annual cost of living (i.e., $\$57,714.31 \div \$12.32 = \$4,684.60$). For each Colorado county, Table 7 shows what wage would correspond to that statewide ratio of \$1.00 per hour for every \$4,684.60 in annual cost of living.

³⁵ The Colorado Minimum Wage Act (“CMWA”) provides that “[i]t is unlawful to employ workers in any occupation within the state of Colorado for wages which are inadequate to supply the *necessary cost of living* and to maintain the health of the workers so employed.” C.R.S. § 8-6-104 (emphasis added). The CMWA also requires the Director of the Division of Labor Standards and Statistics within the CDLE to investigate wages that are “inadequate to supply the *necessary cost of living*” (C.R.S. § 8-6-105) and to “determine the minimum wages *sufficient for living wages*” within the constraints of “section 15 of article XVIII of the state constitution” (C.R.S. § 8-6-106). (Emphases added.)

In addition, in 2016 Colorado voters passed Amendment 70, which amended Section 15 of Article XVIII of the Colorado Constitution to increase the state minimum wage to \$12.00 by January 2020, to be increased annually thereafter for “cost of living increases.” The official Blue Book voter ballot information booklet description of Amendment 70 stated that the increased minimum wage is intended to address wages too low to maintain the “basic standard of living for some workers.” Legislative Council of the Colorado General Assembly, *2016 State Ballot Information Booklet and Recommendations on Retention of Judges*, Research Publication No. 669-6, at 28 (Sept. 12, 2016), <http://leg.colorado.gov/sites/default/files/2015-2016%20101bb.pdf>.

³⁶ Colorado Legislative Council Staff 2019 School District Cost-of-Living Study (Mar. 11, 2020), https://leg.colorado.gov/sites/default/files/images/lcs/2020_cost_of_living_study_memo2.pdf. This study presents cost of living by each school district within each county, except for Broomfield. A cost of living was calculated for each county by multiplying the cost of living for each district by the number of pupils in that district based on the Colorado Department of Education reported pupil membership for 2019-2020, then dividing that number by the total number of pupils in the county. [2019-20 PK-12 Membership by District Ranking High to Low](https://www.cde.state.co.us/cdereval/2019-2020pupilmembership) (XLSX), <https://www.cde.state.co.us/cdereval/2019-2020pupilmembership> (last visited May 24, 2021). Because Broomfield is not included in the cost of living study, the cost of living for Broomfield is calculated by adjusting the weighted average cost of living for all other counties (cost of living multiplied by county population, divided by total population of all other counties) by 1.09, the ratio of Colorado cost of living (121.1% of US average) to Broomfield cost of living (132.2% of US average) as reported by the BestPlaces.net cost of living analysis. https://www.bestplaces.net/cost_of_living/city/colorado/broomfield and https://www.bestplaces.net/cost_of_living/state/colorado (last visited May 24, 2021). Population data used are the estimated 2020 county populations per the Colorado Demography Office. [State Demography Office 2010-2050 county population forecast, 1 year increments, 2000 - 2050](https://demography.dola.colorado.gov/population/population-totals-counties/), <https://demography.dola.colorado.gov/population/population-totals-counties/> (last visited May 24, 2021). The state average cost of living is then calculated by multiplying county cost of living by the population for each county, then dividing that number by the total state population. Because the School District Cost-of-Living Study reports 2019 cost of living, cost of living for the state and all counties is increased by 1.92%, the 2019 Consumer Price Index increase for the Denver-Aurora-Lakewood MSA, which is also the benchmark used to adjust the state minimum wage. Colorado Department of Local Affairs, *Inflation - Denver-Aurora-Lakewood Consumer Price Index*, <https://cdola.colorado.gov/inflation-denver-aurora-lakewood-consumer-price-index> (last visited May 24, 2021).

IV. ECONOMIC DATA

F. Cost-of-Living-Adjusted Wages (Cont'd)

**Table 7. Wages Equivalent to
Statewide Minimum Wage, Based on County Cost of Living**

County	% of CO Population	Cost of Living	Applicable Minimum Wage, CO or Local	Wage That is Equivalent to CO Minimum, Based on County Cost of Living	Actual Minimum Wage as % of Cost-of-Living Wage Equivalent to CO Minimum
Adams	9.01%	\$57,753.83	\$12.32	\$12.33	99.93%
Alamosa	0.28%	\$52,929.15	\$12.32	\$11.30	109.04%
Arapahoe	11.38%	\$57,793.05	\$12.32	\$12.34	99.86%
Archuleta	0.24%	\$55,438.50	\$12.32	\$11.83	104.11%
Baca	0.06%	\$51,478.14	\$12.32	\$10.99	112.11%
Bent	0.09%	\$50,275.20	\$12.32	\$10.73	114.80%
Boulder	5.64%	\$59,734.12	\$12.32	\$12.75	96.62%
Broomfield	1.24%	\$62,838.74	\$12.32	\$13.41	91.85%
Chaffee	0.35%	\$57,135.31	\$12.32	\$12.20	101.01%
Cheyenne	0.03%	\$52,374.69	\$12.32	\$11.18	110.20%
Clear Creek	0.17%	\$56,036.80	\$12.32	\$11.96	102.99%
Conejos	0.14%	\$51,337.54	\$12.32	\$10.96	112.42%
Costilla	0.07%	\$52,103.51	\$12.32	\$11.12	110.77%
Crowley	0.10%	\$52,019.97	\$12.32	\$11.10	110.95%
Custer	0.09%	\$54,686.30	\$12.32	\$11.67	105.54%
Delta	0.54%	\$52,793.57	\$12.32	\$11.27	109.32%
Denver	12.66%	\$61,509.10	\$14.77	\$13.13	112.49%
Dolores	0.03%	\$55,218.35	\$12.32	\$11.79	104.52%
Douglas	6.14%	\$58,480.93	\$12.32	\$12.48	98.69%
Eagle	0.95%	\$61,686.44	\$12.32	\$13.17	93.56%
El Paso	12.58%	\$55,815.56	\$12.32	\$11.91	103.40%
Elbert	0.47%	\$54,919.46	\$12.32	\$11.72	105.09%
Fremont	0.82%	\$54,007.62	\$12.32	\$11.53	106.86%
Garfield	1.05%	\$61,031.43	\$12.32	\$13.03	94.56%
Gilpin	0.11%	\$54,273.51	\$12.32	\$11.59	106.34%
Grand	0.27%	\$60,092.19	\$12.32	\$12.83	96.04%

IV. ECONOMIC DATA

F. Cost-of-Living-Adjusted Wages (Cont'd)

**Table 7. Wages Equivalent to
Statewide Minimum Wage, Based on County Cost of Living**

County	% of CO Population	Cost of Living	Applicable Minimum Wage, CO or Local	Wage That is Equivalent to CO Minimum, Based on County Cost of Living	Actual Minimum Wage as % of Cost-of-Living Wage Equivalent to CO Minimum
Gunnison	0.30%	\$60,613.18	\$12.32	\$12.94	95.22%
Hinsdale	0.01%	\$57,021.38	\$12.32	\$12.17	101.22%
Huerfano	0.12%	\$51,382.56	\$12.32	\$10.97	112.32%
Jackson	0.02%	\$56,598.40	\$12.32	\$12.08	101.97%
Jefferson	10.06%	\$58,278.10	\$12.32	\$12.44	99.03%
Kiowa	0.02%	\$51,920.53	\$12.32	\$11.08	111.16%
Kit Carson	0.12%	\$53,943.68	\$12.32	\$11.52	106.99%
La Plata	0.98%	\$57,271.61	\$12.32	\$12.23	100.77%
Lake	0.14%	\$58,541.07	\$12.32	\$12.50	98.59%
Larimer	6.21%	\$56,608.39	\$12.32	\$12.08	101.95%
Las Animas	0.25%	\$51,861.30	\$12.32	\$11.07	111.29%
Lincoln	0.10%	\$53,880.54	\$12.32	\$11.50	107.12%
Logan	0.38%	\$54,046.88	\$12.32	\$11.54	106.79%
Mesa	2.68%	\$54,698.97	\$12.32	\$11.68	105.51%
Mineral	0.01%	\$53,959.58	\$12.32	\$11.52	106.96%
Moffat	0.23%	\$55,871.68	\$12.32	\$11.93	103.30%
Montezuma	0.45%	\$55,782.26	\$12.32	\$11.91	103.46%
Montrose	0.74%	\$54,577.44	\$12.32	\$11.65	105.75%
Morgan	0.50%	\$54,893.63	\$12.32	\$11.72	105.14%
Otero	0.31%	\$50,310.70	\$12.32	\$10.74	114.72%
Ouray	0.08%	\$56,599.03	\$12.32	\$12.08	101.97%
Park	0.33%	\$57,460.33	\$12.32	\$12.27	100.44%
Phillips	0.07%	\$54,001.24	\$12.32	\$11.53	106.88%
Pitkin	0.30%	\$75,125.12	\$12.32	\$16.04	76.82%
Prowers	0.21%	\$52,466.75	\$12.32	\$11.20	110.00%
Pueblo	2.90%	\$53,237.68	\$12.32	\$11.36	108.41%

IV. ECONOMIC DATA

F. Cost-of-Living-Adjusted Wages (Cont'd)

Table 7. Wages Equivalent to Statewide Minimum Wage, Based on County Cost of Living

County	% of CO Population	Cost of Living	Applicable Minimum Wage, CO or Local	Wage That is Equivalent to CO Minimum, Based on County Cost of Living	Actual Minimum Wage as % of Cost-of-Living Wage Equivalent to CO Minimum
Rio Blanco	0.11%	\$54,161.44	\$12.32	\$11.56	106.56%
Rio Grande	0.19%	\$52,362.30	\$12.32	\$11.18	110.22%
Routt	0.45%	\$62,261.90	\$12.32	\$13.29	92.70%
Saguache	0.12%	\$51,820.86	\$12.32	\$11.06	111.37%
San Juan	0.01%	\$56,943.92	\$12.32	\$12.16	101.35%
San Miguel	0.14%	\$61,470.89	\$12.32	\$13.12	93.89%
Sedgwick	0.04%	\$51,769.01	\$12.32	\$11.05	111.48%
Summit	0.54%	\$65,825.58	\$12.32	\$14.05	87.68%
Teller	0.44%	\$56,730.23	\$12.32	\$12.11	101.73%
Washington	0.08%	\$52,884.09	\$12.32	\$11.29	109.13%
Weld	5.70%	\$54,960.83	\$12.32	\$11.73	105.01%
Yuma	0.17%	\$53,638.39	\$12.32	\$11.45	107.60%

Table 7 shows, by county, (1) the percent of the state population residing in that county, (2) the county average cost of living, (3) the county minimum wage (\$12.32 for all counties except Denver), (4) the wage required to achieve the state ratio between minimum wage and cost of living for the county cost of living, and (5) the county minimum wage as a percentage of the wage required to match the state ratio of minimum wage to cost of living. For example, the average cost of living in Summit County is \$65,825.58, which yields a \$14.05 wage based on the state ratio of cost-of-living to minimum wage ($\$65,825.58 \div \$4,684.60 = \$14.05$). The state minimum wage of \$12.32 is 87.68% of this wage. Overall, Table 7 shows that when the statewide minimum wage is adjusted for county cost of living, then (excluding Denver, where statewide minimum wage is inapplicable because it was replaced by the local minimum wage):

47.6% of Coloradans are in counties where, based on local cost of living, the state minimum wage provides less than the statewide average; while 39.8% are in counties where, based on local cost of living, the state minimum wage provides more than the statewide average.

V.

**PERCENT OF LOCAL
GOVERNMENTS WITH
A LOCAL MINIMUM WAGE**

V. PERCENT OF LOCAL GOVERNMENTS WITH A LOCAL MINIMUM WAGE

The Act gives authority to enact a local government minimum wage to every city, home rule city, town, territorial charter city, city and county, county, and home rule county.³⁷ The Act caps the number of local governments that may enact a local minimum wage at ten percent the number of local governments permitted to establish minimum wage laws, per C.R.S. § 8-6-101(10):

(a) If at any point ten percent of local governments in the state have enacted a local minimum wage law pursuant to this section, a local government that has not previously enacted a local minimum wage law shall not enact a local minimum wage law pursuant to this section until the general assembly has amended this section to authorize additional local governments to enact local minimum wage laws. A local government that enacted a local minimum wage law prior to the point at which ten percent of local governments have enacted a local minimum wage law may continue to amend that law.

(b) For purposes of determining whether ten percent of local governments in the state have enacted a local minimum wage law pursuant to this section, when a county enacts a local minimum wage law, if a local minimum wage law is enacted by any local government located within that county, only the county's minimum wage law counts toward the calculation of the ten percent. If local governments enter into an intergovernmental agreement on the enforcement or administration of local minimum wage policies, that will only be counted as one local minimum wage for determining the calculation of the ten percent.

Based on Colorado Department of Local Affairs ("DOLA") data, as of the date of this Report there are 334 local governments within the meaning of the Act.³⁸ Accordingly, up to 33 local governments (ten percent of 334) may have a local minimum wage.

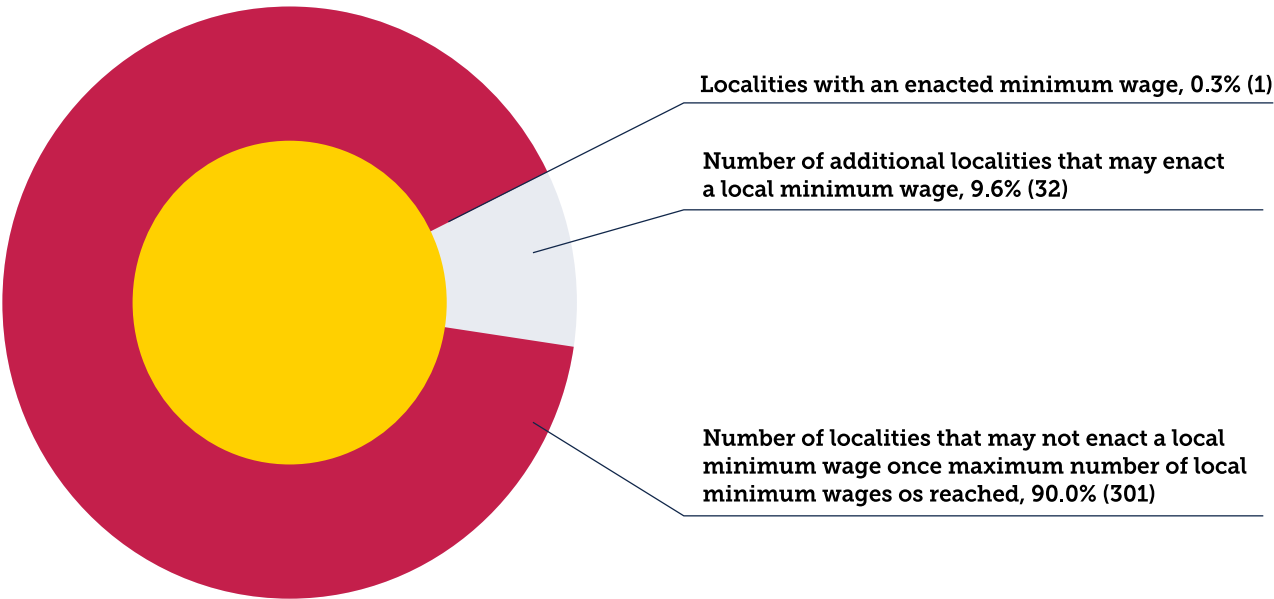
Currently, only the City and County of Denver has enacted a local minimum wage, allowing for an additional 32 localities to enact local minimum wage laws, as illustrated below:

³⁷ C.R.S. § 29-1-1401.

³⁸ Data derived from Colorado Department of Local Affairs, Active Colorado Local Governments by Type (last visited May 28, 2021), <https://dola.colorado.gov/lgis/lgType.jsf>. This source reports: 2 "City & Count[ies]," 62 "Counties," 99 "Home Rule Municipalities," 11 "Statutory Cities," 159 "Statutory Towns," and 1 "Territorial Charter Municipalit[y]." These local government descriptions are not an exact match for the language in the Act, which defines a local government as a "(a) City; (b) Home rule city; (c) Town; (d) Territorial charter city; (e) City and county; (f) County; or (g) Home rule county." C.R.S. § 29-1-1401. The local governments included from DOLA are the best match for the local governments described in the Act. In addition, the fiscal note for the Act found 332 local governments as of its publication in August of 2019, only two fewer than the CDLE has found in the DOLA data. Final Fiscal Note H.B. 19-1210 (August 28, 2019), https://leg.colorado.gov/sites/default/files/documents/2019A/bills/fn/2019a_hb1210_f1.pdf. The CDLE is unable to verify which included local governments have been created or dissolved since the publication of the fiscal note because the fiscal note does not specify which local governments are included or provide the source for its counts of these local governments.

V. PERCENT OF LOCAL GOVERNMENTS
WITH A LOCAL MINIMUM WAGE (cont'd)

Chart 12. Number and Percent of Localities
That Have and May Enact Local Minimum Wages



MEMORANDUM

To: Ginny Sawyer and DeAngelo Bowden, City of Fort Collins

From: Dan Guimond, Rachel Shindman, and Carson Bryant,
Economic & Planning Systems

Subject: Minimum Wage Increase Literature Review;
EPS # 213166

Date: August 22, 2022

The Economics of Land Use



This memorandum summarizes the major findings from EPS' review of studies on the economic impacts of U.S. cities raising the minimum wage above the federal or state level.


A substantial body of research exists on the effects of local minimum wage policies on local economies. This literature review draws from eight peer-reviewed studies published from 2007 to 2022, all examining the local impacts of local minimum wage increases. While a broader set of research exists concerning larger-scale wage increases (such as a statewide minimum wage increase), for this effort it is important to focus on the impacts of local wage changes. This report focuses on recent research that shows the impact of local minimum wage policies on five key factors: Employment, Earnings, Prices, Employee Retention, and Business Turnover.

Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax

Denver
Los Angeles
Oakland
Sacramento

www.epsys.com


Employment



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.

- The 2019 study *Minimum Wage Across State Borders* analyzed the impact of a higher minimum wage on employment using data from adjacent counties across a state border over a 16-year period. It determined that a higher minimum wage had practically no negative effects on employment, finding that a 10 percent increase in minimum wage was associated with a reduction in employment of less than 1 percent. Based on this estimate, the study also found that a higher minimum wage increased aggregate earnings for workers. [Arindrajit Dube, T. William Lester, and Michael Reich. 2019. "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties." *The Review of Economics and Statistics*, 2010 92:4, 945-964.]
- A 2018 study, *The New Wave of Minimum Wage Policies*, focused on the food service industry examining the effect of higher local minimum wages in six cities – Chicago, DC, Oakland, Seattle, San Jose, and San Francisco. It found that a 10 percent increase in the minimum wage had a corresponding effect on employment ranging from a -0.3 percent decrease to a 1.1 percent increase. The study concluded that a higher minimum wage had an impact on employment that was effectively zero. [Allegretto, S., Godoey, A., Nadler, C., & Reich, M. 2018. "The New Wave of Local Minimum Wage Policies: Evidence from Six Cities." *Center on Wage and Employment Dynamics Policy Report*.]
- *The Economic Effects of a Citywide Minimum Wage* (2007) looked at the effect of increasing local minimum wage in San Francisco on restaurant employment. It found no increase in the rate of employment loss or business closures resulting from a 26 percent increase in the minimum wage. Additionally, it documented that the policy change led to increased worker pay and reduced wage inequality. [Arindrajit Dube, T. William Lester, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *ILR Review*, 2007 60:4, 522-543]


Earnings



THE RESEARCH STUDIES REVIEWED INDICATE THAT A HIGHER MINIMUM WAGE WILL TRANSLATE TO AN INCREASE IN TOTAL NET EARNINGS. HOWEVER, THE INCREASE IN EARNINGS IS NOT EQUAL; MORE EXPERIENCED WORKERS ARE MORE LIKELY TO BENEFIT THAN LESS EXPERIENCED WORKERS.

- A 2018 study, *Minimum-Wage Increases and Individual Employment Trajectories* evaluated the impact of a higher local minimum wage in Seattle on worker earnings. A key finding of the study was that while it found no evidence that raising the minimum wage led to reduced employment, it found evidence that raising the minimum wage led to reduced hours. For earnings, this meant that the increase in wages was partially offset by a reduction in hours. Overall, the study found that the increase in minimum wage increased pretax earnings for affected workers by \$10 per week, on average. However, more experienced workers (those working more than the median number of hours over the previous two quarters) experienced nearly all of the gain in earnings with an average pay increase of \$19 per week, reflecting both higher wage increases and lesser reductions in hours, compared to less experienced workers who saw lower wage increases and relatively greater reductions in hours, leading to a pay increase of only \$1 per week. [Jardim, Ekaterina, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, and Hilary Wething. 2018. "Minimum-Wage Increases and Individual Employment Trajectories." *National Bureau of Economic Research, Working Paper 25182*.]
- A 2022 study by the same research team focused on the same policy changes, utilizing a different methodology but finding similar results. Looking at 'low-wage' employment at under \$19 per hour - twice the minimum wage before the increases were implemented - it found that raising the minimum wage led to no reduction in the probability of a low-wage worker being employed. Rather than reducing overall employment, employers responded to a higher minimum wage by reducing hours per worker, partly offsetting gains in wages. Overall, the study estimated that low-wage workers received an average increase in earnings of \$153 per quarter in the year following the implementation of the higher minimum wage. However, this gain accrued exclusively to more experienced workers, who saw average earnings increase by \$296 per quarter, while less experienced workers saw no increase in earnings. [Jardim, Ekaterina, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, and Hilary Wething. 2022. "Minimum-Wage Increases and Low-Wage Employment: Evidence from Seattle." *American Economic Journal: Economic Policy*, 14 (2): 263-314.]


Prices



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 LEAD TO INCREASED PRICES AT RESTAURANTS.

- A 2019 study examined the effect of increasing the minimum wage from \$9.47 per hour to \$13 per hour in Seattle and found an impact of less than 1 percent on prices in general retail, drugstores, gas, housing, and grocery. This study did find an impact on restaurant prices, which increased by approximately 8 percent after the higher minimum wage was implemented, although the authors are hesitant to attribute all of the increase to a higher minimum wage. [Buszkiewicz, James, Anne K. Althausen, Emmi E. Obara, Scott W. Allard, and Jennifer L. Romich. 2019. "The Impact of a City-Level Minimum Wage Policy on Supermarket Food Prices by Food Quality Metrics: A Two-Year Follow Up Study" *International Journal of Environmental Research and Public Health*, 16, no. 1: 102.]
- Another key study from 2018 analyzed the impact of a higher minimum wage on grocery prices in Seattle. This effort tracked prices on a market basket of 106 goods across six supermarket chains in Seattle at four points in time over two years during which the minimum wage increased from \$9.47/hour to \$11/hour, from \$11/hour to \$13/hour, and from \$13/hour to \$15/hour. The study found no evidence of price changes on the market basket of goods resulting from these increases in the minimum wage. In addition, there was no change in price by food group, by level of food processing, or by nutrient density. [Buszkiewicz, James, Cathy House, Anju Aggarwal, Mark Long, Adam Drewnowski, and Jennifer J. Otten. 2019. "The Impact of a City-Level Minimum Wage Policy on Supermarket Food Prices by Food Quality Metrics: A Two-Year Follow Up Study" *International Journal of Environmental Research and Public Health* 16, no. 1: 102.]
- A 2018 study looked at the effect of a higher minimum wage in San Jose on prices at restaurants by analyzing internet-based menus. It found that restaurants responded to a 25 percent increase in the minimum wage by increasing prices, on average, by 1.5 percent. The authors indicate that restaurants in San Jose used a price-pass through mechanism to absorb higher costs from a higher minimum wage, rather than by reducing employment. [Arindrajit Dube, T. William Lester, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *ILR Review*, 2007 60:4, 522-543.]


Employee Retention



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.

- A 2014 study examined the effect of a higher minimum wage on the rate of employee turnover for restaurant workers and teens using minimum wage differences between contiguous counties at state borders. It found that a 10 percent increase in the minimum wage reduced the turnover rate of restaurant workers by 2.1 percent and of teens by 2.0 percent, translating to into reduced direct and indirect costs for businesses. [Arindrajit Dube, T. William Lester, and Michael Reich. 2014. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." *Journal of Labor Economics*, 2016 34:3, 663-704.]
- A 2018 study looked at the effect of Seattle raising the minimum wage from \$9.47/hour to \$13/hour on job turnover. It concluded that this increase in minimum wage was associated with an 8 percent reduction in the employee turnover rate among the employers studied. [Jardim, Ekaterina, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, and Hilary Wething. 2018. "Minimum-Wage Increases and Individual Employment Trajectories." *National Bureau of Economic Research, Working Paper 25182*.]
- The 2022 study on Seattle described above primarily focused on employment and earnings, but also found that raising the minimum wage increased the likelihood of workers remaining employed at their place of employment by approximately 3 percent, indicating reduced employee turnover. [Jardim, Ekaterina, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, and Hilary Wething. 2022. "Minimum-Wage Increases and Low-Wage Employment: Evidence from Seattle." *American Economic Journal: Economic Policy*, 14 (2): 263-314.]

Business Exit Rates



THE RESEARCH REVIEWED INDICATES THAT RAISING THE MINIMUM WAGE LEADS TO A MINOR INCREASE IN BUSINESS CLOSURES, ALTHOUGH THE EFFECT IS RELATIVELY SMALL.

- A 2019 study analyzed the impact of a local minimum wage increase in Seattle on business exit rates. The study found that, in the initial increase from \$9.47/hour to \$11/hour, there was no effect on business exit rates. When the minimum wage increased from \$11/hour to \$13/hour, it found that the business exit rate increased from 51/1000 to 58/1000 as a result. Specifically, the authors note that a 1.0 percent increase in business costs led to a 0.2 percent increase in the exit rate. The authors concluded that a higher minimum wage has a negative impact on businesses, but the magnitude of harm is small. [[Jardim, Ekaterina and Emma van Inwegen. 2019. "Payroll, Revenue, and Labor Demand Effects of the Minimum Wage." *Upjohn Institute Working Paper*, 19-298.](#)]

Works Cited

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Arindrajit Dube, T. William Lester, and Michael Reich. 2019. "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties." *The Review of Economics and Statistics*, 2010 92:4, 945-964.

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Jardim, Ekaterina, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, and Hilary Wething. 2022. "Minimum-Wage Increases and Low-Wage Employment: Evidence from Seattle." *American Economic Journal: Economic Policy*, 14 (2): 263-314.



MEMORANDUM

Date: August 30, 2022

To: Mayor and City Council Members

CC: Kelly DiMartino, City Manager
Tyler Marr, Interim Deputy City Manager
SeonAh Kendall, Economic Health Director

From: Economic Advisory Board for 2022:
Chair, Renee Walkup
Vice-Chair, John Parks

Re: Input from the Economic Advisory Board regarding Minimum Wage increase

The purpose of this memorandum is to provide input to the City Council regarding the proposal to increase the local minimum wage beginning January 1, 2023. In general, *the Economic Advisory Board is in favor of a minimum wage increase*. The reasons for our support, along with some concerns to consider as the City Council determines how to implement such an increase, are listed below:

Reasons for Support:

➤ **A minimum wage increase would positively impact approximately 25% of Fort Collins workers**

Data collected by the City of Fort Collins indicate that roughly one-quarter of employees in the Fort Collins area earn less than \$15/hour. Increasing their income would improve their ability to pay for housing, education, health care, entertainment, and other services and necessities

➤ **Minimum wage increases typically do NOT result in job loss or price increases**

Multiple academic studies have analyzed the consequences of minimum wage increases on both medium- and large-sized cities across the United States. The consensus among those studies is that minimum wage increases do not result in slower hiring, increased job loss, or higher prices except for occasional increases in food prices in the restaurant/hospitality sector. In short, the fears typically expressed by the business community regarding minimum wage increases are not borne out in the data.

➤ **Local Support for a Minimum Wage Increase is More Positive Than Negative**

A survey conducted by the City of area businesses found that more business owners were somewhat or strongly supportive of a minimum wage increase than those that were somewhat or strongly opposed.

Areas For Consideration:

➤ Tying Minimum Wage to CPI Might Present Some Challenges

There is some concern that attaching annual minimum wage increases to CPI (consumer price index), which can fluctuate significantly from year to year, will make it difficult for businesses to predict labor costs. It may also give the impression that the minimum wage will increase every year without exception. Addressing these concerns should be considered when determining how best to implement a minimum wage increase.

➤ Some Industries May Be Negatively Impacted By Minimum Wage Increases in Unexpected Ways

The city of Denver has reported that some home health care companies are experiencing difficulties with absorbing minimum wage increases because their businesses are funded in part by Medicare reimbursements, which are set at the state level and cannot be negotiated. Special consideration may need to be made for businesses whose pricing or revenue models are set according to federal or state standards.

➤ The City Should Focus Energy on Improving Its Reputation as Business-Friendly

Relative to surrounding communities, there exists the impression among some business owners that Fort Collins presents a more challenging environment in which to do business. Much of this is related to factors unrelated to wages – political sensibilities, the permitting process, costs of development, complex regulations, etc. However, among those with an already unfavorable attitude toward Fort Collins, increasing the minimum wage may add another factor to tip the scales on where business owners will decide to locate. This is not a reason to forego a minimum wage increase but rather a reminder to look at the business environment from a holistic viewpoint when considering a decision to add an additional business regulation.

➤ Council Should Clarify the Intention of the Policy

In conjunction with the review process, Council should rigorously define the objectives of adopting a minimum wage policy. The literature suggests that a majority of the welfare gains that result from minimum wage initiatives arise from redistribution rather than efficiency. If the current distribution of economic rewards is considered suboptimal, then clear reasoning should be offered for why. Moreover, the rationale for how a minimum wage that differs from the state mandated wage may or may not improve outcomes should be provided. Finally, Council should consider the impact on perceptions across



the broader community a minimum wage policy would have v. the purported economic benefits relative to market outcomes.

The Economic Advisory Board looks forward to offering additional perspective once the City Council has had an opportunity to put forth its initial proposal regarding how much and in what manner to adopt a minimum wage increase.



Local Minimum Wage Consideration

City Council Work Session

Ginny Sawyer, Sr. Project Manager

September 6, 2023

Raise the Minimum Wage

Milestones:

- Issue RFP and Select Consultant
- Conduct Engagement and Survey
- Council Work Sessions: July 12, September 6
- Council Regular Meeting: November 15
- If local wage adopted, effective January 1, 2023

HB19-1210

- Allows local governments to establish minimum wage laws.
- Only 10% of Colorado municipalities allowed to adopt local wage.
- Local wage must take effect on the same day as the statewide minimum wage increase.
- If wage is higher than the statewide minimum the local wage can only increase each year by \$1.75 or 15%, whichever is higher, until the local wage reaches the amount enacted by the local government.
- Communities considering a local wage must:
 - 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.

- Meetings 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 meetings.
- Additional outreach with BIPOC, Healthcare Community, Economic Advisory Board, individual business owners.

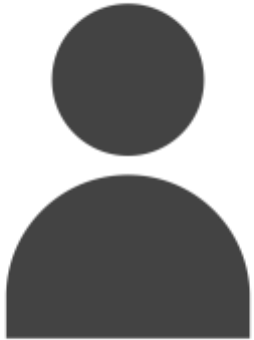
ONLINE SURVEY – EMPLOYEE RESPONSES

1,159 Employee Responses



Age

6%	15 to 19
36%	20 to 29
17%	30 to 39
13%	40-49
21%	50 or older



Household Type

33%	Roommates
24%	Couples without children
18%	Families with children
16%	Single adults



Gender

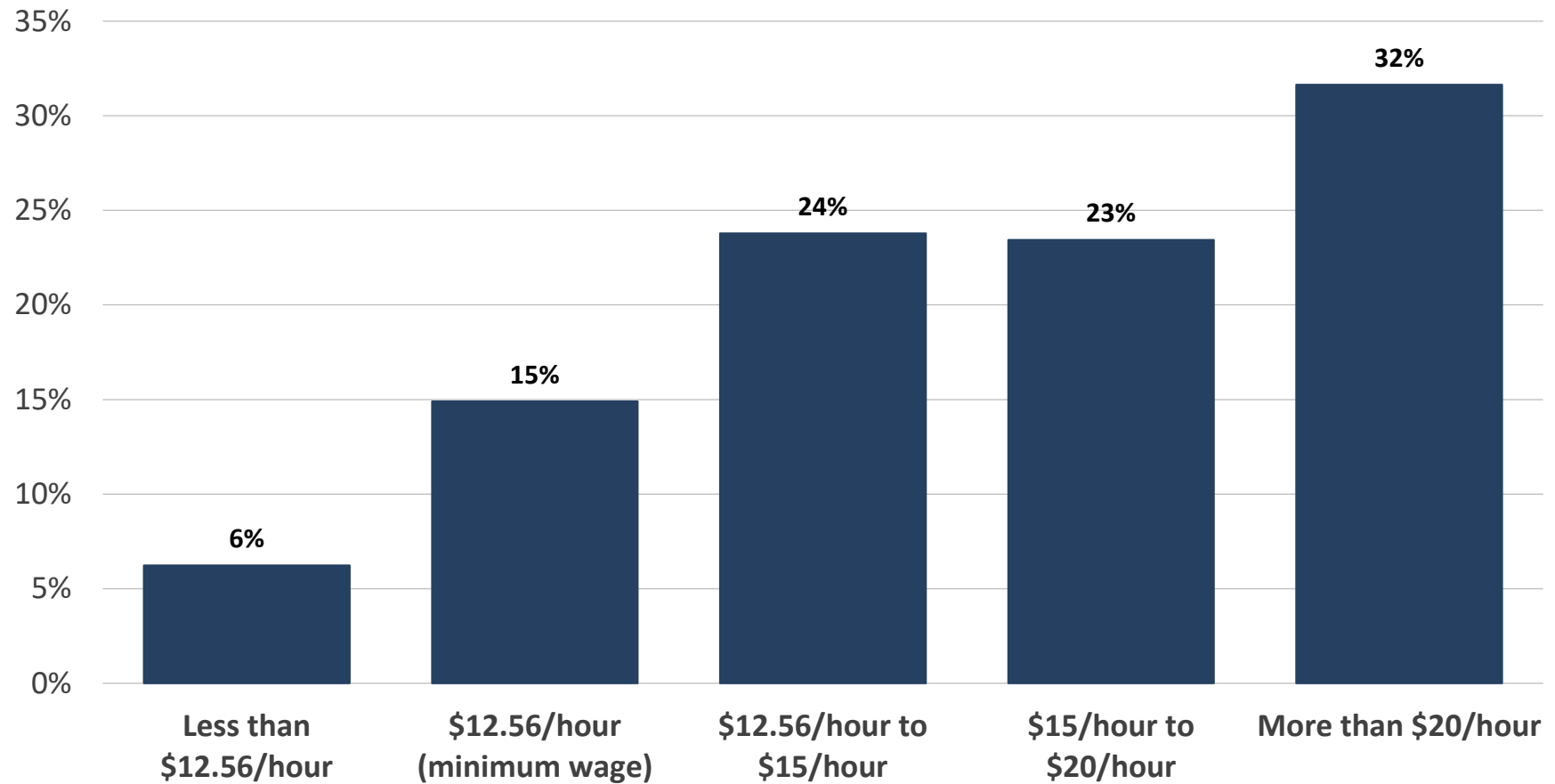
57%	Women
33%	Men
10%	Nonbinary



Race/Ethnicity

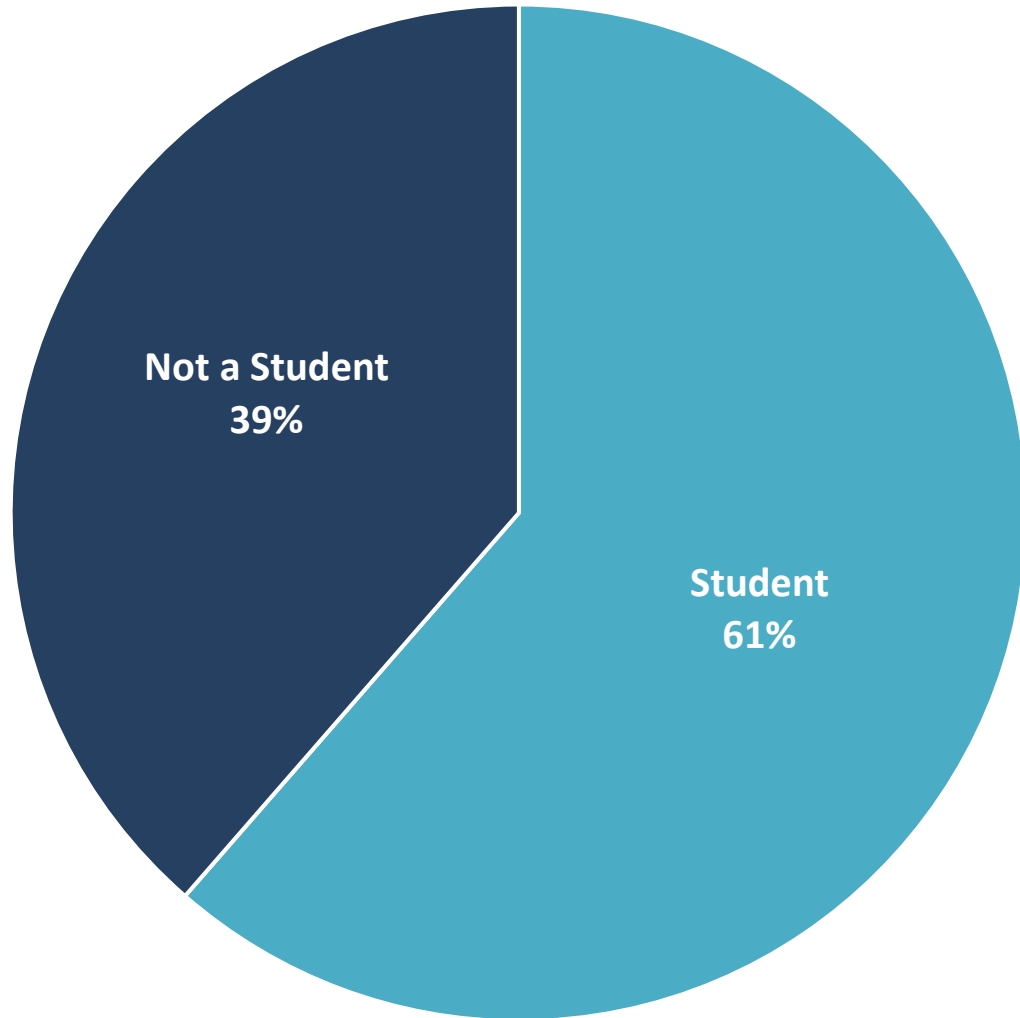
81%	White
4%	Asian
2%	Black
10%	Hispanic/Latinx

- 21% earn minimum wage or less (\$12.56/hour)
- 45% earn under \$15/hour
 - This includes 40% of untipped workers and 76% of tipped workers
- 14% of respondents earn tips
 - 25% of tipped respondents earn less than \$12.56/hour



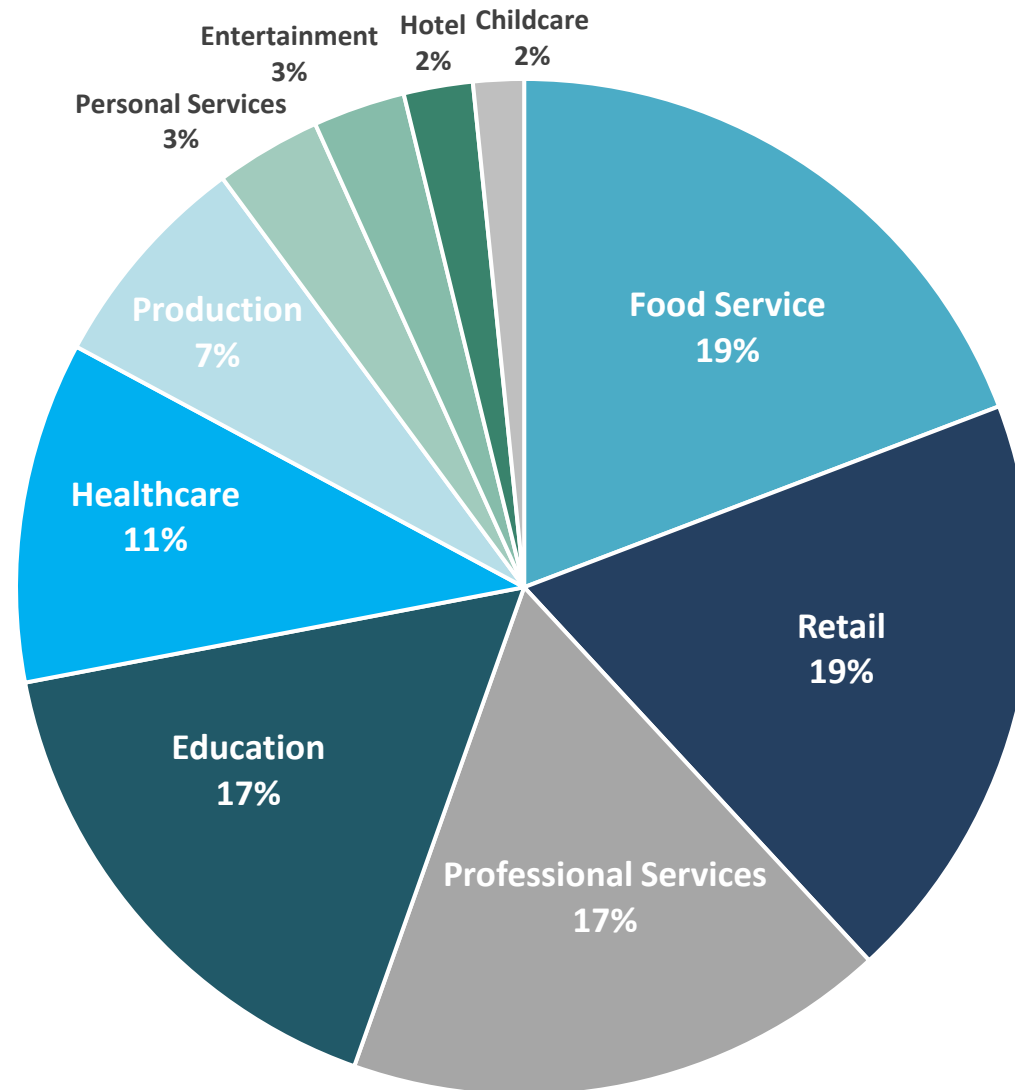
Respondents Under \$15/hour by Student Status (untipped)

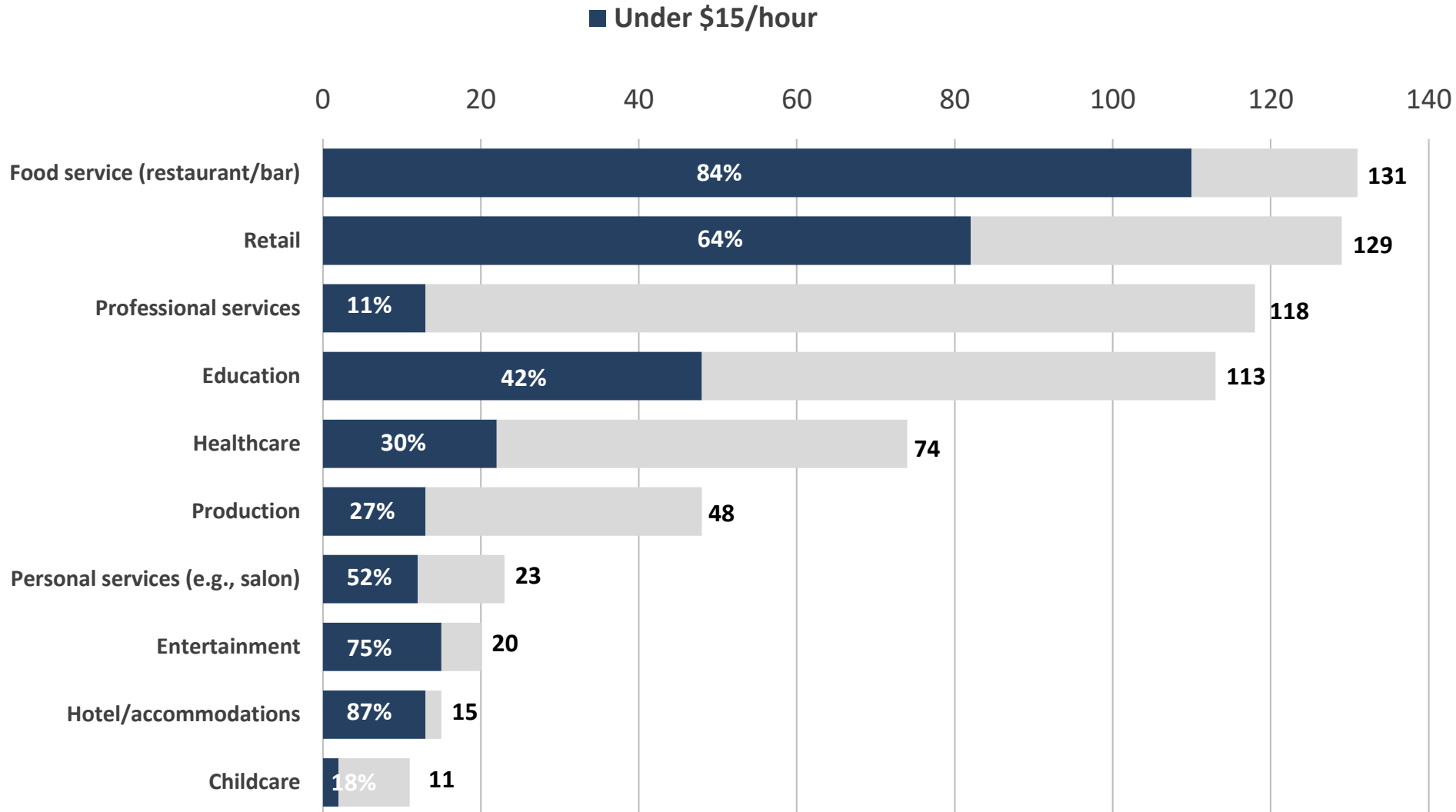
Item 2.



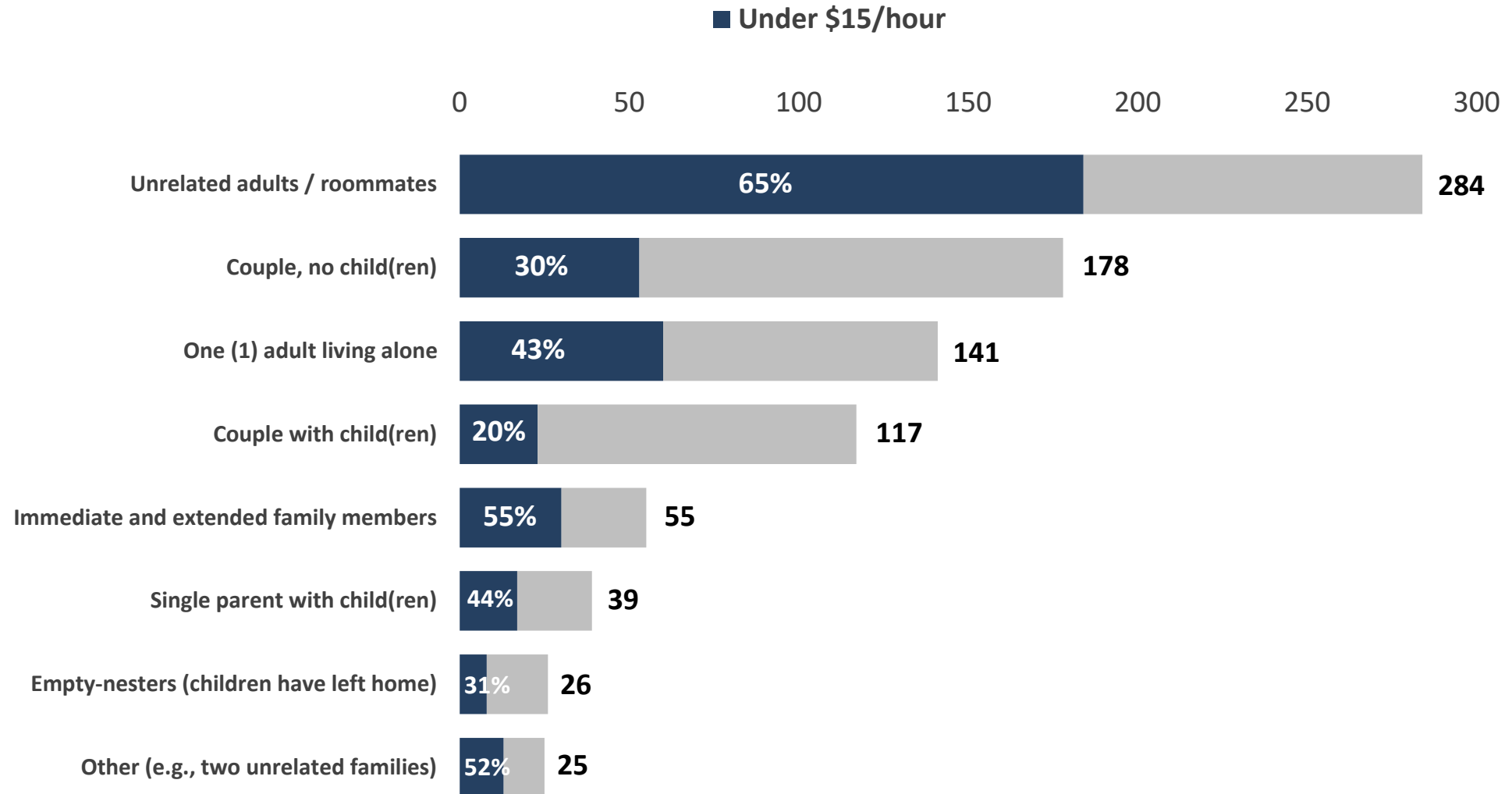
60% of untipped respondents who earn less than \$15/hour are students (students represent a higher share of lower-wage earners.)

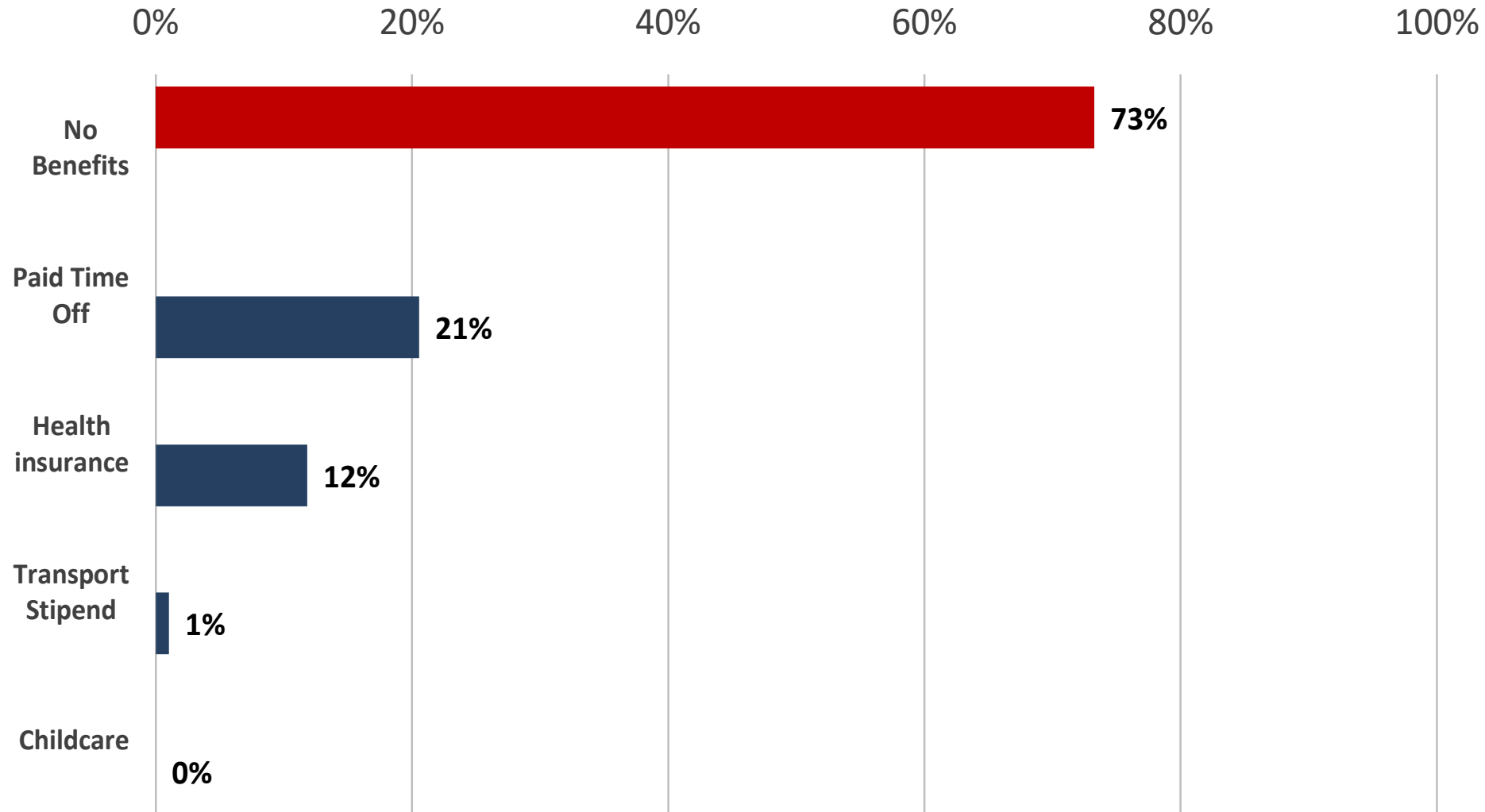
Overall, 39% of respondents are students.





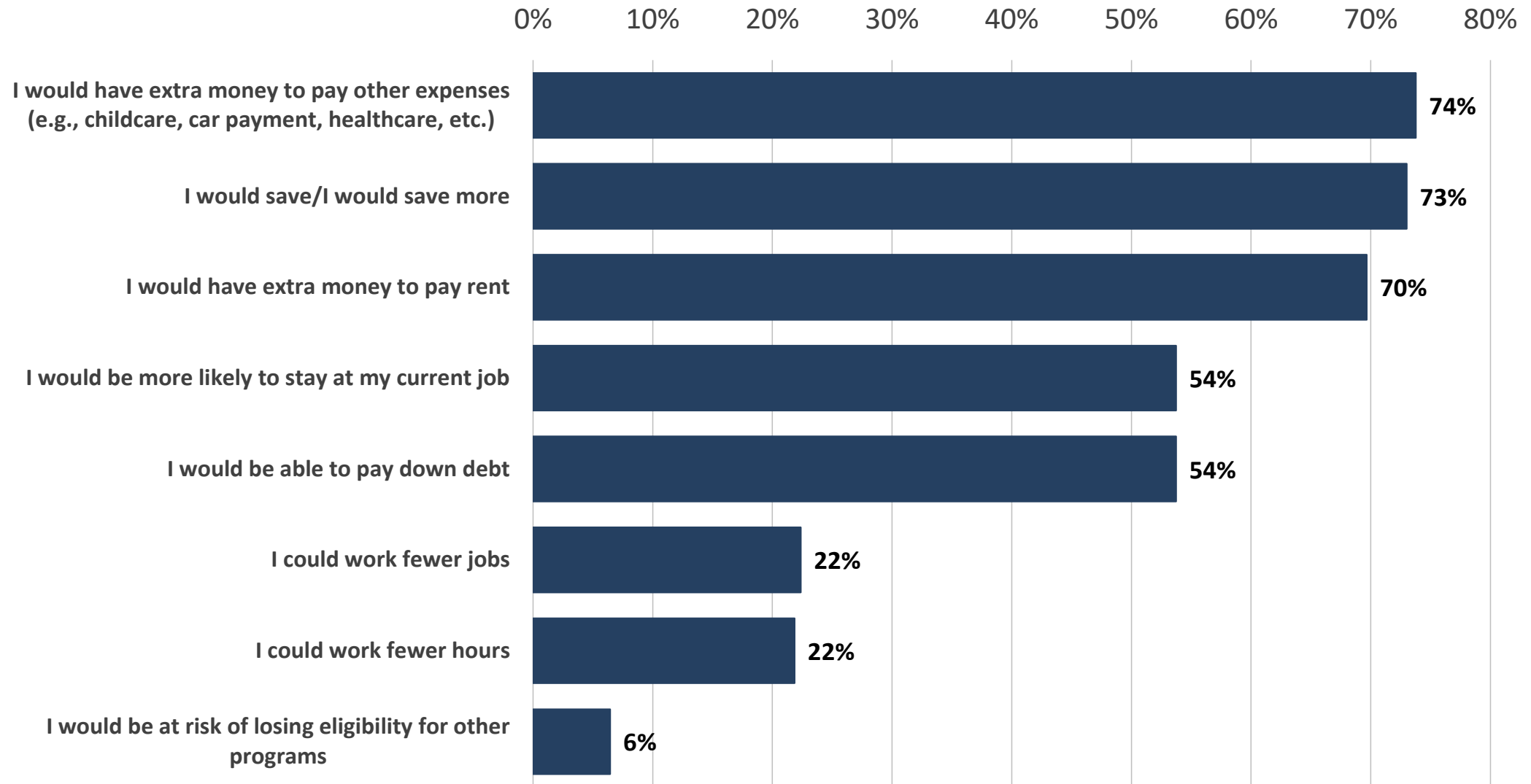
- 65% of unrelated adults/adults with roommates make less than \$15/hr
- 44% of single parents earn less than \$15/hr
- Lowest share of respondents earning <\$15/hr is couples with children (20%)





Impact of a Higher Min Wage, Respondents Earning <\$15/hour

Item 2.



Survey Open Comments

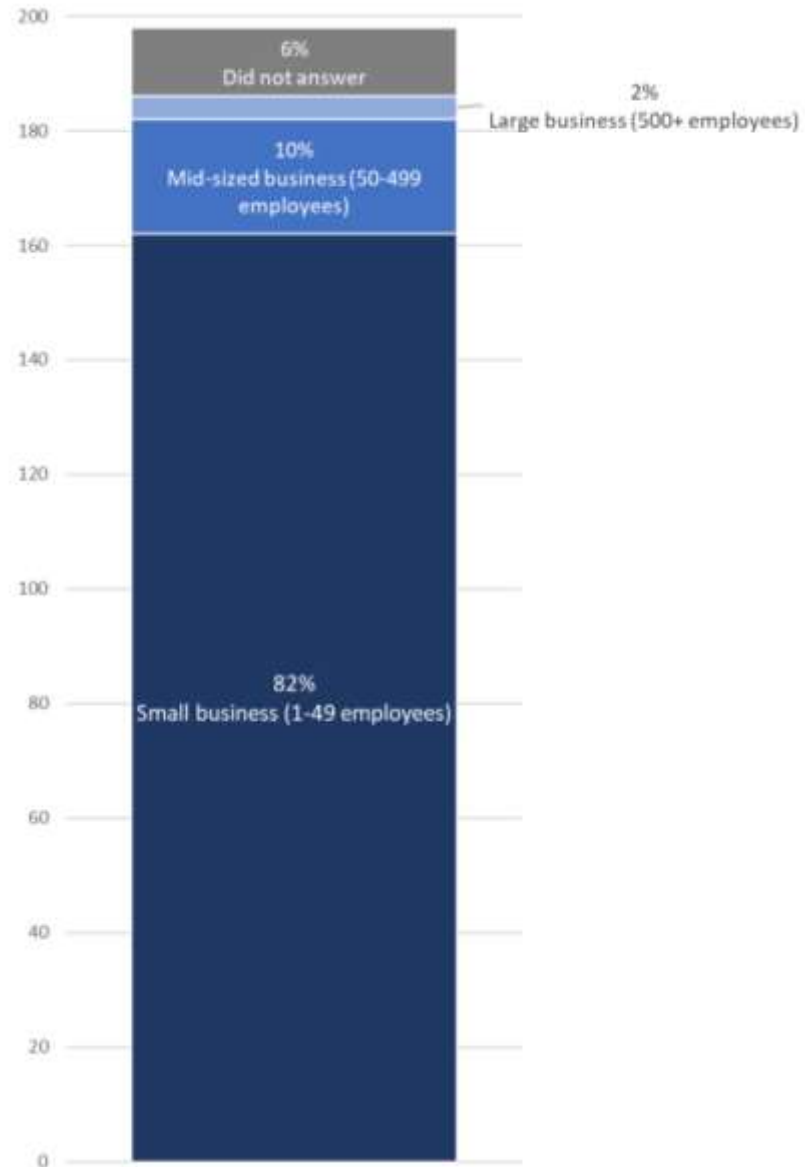
Employees: overall supportive and;

- 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.
- 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.

Employers:

- 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.
- Local government should not be making decisions on minimum wage.
- Housing prices are the issue, not wages.
- Consider raising the minimum wage at a better time. Businesses are just recovering from COVID, recession, inflation.
- Labor shortage is the issue, not minimum wage.
- Raising tipped wages is problematic.
- Wage compression impacts.

NATIONAL BUSINESS SURVEY – EMPLOYER RESPONSES



198 responses

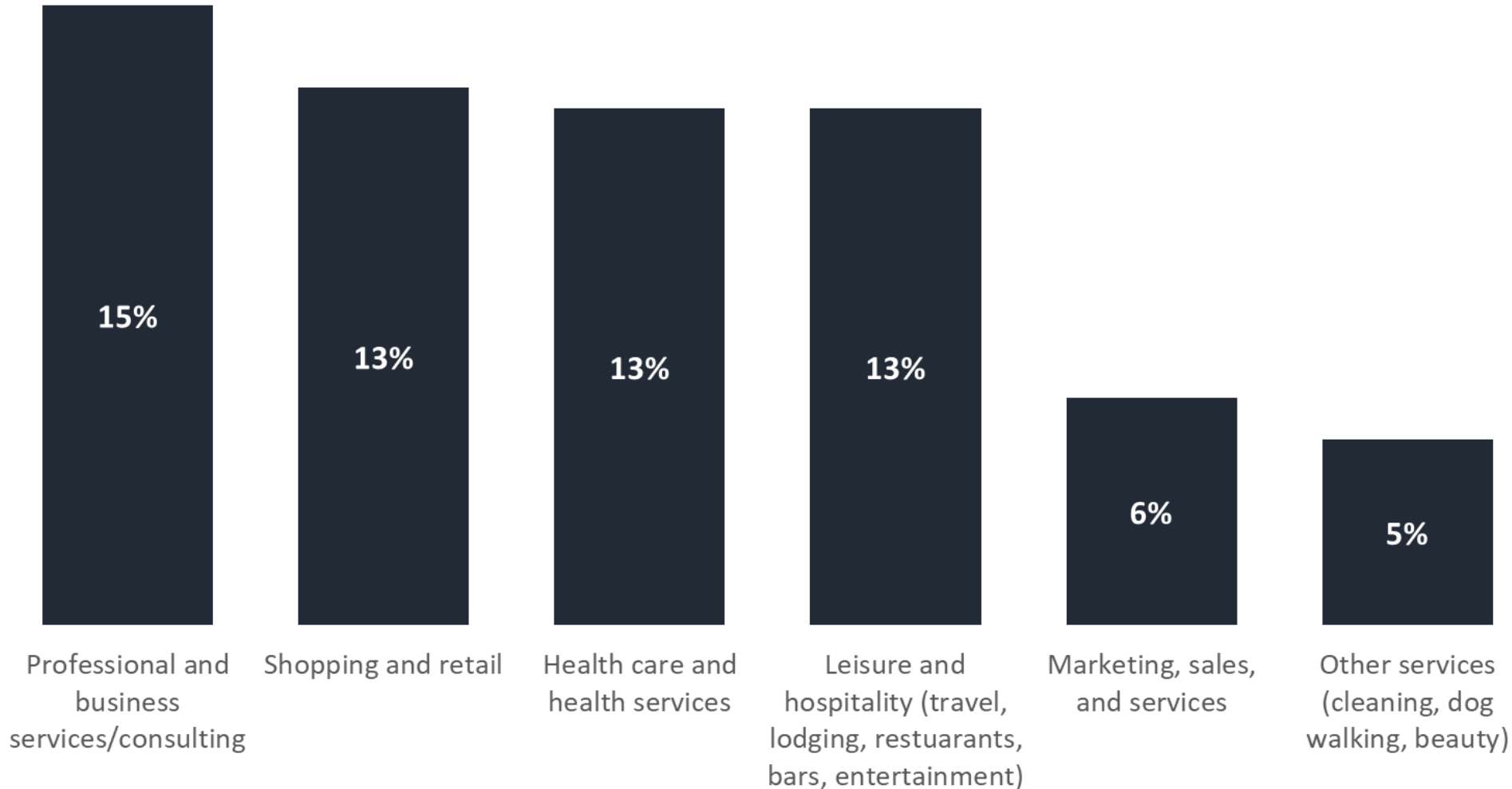
82% small businesses (1-49 employees)

11% minority-owned business
(12% of small biz)

33% woman-owned business
(38% of small biz)

19% home-based business
(21% of small biz)

Which one of the following industries best describes the nature of your business?



73% of respondents pay all employees more than minimum wage.

- For **8%** of respondents, over half of employees earn minimum wage or less (including tipped workers)

62% of respondents pay all employees more than \$15 per hour.

- For **9%** of respondents, over half of employees earn less than \$15/hour

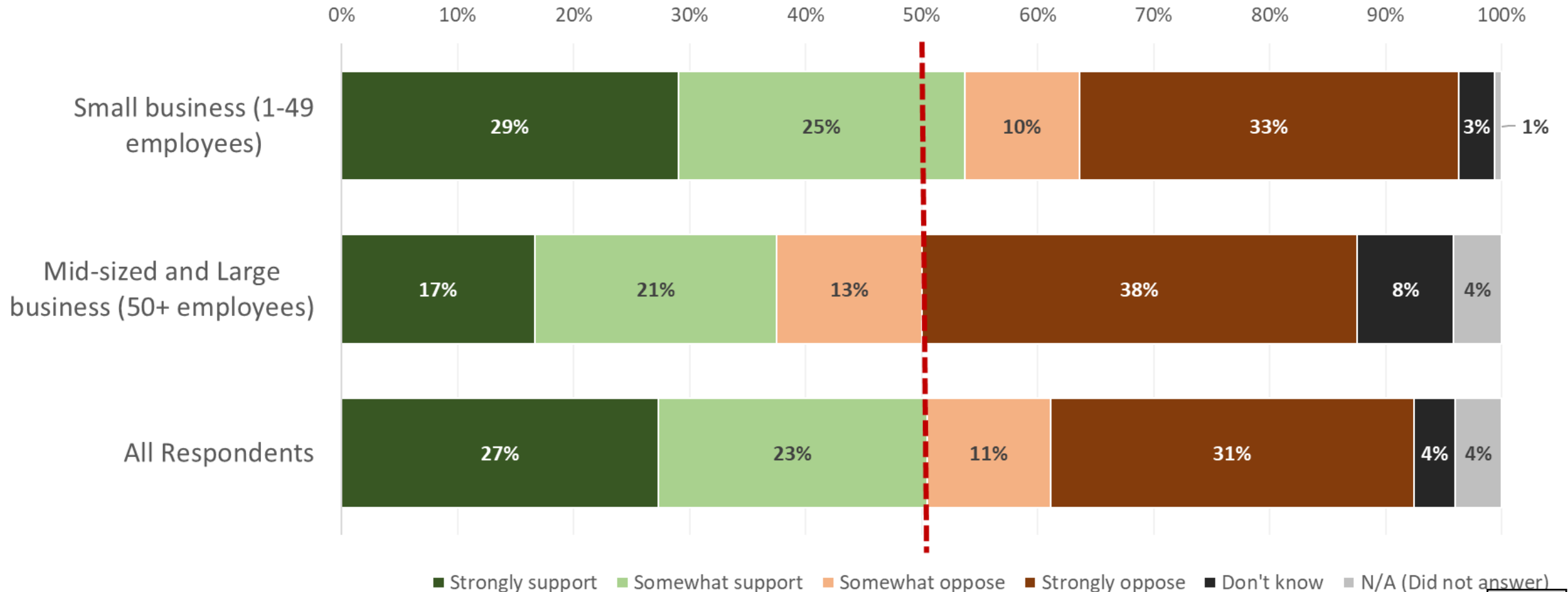
70% of respondents have no tipped employees.

- For **11%** of respondents, more than half of employees earn tips

49% of respondents have no employees who are college students.

- For **5%** of respondents, over half of employees are college students
- For **23%** of respondents, 10-49% of employees are college students

To what extent do you support or oppose the minimum wage in Fort Collins increasing to \$15 per hour?



If a higher minimum wage was implemented, how likely do you believe each of the following outcomes would be?

	Very or somewhat likely	Very or somewhat unlikely	Don't know
My business would charge higher prices			
Small Businesses	51%	37%	9%
Mid-Sized and Large Businesses	54%	42%	0%
All Respondents	50%	36%	9%
Employees would receive fewer hours			
Small Businesses	33%	54%	10%
Mid-Sized and Large Businesses	38%	54%	4%
All Respondents	32%	52%	11%
My business would have to lay employees off			
Small Businesses	20%	64%	13%
Mid-Sized and Large Businesses	17%	71%	8%
All Respondents	19%	62%	14%
My business would have to reduce employee benefits			
Small Businesses	30%	51%	17%
Mid-Sized and Large Businesses	42%	50%	4%
All Respondents	31%	48%	16%

If a higher minimum wage was implemented, how likely do you believe each of the following outcomes would be?

	Very or somewhat likely	Very or somewhat unlikely	Don't know
My business would see increased staff retention			
Small Businesses	17%	58%	24%
Mid-Sized and Large Businesses	42%	46%	8%
All Respondents	20%	54%	23%
It may be easier to recruit and hire new employees			
Small Businesses	20%	60%	18%
Mid-Sized and Large Businesses	29%	58%	8%
All Respondents	21%	57%	17%
My business would not be affected			
Small Businesses	43%	44%	12%
Mid-Sized and Large Businesses	33%	58%	4%
All Respondents	41%	43%	12%

Program began in 2020 and outlined the following adjustment schedule:

\$12.85 from January 1, 2020 – December 31, 2020;

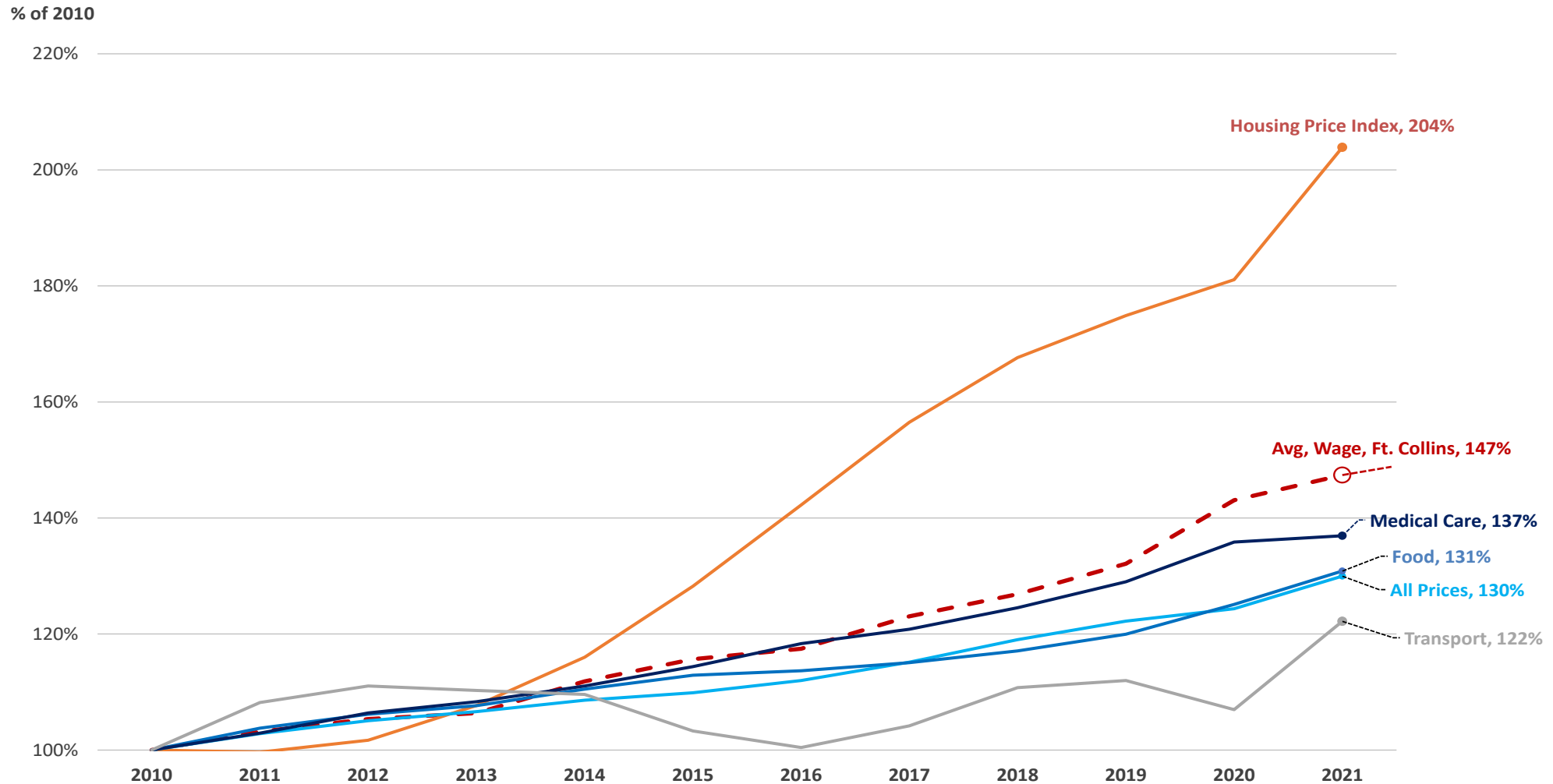
\$14.77 from January 1, 2021 – December 31, 2021;

\$15.87 from January 1, 2022 – December 31, 2022; and

On January 1st in subsequent years, the Minimum Wage will increase by the prior year's increase in the regional Consumer Price Index (CPI), if any.

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.

2023 wage will be \$17.29 (9% based on CPI)



Source: BLS; FHFA; Economic & Planning Systems

State Minimum Wage	Annual Salary 40hrs/wk & 2 holidays	+ \$1.75	City Minimum Wage	Annual Salary 40hrs/wk & 2 holidays
2023 = \$13.70 (9% CPI)	\$28,277	+\$1.75	\$15.45	\$31,889
2024 = \$14.39 (5% CPI)	\$29,701	+\$1.75	\$17.20	\$35,501
2025 = \$14.82 (3% CPI)	\$30,588	+\$1.75	\$18.95	\$39,113
2026 = \$15.26 (3% CPI)	\$31,497	CPI (3% CPI)	\$19.52	\$40,289
2027 = \$15.72 (3% CPI)	\$32,446	CPI (3% CPI)	\$20.10	\$41,486
2028 = \$16.19 (3% CPI)	\$33,416	CPI (3% CPI)	\$20.70	\$42,725
2029 = \$16.68 (3% CPI)	\$34,428	CPI (3% CPI)	\$21.32	\$44,004
2030 = \$17.18 (3% CPI)	\$35,460	CPI (3% CPI)	\$21.96	\$45,325

State Minimum Wage	Annual Salary 40hrs/wk & 2 holidays	15% Increase	City Minimum Wage	Annual Salary 40hrs/wk & 2 holidays
2023 = \$13.70 (9% CPI)	\$28,277	+15%	\$15.75	\$32,508
2024 = \$14.39 (5% CPI)	\$29,701	+15%	\$18.11	\$37,379
2025 = \$14.82 (3% CPI)	\$30,588	+15%	\$20.83	\$42,993
2026 = \$15.26 (3% CPI)	\$31,497	CPI (3% CPI)	\$21.45	\$44,273
2027 = \$15.72 (3% CPI)	\$32,446	CPI (3% CPI)	\$22.09	\$45,594
2028 = \$16.19 (3% CPI)	\$33,416	CPI (3% CPI)	\$22.75	\$46,956
2029 = \$16.68 (3% CPI)	\$34,428	CPI (3% CPI)	\$23.43	\$48,360
2030 = \$17.18 (3% CPI)	\$35,460	CPI (3% CPI)	\$24.13	\$49,804

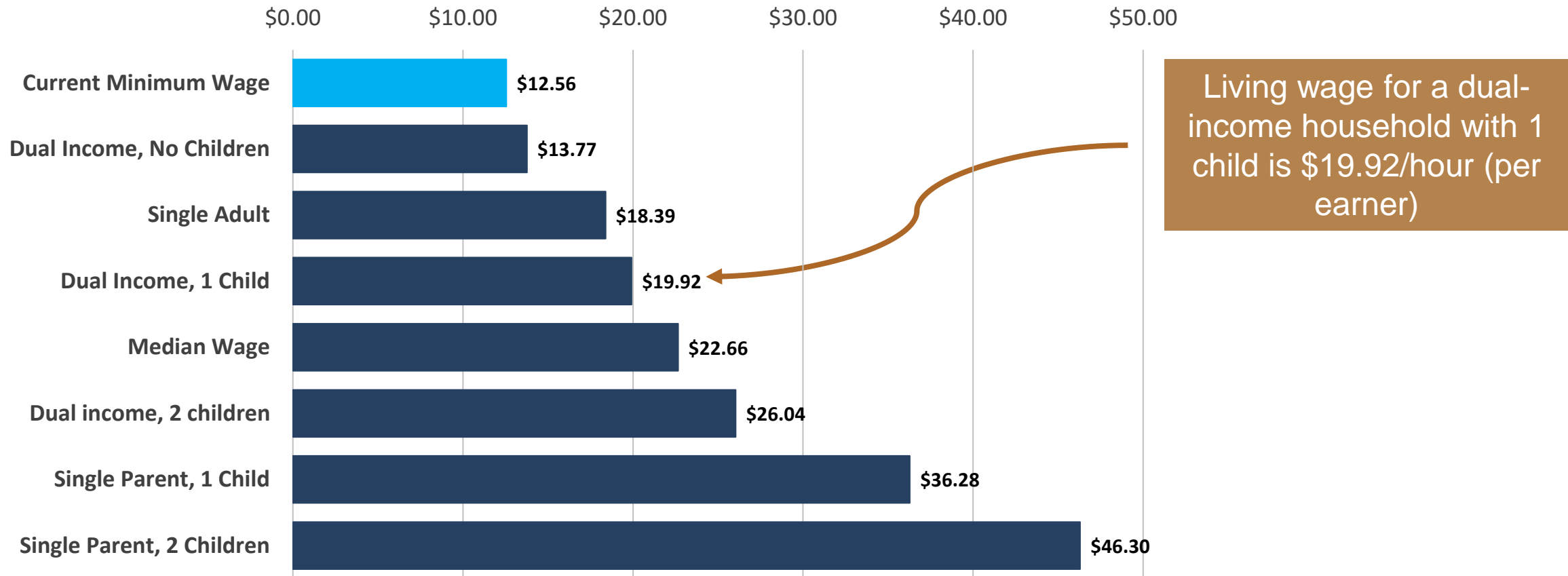
State Minimum Wage	Annual Salary 40hrs/wk & 2 holidays	Slower Increase	City Minimum Wage	Annual Salary 40hrs/wk & 2 holidays
2023 = \$13.70 (9% CPI)	\$28,277	+ \$1.00	\$14.70	\$30,341
2024 = \$14.39 (5% CPI)	\$29, 701	+ \$1.25	\$15.95	\$32,921
2025 = \$14.82 (3% CPI)	\$30,588	+ \$1.50	\$17.45	\$36,017
2026 = \$15.26 (3% CPI)	\$31,497	+ \$.55	\$18.00	\$37,152
2027 = \$15.72 (3% CPI)	\$32,446	CPI (3% CPI)	\$18.54	\$38,267
2028 = \$16.19 (3% CPI)	\$33,416	CPI (3% CPI)	\$19.10	\$39,415
2029 = \$16.68 (3% CPI)	\$34,428	CPI (3% CPI)	\$19.67	\$40,605
2030 = \$17.18 (3% CPI)	\$35,460	CPI (3% CPI)	\$20.26	\$41,817

First reading for consideration scheduled on November 15, 2022.

Ordinance will need to specify:

- Target local wage
- Increase implementation schedule
 - No more than \$1.75 or 15 %
 - Could be any other amount
- Adjustment strategy once target wage is reached (i.e. CPI)
- Enforcement mechanisms and requirements including:
 - Require employers to maintain employment and payroll records for a specific number of years;
 - Give City staff authority to investigate credible complaints;
 - Give City staff authority to subpoena or obtain such records;
 - Describe the fines, penalties and other relief available to the employee and the City; and
 - Prohibit retaliation against employees who file complaints.

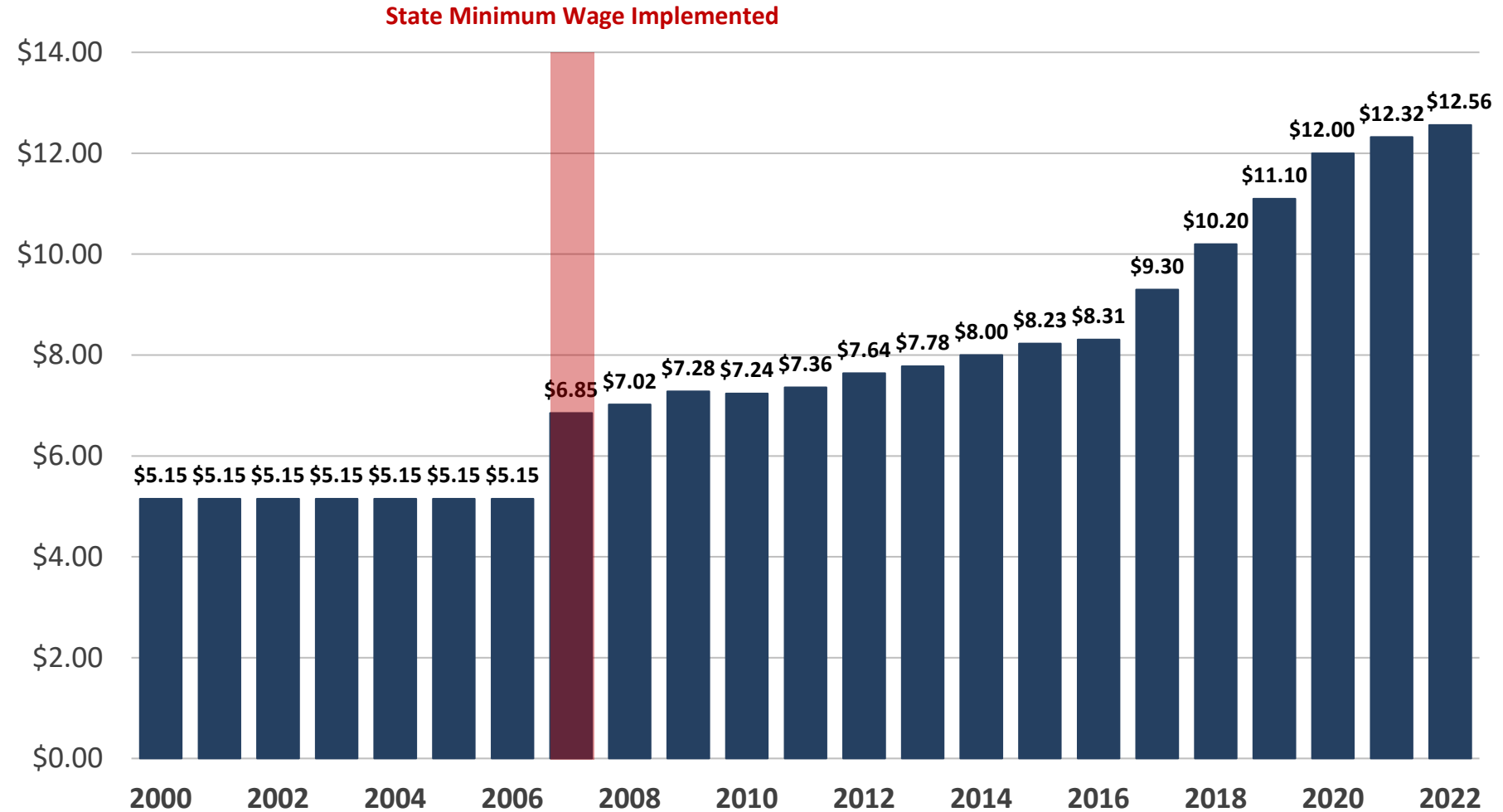
1. What additional information does Council need?
2. Does Council support moving forward with the November 15 first reading?
3. What wage range, or what specific wage, would Council like to consider?
4. How quickly would Council like to meet the desired range?
(Should wage be increased by \$1.75, or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



Source: MIT Living Wage Calculator; Economic & Planning Systems



- Current minimum wage is \$12.56/hour (\$9.54/hour for tipped employees)
- State minimum wage is adjusted annually for cost-of-living increases, as measured by the CPI for Colorado
- Currently, Denver is the only municipality in Colorado with a higher local minimum wage (\$15.87/hour)



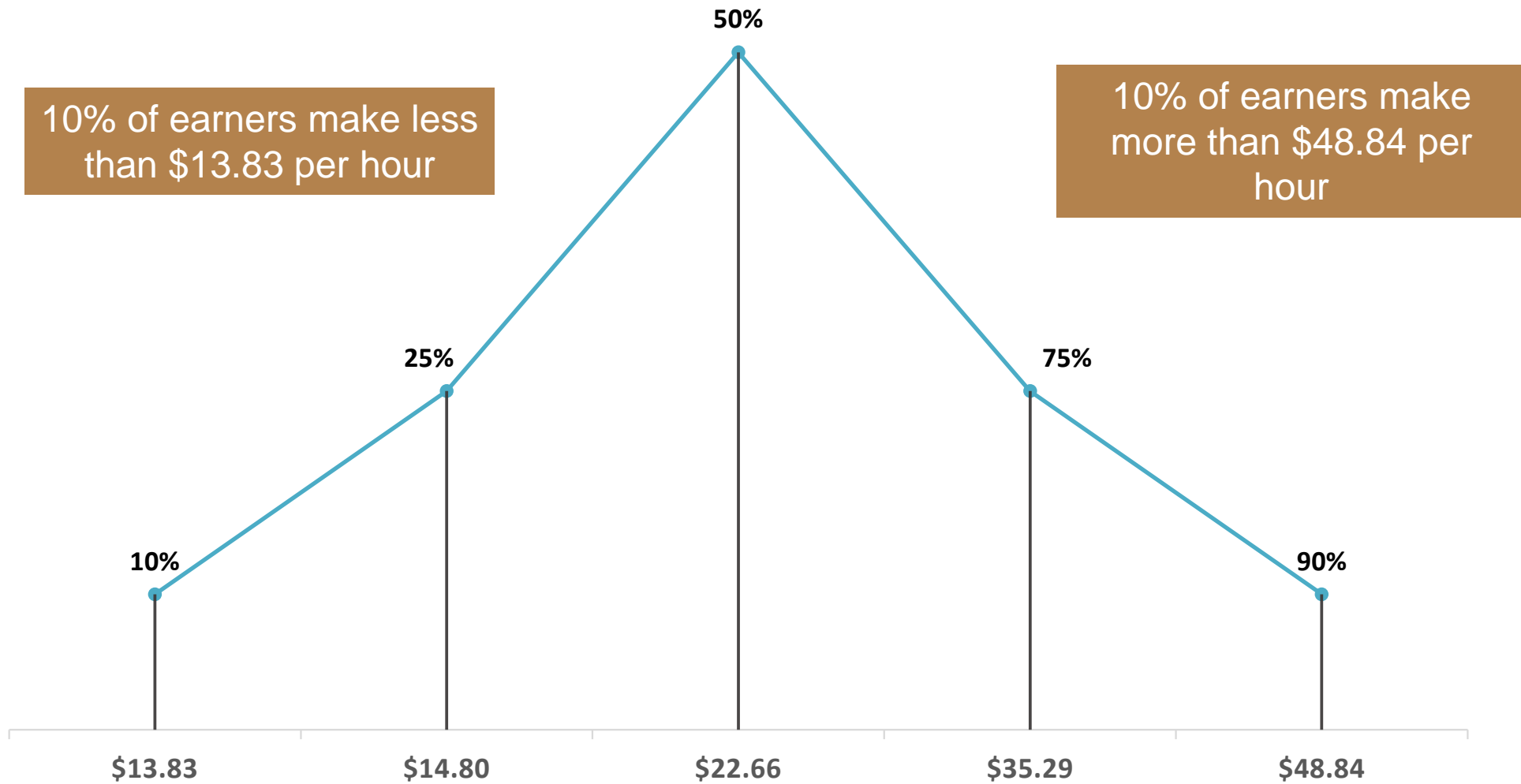
Source: Economic & Planning Systems

KEY FINDINGS

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.

Approximately one-quarter of the Fort Collins workforce would benefit from a \$15/hour minimum wage.

These jobs are primarily concentrated in the service sector – food service, retail, accommodations, personal care.



Source: BLS OES; Economic & Planning Systems