



November 11th, 2019

Mr. Jolon Clark
Councilman, District 7
Denver, CO 80202
jolon.clark@denvergov.org

Dear Councilman Clark:

We are writing to request you oppose the proposed City of Denver minimum wage proposal put forward by Mayor Hancock. Colorado's minimum wage is already 53% higher than the Federal minimum wage, and Colorado's minimum wage is set to go to \$12.00 per hour on January 1st, 2020 which will be 65.5% higher than the Federal minimum wage. The proposed further increases to the City of Denver minimum wage to \$12.85 an hour on Jan. 1, 2020; to \$14.77 an hour on Jan. 1, 2021; and finally to \$15.87 an hour on Jan. 1, 2022 is one of the most aggressive in the Nation⁽²⁾ and will have a *severe* negative impact to Denver small businesses including ours.

The increases in the minimum wage in Colorado over the past 4 years have forced us to cut 10 people from our total employment roster since 2016 to keep our payroll at an appropriate percentage of sales. Even with these cuts we are continually struggling to maintain profitability because labor costs are the only significant variable cost in our business. The proposed increases in the Denver minimum wage will make it impossible for us to employ enough people to operate our store, and with therefore threaten our future viability to operate a retail hardware store, paint store and garden center in the City of Denver.

Minimum wages are the cost of entry for us to bring employees into the work force. To retain a high-quality staff, we must maintain a differential between our entry-level employees and our more skilled employees, as well as our management employees. Today, our top individual contributor employees can earn as much as \$7.00 more than the minimum wage. Management employees can earn as much as \$14.00 more than the minimum wage. These differentials represent the training, qualifications and seniority that these more experienced employees have attained over those who we have recently hired. On average we invest 40+ hours per year on training for our employees. If the minimum wage increases to \$15.00+ per hour it will be impossible for us to maintain these differentials.

We also routinely employ high school and college students as well as retired persons to work at our store. Students are typically great employees but they have lots of scheduling constraints and they rarely require a "living wage" because they are still living with their parents. Retired persons are generally working to supplement retirement or social security income and for intangible reasons, such as social interaction or to keep themselves challenged with a fun part-time job. In most cases, retired persons do not require a "living wage." College students who are supporting themselves and paying for their education are

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upwardly-mobile and able to seek additional responsibilities and promotions within our business that ensure they make significantly more than the minimum wage. We strongly believe that there should be exemptions from the minimum wage – current or proposed – for employers when they hire students and retired persons. For example, certain employers are *currently* permitted to pay students 85% of the Colorado minimum wage:

“Full-time high school or college **students** who work part-time may be paid 85% of the **Colorado minimum wage** (as little as \$9.44 per hour) for up to 20 hours of work per week at certain employers (such as work-study programs at universities).”⁽¹⁾

However, businesses such as ours are not permitted to pay students lower wages even though several other states including New Jersey and New Mexico currently allow lower wages for this category of employees⁽²⁾. So, if we hire a high school student with no work experience, living at home with their parents and trying to make a little extra spending money, we are required to pay them the Colorado minimum wage. We are able to pay a training wage for the employee’s first 90 days:

“Following regulations set by the Fair Labor Standards Act, the state of **Colorado** allows any employer to **pay** newly hired workers under the age of 20 a “**training wage**” of \$4.25 per hour. This **wage** is only eligible for the first 90 days of employment.”⁽¹⁾

While we hope this “training wage” option is maintained, it is insufficient to have any meaningful impact on our long-term payroll. We propose that all employers be able to pay full-time students and/or those under 21 years of age a reduced percentage of the Colorado (or Denver) minimum wage. Likewise, we propose that we be allowed to pay retired persons who are collecting social security income a similar reduced percentage of the Colorado (or Denver) minimum wage.

We believe Colorado’s current minimum wage is already sufficient for Denver residents and that it is not necessary to further risk the viability of Denver’s small businesses by increasing the City of Denver minimum wage. We respectfully ask you to oppose the measure to increase Denver’s minimum wage. And, we ask you to support the investigation of ways to make Colorado’s small businesses more viable by encouraging us to employ first-time job seekers such as students, and alternative job seekers such as retirees with reduced minimum wages for those employee categories.

Sincerely,



Andrew C. Carlson
co-owner



Claudette Carlson
co-owner

cc: Robin Kniech, Chair of the Finance & Governance Committee, kniechatlarge@denvergov.org

⁽¹⁾ Citation: <https://www.minimum-wage.org/colorado>

⁽²⁾ Citation: <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>



October 23, 2019

VIA EMAIL (denc@denvergov.org)

Dear Honorable Members of the Denver City Council:

My name is Mike Bowers, and I am the President and CEO of Harkins Theatres. Harkins operates the Northfield 18 movie theater in the City of Denver. I am in an unfamiliar position today, writing in opposition to the recent proposal introduced to the Council to further increase the city's minimum wage.

By and large, our company has not voiced opposition to minimum wage increases. Even though these increases are expensive and challenging to us, we have believed that modest and predictable increases over a reasonable period could be navigated. We have also hoped that there would be a benefit to increased disposable income in the overall market that would help blunt some of the impact to our business. Unfortunately, the proposal under consideration today would neither be modest, reasonable, nor navigable.

Harkins is a family-owned business, entertaining guests since 1933. We are proud to be a leader in employing young first-time job holders, individuals with disabilities, and senior citizens seeking to supplement their income; demographics that are typically underrepresented in the workforce. We recognize that in order to be successful, we must deliver a superior experience to our guests. This requires a highly trained and motivated team at the theatre. Competitive wages are part of attracting and retaining our industry-leading team. Thus far, Harkins has been managing the state-wide mandated increases that are already scheduled. It has not been easy and has resulted in price adjustments and some budget tightening, but we have managed. We knew we were also facing the mandated state minimum wage increases set to take effect on January 1, 2020. This will be even more challenging, as there is no further elasticity in pricing in our industry.

The proposed increase to \$15.00 per hour by 2021 would be untenable and have a profound effect on our ability to successfully operate our business. It would negatively impact young workers' ability to find employment and learn job skills. I believe, counter to the intention, that it would also create significant obstacles to employment for people who need no further obstacles.

Minimum wage increases do not occur in a vacuum. Movie theaters constantly contend with ever-rising mandatory costs, such as health care, rents, insurance, real estate taxes, utilities, and the cost of the films themselves. We operate on slim margins. The prices theaters charge for tickets and concessions are based on what the market will allow, and not necessarily on the underlying cost of goods. When the cost of goods – including payroll and benefits – increase, theaters cannot simply pass these increases on to the consumer. Attempts to offset payroll increases are thwarted by the nature of the cinema business. Since film distributors receive the vast majority of admission ticket sales, theaters have to raise the ticket price by a greater proportion to try to cover increased costs. Higher ticket prices will reduce attendance and consequently reduce both box office and concession sales.

This increased cost would have to be absorbed. Likely this could mean a reduction in the number of jobs, hours, and benefits for employees, and an expedited transition to automated technologies. This will also impact the moviegoer experience, including potentially the variety of films we present, investments in amenities, service, and the cost of entertainment. We have been planning a major remodel to our Northfield at Stapleton location. If the proposed minimum wage increase were to take effect, we would incur increased annual costs of nearly three quarters of a million dollars at our Northfield location alone. This would certainly give us pause about the financial viability of investing in a significant remodel, as well as any evaluation of future expansion in the City of Denver.

I urge you to oppose this proposal. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Bowers', with a long horizontal flourish extending to the right.

Mike Bowers
President & CEO of
Harkins Theatres



**Written Testimony of the National Association of Theatre Owners
In Opposition to Proposed Minimum Wage Increases in the City of Denver
Before the Denver City Council
November 5, 2019**

The National Association of Theatre Owners (NATO), the nation's largest trade body representing motion picture exhibitors, respectfully submits this testimony opposing the proposed minimum wage increase before the Denver City Council. NATO members own and operate 63 theaters with 629 screens across Colorado, and 6 theaters and 66 screens in the City of Denver.

The cinema industry is proud to be a leader in employing young first-time job holders, as well as individuals with disabilities and senior citizens seeking to supplement their income, demographics that are typically underrepresented in the workforce. Mandated wage hikes have the unintended effect of increasing competition for entry-level jobs, making it difficult for low-skilled and young workers to find employment and receive "on-the-job" training. The City Council should not create more obstacles to employment for jobseekers.

Theater owners in Denver are already dealing with the mandated increase to \$12.00 per hour set to take effect on January 1, 2020, adding an additional burden to employers. The proposed increase to \$15.87 per hour by 2022 would cut even deeper into the theater industry's bottom line.

Minimum wage increases do not occur in a vacuum. Movie theaters constantly contend with ever-rising mandatory costs, like health care, rents, insurance, real estate taxes, and utilities. We operate on slim margins. The prices theaters charge for tickets and concessions are based on what the market will allow, and not necessarily on the underlying cost of goods. When the cost of goods – including payroll and benefits – increase, theaters cannot simply pass these increases on to the consumer. Attempts to offset payroll increases are thwarted by the nature of the cinema business. Since film distributors receive more than half of admission ticket sales, theaters have to raise the ticket price by a greater proportion to cover increased costs. Higher ticket prices will reduce attendance and consequently reduce both box office and concession sales.

NATO members simply cannot afford to raise prices, and instead, the increased costs come right off the bottom line. This negatively impacts employees due to reductions in head counts, hours worked, and benefits provided. The moviegoer experience is also impacted from a service and cost of entertainment standpoint.

On behalf of NATO members with theaters in Denver, we urge you to oppose this proposal and any future minimum wage increases so that moviegoing in Denver remains affordable, and so that movie theaters can continue to lead in hiring young first-time job holders, people with disabilities, and senior citizens.

From: [Harold R. Stuart Jr](#)
To: [dencc - City Council](#)
Cc: [sackc135a@comcast.net](#)
Subject: [EXTERNAL] Minimum Wage Increase
Date: Wednesday, October 2, 2019 7:42:22 PM

Sent from [Mail](#) for Windows 10

Does someone flipping burgers deserve \$15.00 an hour? I think not. That level of employment has traditionally been filled by high school age kids to earn extra money. The next thing the “progressives” will want is to guarantee a mortgage for all minimum wage workers. I had to plan, save, and gain financial progress in order to raise a family and obtain a mortgage. HR Stuart