

CITY COUNCIL COMMUNICATION



MEETING DATE: August 27, 2024

ITEM NUMBER: 12.B

SECOND READING:

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TYPE OF ITEM: General Business

PRESENTED BY:

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SUBJECT/AGENDA TITLE:

Results of Local Minimum Wage Community Engagement and Economic Analysis

EXECUTIVE SUMMARY:

In May of 2023, members of the Boulder County Consortium of Cities collaborated to study, engage the community, and potentially enact an increased regional minimum wage across participating jurisdictions in Boulder County. They recognized that changing the minimum wage in any community changes the regional economy and considering the requirement to consult with surrounding local governments, added this to their work plan for consideration, and assigned staff from each community to create a working group. Longmont is a member of the Consortium.

The Minimum Wage Working Group includes staff representatives from Boulder County, Cities of Boulder, Erie, Lafayette, Louisville, and Longmont. They have coordinated community engagement and data gathering, so that participating elected officials can make a decision about this issue. The Councils engaged with ECONorthwest, a third party consultant, to provide an economic analysis and they will attend remotely to share their results and recommendations.

For context, the State legislation allows for municipalities to change the minimum wage by ordinance and any work done in collaboration with the Consortium does not change that each municipality will make their own decision about minimum wage.

Presentation Outline:

- Overview of the Effort
- Engagement Summary
- Economic Analysis
- City Budget Impact
- Next Steps and Discussion

COUNCIL OPTIONS: While the City Council has agreed to participate in this process, decision on a local minimum wage increase is solely at Council discretion. The information presented includes the community engagement results and economic analysis performed by EConorthwest.

RECOMMENDED OPTIONS: This is a Council policy decision.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:

EConorthwest looked at four different scenarios for their analysis. Staff from the budget team also estimated potential fiscal impacts to the City as an employer if the minimum wage is increased.

Each of our four scenarios begins with Colorado's minimum wage in 2024 of \$14.42. Two are designed to reach Unincorporated Boulder County's minimum wage, one as soon as possible under existing law (a maximum 15- percent increase per year) (Scenario B1) and the other in 2035 (Scenario B2). The remaining two scenarios are designed to reach Denver's minimum wage, one as soon as possible (Scenario D1) and the other in 2035 (Scenario D2).

This fiscal impact is due to increased staff wages for 10 years between 2025 and 2035. This is the impact to the City as an employer.

- Scenario B1, \$10,687,817
- Scenario B2, \$7,012,642
- Scenario D1, \$6,528,310
- Scenario D2, \$3,879,964

BACKGROUND AND ISSUE ANALYSIS: In 2019, the State legislature passed HB19-1210, which gave municipalities the right to set their own minimum wage for employees in their city. Current minimum wage in Colorado is \$14.42 (raised from \$13.65 in 2023).

A minimum wage established by a local government is subject to the following limitations:

- Prior to enacting a minimum wage law, the local government is required to consult with surrounding local governments and various stakeholders;
- 10% of jurisdictions across the state may adopt a minimum wage ordinance higher than the state, and an IGA covering several municipalities is considered one in that calculation;
- A minimum wage established by a local government must provide a tip offset equal to the tip offset provided in the state constitution;
- The minimum wage law must not apply to time spent in a local government's jurisdiction solely for the purpose of traveling through the jurisdiction to a destination outside of the local government's boundaries;
- All employed adult employees and emancipated minors shall be paid not less than the

enacted minimum wage;

- A local minimum wage increase must take effect on the same date as a scheduled increase to the statewide minimum wage; and
- If a local minimum wage exceeds the statewide minimum wage, the local government may only increase the local minimum wage each year by up to \$1.75 or 15%, whichever is higher.

A local government that enacts a minimum wage law may adopt provisions for the local enforcement of the law. Council may review the entire bill online:

<https://leg.colorado.gov/bills/hb19-1210>.

ATTACHMENTS:

- A – Regional Minimum Wage Engagement Report
- B – Regional Minimum Wage Economic Analysis Report
- C – Longmont Summary-July 2024
- D – MinWage City Budget Impact
- E – Longmont Questionnaire Free Response
- F – Other Municipal Summaries Minimum Wage Economic Analysis
- G – Feedback from Community Representatives