

AURORA BUSINESS ADVISORY BOARD

Minutes of the Regular Meeting
July 20, 2020

Board Members Present:

Garrett Walls, Nosh Tarachand, Bob Fryberger, Regina Edmondson, Carolyn Pace, Alok Sarwal, Martin Liles, Chance Horiuchi, Hitesh Patel, Phillip Villard

Board Members Absent:

Unexcused -

Staff Present: Elena Vasconez and Leslie Epperson

Guest Present: Steven Wright and Trevor Vaughn

CM Gruber, Bruce Dalton (Visit Aurora), Mollie Steinemann (Colorado Restaurant Association), CM Marsha Berzins, Stephanie Shearer (Trunk Nouveau), Sonia Riggs (Colorado Restaurant Association), Kevin Hougen (Aurora Chamber of Commerce), Jeff Eaton (Senor Ric's Restaurant), Lorena Cantarovici (Maria Empanada Restaurant), Nicholas Hoover (Colorado Restaurant Association)

CALL TO ORDER

Meeting called to order at 11:02 am by Mr. Walls

APPROVAL OF THE MINUTES

May approval minutes –

Mr. Walls suggested a motion to approve with admin changes.

Mr. Tarachand moved to approve with admin changes.

Ms. Edmondson Seconded.

None opposed.

June approval minutes -

Mr. Walls suggested a motion to approve with admin changes.

Mr. Patel moved to approve with admin changes.

Ms. Edmondson seconded.

None opposed.

May 2020 Minutes Approved.

June 2020 Minutes Approved.

IFC Adoption – Commander Wright with Aurora Fire Department

Commander Wright has been discussing life safety and fire issues that happen in businesses and commercial occupancy with the board every month.

The Fire Department is working on a fee schedule for inspecting commercial properties and they are doing their due diligence for the project on if they should be charging fees – more frequent and higher fees with regular collections.

The collection of fees would be a revenue generator for the city based off of comparable municipalities and what they charge for fees.

Aurora Fire Department takes a hybrid approach where there are 6 inspectors/wards that have a geographic area and occupancy specialties that may be out their areas. We compare ourselves to Denver, Colorado Springs, South Metro and other municipalities nationally. Aurora FD is behind in collecting fees. The city of Aurora has over 9000 businesses that we inspect. Fees are based on square footage. Over the last 5 years the Aurora FD has collected \$10,000 in fees. Denver, for example, collected upwards of a million dollars in fees just for last year. Aurora FD estimate they could bring in over \$700,000.

Mr. Walls asked Commander Wright what triggers an inspection – does it depend on occupancy type?

Commander Wright responded depending on your occupancy type, if it's deemed high risk, would get an annual inspection. For instance, the Geo facility gets inspected every year. Business with less risk would get inspected every 36 months. If we find violations, we come back in 30 days to make sure the violations have been corrected, at no cost. Most cities charge a re-inspect fee that is double or triple of the initial inspection fee.

Ms. Pace wanted to know if there was someone within the FD who sends out invoices and makes sure the fees are collected?

Commander Wright thinks that the big reason there is only \$10,000 in fees is because the FD does not have an internal process to collect the fees.

Ms. Pace asked about automated collections – like sales tax – have you considered interfacing and add an ERP system with the City of Aurora?

Commander Wright responded that is interesting and Ms. Pace could get his email and send him a email on specifically what she is talking about. He would love to learn all about it.

Mr. Liles responds, At Southlands there are bi-annual inspections. If they don't pass, do you come back in 30 days.

Commander Wright – we come back in 30 days and if it is fixed – no harm no foul, if not fixed, you get a citation. No real dollars associated with this. Initial inspection fee, 30 day follow up fee, non-compliance fee. For the most part, the FD performs the whole process without any real dollars associated to it. No consistent collection of fees.

Trevor Vaughn, Manager Tax & Licensing

Updates on last issues:

Marketplace facilitators ordinance was approved by Council and will start collections – Sept 1st

Lodgers Tax exemption modification was taken to Management and Finance committee and they want more analysis. Staff in Denver may ask their city council to do the same thing.

Minimum Wage Increase, we have a council member that's interested in and pursuing an item. This item is permitted under state law for a certain number of municipalities to have a different minimum wage than what the state has. The state for 2020 is \$12 an hour and will be increasing with the consumer price index there on out. The city attorney's office tells me they're not quite ready for an ordinance for public consumption.

Minimum Wage Increase Discussion

Mr. Walls - Summarized what the General Assembly did last year enabling home-rule cities, or local jurisdictions to be able to pass their own minimum wage.

Cannot increase beyond 15% or 1.75/hour whichever is higher

Federal minimum wage is 7.25

CO State minimum wage is 12.00/hour this year

Denver minimum wage is 12.85/hour that went into effect this year.

Mr. Walls recognized Molly Steinemann and Sonya Riggs with the Colorado Restaurant Association:

Sonia Riggs,
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Mollie Steinemann
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COMMENTS:

Ms. Riggs - Our concern, especially right now is that the pandemic has hit restaurants particularly hard and some would shut down completely. While a number have opened up, it is very limited capacity for restaurants.

I would say that 80% of restaurants are operating under 50% capacity. We have done a number of surveys with the restaurant community over the last couple of months and in April they reported an average of 76% decline in sales over last year. Best case scenario, it is going to be at least 6 months before we start seeing the Denver Metro are getting up to capacity near 75%. The restaurant industry is unique in that wage increases impact them differently than other industries.

Especially full-service restaurants, where you hear the term front of the house – servers, bartenders, hostesses and back of the house – kitchen. Anytime there is a minimum wage increase, those front of the house employees, that rely heavily on tips, are getting a double wage increase. There's a big gap that's happening between the front of the house wages and the back of the house wages and every time minimum wages are increased. Because menu prices go up, the check average goes up, and therefore, you're seeing a higher amount of tips as well.

In a recent survey we heard from restaurant owners that the average hourly back of house employee is making \$15.20/ hour and the average take home pay for front of house employees was \$21/hour – this is specifically for the Aurora area.

The biggest concern that we have right now is that restaurants have not been able to hire back most of their employees. 41% have said that they have been able to hire back less than 50% of their employees.

We asked them how a minimum wage increase would impact their business right now? At the \$15/hour minimum wage, 19% said they would have to continue to reduce staff levels by more than 20%. At \$20/hour minimum wage, 48% said they would have to reduce staff by more than 20%. At \$23/hour minimum wage, 52% said that they would need to reduce staff more than 20%. 95% of restaurants said that they would increase prices regardless of what the minimum wage increase was.

A number of restaurants said they would have to consider permanently closing locations:

At \$15/hour, 38% said they would consider closing permanently.

At \$20/hour, 57% said they would consider closing permanently.

At \$23/hour, 71% said they would consider closing permanently.

Obviously, we want people employed during this really difficult time. We want our local businesses, especially those full-service, “Mom and Pop” restaurants to stay open. I think you know having jobs available for people to get their foot in the door and work their way up is really crucial, especially right now. 80% of restaurant owners said they started as entry level positions in restaurants.

I will say right now is not the time to be considering a minimum wage increase for an industry that traditionally has about 10% of the workforce in Colorado. The city is counting on those sales taxes, we want these businesses to stay open, and we want them to employ people.

Mr. Villard - After this experience (COVID) could you give a recommendation on an increase that would balance out the tip structure?

Ms. Riggs - It's actually going to be laws on the federal level that allow for sharing of tips between the front of the house and the back of the house. So, where we'd like to see, and I've heard this from a significant number of restaurant owners that have said, let us share tips between the front of the house and the back of the house. And let us let everybody take the tip credit, or let's take it for all of our employees, and then we'll be able to even out the pay between the front of the house providing everybody a well above minimum wage take home pay.

Mr. Sarwal - \$15/hr is unsustainable. Can we delay the increases by 1 or 2 years? That was the comment I wanted to make.

Mr. Eaton – Yes, I think that is a realistic suggestion

Ms. Riggs – It is certainly going to save jobs.

Mr. Patel – Agrees with the sentiments of the Restaurant Association. It is the same in Hospitality Industry. Businesses are down 45 – 60 % at some hotels. I am surprised we are talking about this at this time. I agree that we need to keep good staff and pay them well. But at this juncture, it has been tough to stay afloat.

CM Marsha Berzins – Wants to know if this is just the restaurant industry or are their other businesses? Are there guidelines for what you do with the next person? Makes a little bit more than minimum wage, and then the next person that makes that step up. Are there any guidelines

whatsoever? Or is that going to be up to the owner? What comes with the other employees that have been with you for a year or two, or five? Sonia, did the CRA survey cover any of the results of any escalation in total payroll cost? I know that is a concern.

Ms. Riggs – I can tell you that, particularly in our industry, with these increase, it's harder for a full service restaurant to give increases to the back of the house employees, because they just don't have money, and there's only so much people will spend. That being said, I can say I've heard from many other industries that do talk about wage compression. Which is, when you're giving an increase from, I'll just use \$15 an hour, as example from \$12 to \$15 an hour, to a brand new person that has never worked there before, the people that were already making \$15 an hour are certainly not going to be happy making the same amount as the new person with no experience. So, the overall costs tend to be much higher, which is why we see layoffs. I mean because there's only so much people are willing to pay for your products.

Mr. Walls - next we have Kevin Hougen from the Aurora Chamber of Commerce?

Kevin Hougen

President/CEO

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Aurora Chamber of Commerce

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COMMENTS:

Mr. Hougen - The Aurora Chamber has been around for 120 years. Our highest priority is advancing our businesses and our ability to do this is built upon a strong foundation of input from our members and our surveys have been overwhelmingly opposed to this Minneapolis wage increase. We are not Minneapolis, Minnesota. We don't need to do things like they do. We are offended by whoever's bringing forward this unbelievable request for a minimum wage at, especially at this time. We're always offering different opportunities to our members to come together to unify the voice of business and really to share information honestly with the intent of adding to our ecosystem of pro-business.

Our surveys are meant to better understand our members and their needs and provide them with a coordinated platform, which, that's what we're doing here today to really address these issues and help shape our business climate. We're really dedicated to providing advocacy and support of our small-business members.

Looking forward, this COVID situation, their growth and economic recovery, is really going to be a challenge for the next few years. We're also worried about how it would affect the budgets of even our state, cities and our counties. I don't believe the city is prepared for the number of workers they have in their budget constraints, Maybe not hitting this year, but definitely, when the dollars coming from the federal government dry out next year, and there won't be any of this Cares Act through the Treasury Department, all of our budgets are going to be affected.

I have not had a single member of 1200 businesses come forward saying this is a great idea for a minimum wage increase.

Let's put more of our restaurants, our hotels, our retail out of business and that's what this would do. So, The Aurora Chamber strongly opposed to it and thank you for an opportunity to visit for a few minutes.

Garrett, one more thing, I did talk to an investor the other day. A gentleman named Mark Stanley, who is going to open up a new Culver's restaurant here in town. I think a few other people have talked to him. He has made an investment. It will be about a \$3.5 million dollar investment, and it's all about marketplace demand and there is no way he would ever open a restaurant if these minimum wages were enacted.

So, there's one small investor, we probably scared away already.

Mr. Walls - responded, I think it's important to point out that what the state legislature did last year unfortunately and it's disproportionately applied to the Metro area jurisdictions is they've now added another level of competition from metro area to metro area.

That's something that business owners that would be looking to locate their business within Aurora are going to have to consider now.

Questions for Mr. Hougen

Ms. Pace - I do have a question for Kevin, you said that the minimum wage increase might have a negative impact on budget.

I was just thinking about how the majority of our cities are funded by sales tax. Following through the logic, There are a lot of businesses that are going to have close during this period, if the businesses that stay open, raise their prices, to pay their employees more, that would mean higher sales tax for the sales that are happening in aurora and increase our operating budget in our city that keeps us safe.

Then, also, the small amount of income tax from the people who are receiving the jobs, that'll go up. We know we're going to be facing a really, really big deficit.

Could we consider that the number is going to run, which way will it run and explain a little bit, your logic behind thinking that our budget goes down, because of the minimum wage increase.

Mr. Hougen - First of all, a little economic 101. The state lives off of income tax. That's where the state money comes from. The State may see a bump. The state receives the income tax.

The city receives retail tax, our counties receive the property tax.

So, could the State receive more income tax when you raise the minimum wage?

Conceivably, but, if you have a lot less employees, a lot less people working, if you go to automation in your restaurants, where you have kiosks instead of humans, that would just be defeating the purpose of raising state income tax.

So, it's where the dollars go.

The City, I think, would be looking at lost revenue because people would not be able to afford to even go out to a restaurant. We would lose the restaurant fees. Our hotels would have to put their lodger occupancy rates up so high; we'd lose money there.

There is no logic of an increased minimum wage. It would add more tax volume to any government entity, in my opinion.

Mr. Walls also replied to Ms. Pace - I think to help answer that question, one thing specifically affecting the deficit that Aurora is going to run is, that the City of Aurora will be one of the largest employers of minimum wage employees that will be affected by this.

So more directly to your question, Carolyn, is that the city's deficit will be directly impacted because Aurora is one of the largest employers of minimum wage employees in the city.

So more directly to your question, Carolyn, the city's deficit will be directly impacted because Aurora is one of the largest employers of minimum wage employees in the city.

So, that was one important distinction to point out, and those economic impact studies haven't been completed yet.

I would assume that once city staff has been presented with an actual proposal that clears the City Attorney's Office, then we'll start to have a whole round of impact studies to really understand, first and foremost, how this affects the city's budget, without even entertaining any thoughts of increased tax revenue on the back end from higher prices at establishments.

So that's one important thing to know.

Ms. Pace – Can you tell me who is going to do the economic assessment,

Mr. Walls - it would be done by city staff.

It'll definitely be interesting to see.

It's something that we've been asking for since this topic came up within the last month, but obviously it's very difficult to run that study if we don't have an actual proposal that's been submitted yet.

So that's sort of where we're at today.

Any further questions for Kevin with the Aurora Chamber?

Mr. Walls, I'll recognize Stephanie Shearer of Trunk Nouveau.

Stephanie Shearer - Trunk Nouveau

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COMMENTS:

Ms. Shearer - My name is Stephanie Shearer; I am a local retailer. I have three retail stores.

One is an Aurora. Two locations used to be in Aurora, now there is only one after the pandemic.

First, I really want to thank you. It's super important to me to acknowledge the invitation to be here.

Often, retail business is left out of these conversations. I feel like people talk about the retail perspective, but very rarely actually invite us to be a part of the conversation.

So, thank you for that.

It's important to me to just put into record that the NRF, which is the National Retail Federation.

There are 67,000 retail establishments in Colorado. Retail supports 750,000 jobs in Colorado, and we contribute over \$45 billion to Colorado's GDP.

So again, thanks for having me here.

My business is running at about 75% deficit right now.

We were closed. We had a mandatory closure at the Stanley Marketplace for 2.5 months.

So, we're at about a 75% deficit.

We are expecting or hoping to finish the year, including anticipated additional closures, at least one I know about. We have two more. I don't know how that impacts us.

We're hopeful to finish the year at 50% deficit.

It's one of the reasons that we've had to pivot, close stores, that kind of thing.

I don't have any kind of official summary or statistics. But knowing that I was coming here today, I did go and speak to my other Stanley Marketplace retailers specifically about how minimum wage would impact their business.

There's 12 of us out there and we talked numbers. One person told me she was really sad, she was like, you know, I'm running at 50% down from last year. And we're like, wow, that's great because almost everybody is worse than 50%.

I'm not actually angry that they're proposing this because I get it. People are hurting, right?

We see the homeless people and that number is increasing. In retail, we hire a lot of people coming into the workforce. Actually, even more than restaurants. You don't have to really have a lot of skills to work at retail.

We train people on how to show up on time and how to dress appropriately for work and how to interview. We're also a place where people re- enter the job market. So, a lot of moms that are coming back into the workplace. That kind of thing.

So, we do have in retail a lot of minimum wage people.

However, the last couple of years, pre pandemic, has been very competitive in the marketplace and so I will tell you that my lowest paid staff members, my part-time going to college staff members are making \$14.50/hour. So, that's kind of natural because of the competitiveness of the job market.

It's just that our unemployment was down.

I know Denver, it was like at 1.8% and was probably pretty close to Aurora's unemployment rate before all of this.

So, that naturally forces people to pay more because we are competing with tipped employees. So, minimum wage in retail where we are not receiving tips, we have to pay more. We have to compensate for that.

So, I would encourage you not to forget that when you're talking about minimum jobs it does not mean that people are necessarily making \$12 an hour, at least not in my industry.

I want to mention that retailers, no matter their size, across the board all the way from Macy's to little 800 square foot shops, we're looking down the barrel right now if we can't figure out how to pivot. Food is more important to people than dresses. So even like a grab and go or curbside or delivery that can be successful for restaurants. Certainly, the Internet, although we're up against the Amazons and Targets but we don't have as much pivot room as restaurants do. This increase goes into the wage compression that they were talking about earlier. What happens is my lowest paid employees, \$14.50, my store manager makes \$19.00/ hour.

If minimum wage goes up to \$15, then my store manager wants \$20, and I will tell you that we currently, this is what I'll wrap up with, is that in my business, like I said, we have three stores, we used to have 12 employees, we're down to four, My husband and I are paid employees, but we are currently not taking a salary so that we can pay the employees that we have.

From a retail perspective, I tell you that I understand we employ these people that are needing more money, but it will cost jobs because it will literally put us out of business.

It's just the reality. My heart goes out to people who are making minimum wage. None of those people worked for me, but it'll put us out of business and so it literally directly costs jobs.

So, if you do continue the conversation and it continues to progress, I would implore you, ask of you or beg you even to at least push it down the road. Kick the can down the road till no sooner than Q 2 2021.

We need some recovery time and that's assuming that the pandemic and that there's a vaccine that gets some consumer confidence back. So I would ask that you, if you do decide that minimum wage is needed, you will get doing that when there's been a little bit of recovery time, and then give businesses at least six months to start to prepare on how they're going to budget for that. Thank you for your time.

Mr. Walls - Great, thanks so much for being with us this morning, Stephanie. It's important for us to hear from the retail sector because we tend to get a lot from restaurants and we have some additional restaurant owners on line with us this morning, but there's a significant amount of retailers within the city of Aurora and service-based businesses as well.

I'll open it up to questions to any board members, do you have questions for Stephanie?

Seeing none, I've got a question for you.

Are you able to pay benefits, health insurance or anything like that?

Ms. Shearer - We are not able to offer any benefits. We do bonus plans and that kind of thing. But we don't offer health insurance. I actually have a constant conversation with our Governor about trying to get packages in place to where businesses, typically, retail businesses of my size can afford to even if they're paying half of something. But the smaller you are, the more they cost. It's just kind of backwards that way.

Mr. Walls - Where I was going with that question, I was curious since you are paying bonuses or you have a bonus program, if the minimum wage increases and then there's escalation in all of your staff wages from that, are you more likely to continue those bonus programs.

Ms. Shearer - the bonus programs, the way we do it is based on sales.

So actually, the increase, it's a good question.

But for us, at least in my stores, wouldn't impacts jobs.

But what would impact jobs is that, there's two ways there, I guess that's what you're asking, how would you compensate for the increase?

There's only two ways that we can do that.

One is to raise prices, and that goes to, I think it was, Caroline's question.

My quick explanation to why don't you just raise prices, is this; so you have all bought birthday cards before, right? Whether it's a small business like mine or at Target, they're probably \$4 to \$5 a card.

So, if you increase minimum wage, the person who made that card is now paying the person who designed the card, made the card, now, that person's wage has gone up, the person that puts the card on a truck, that person's wages has gone up and the person who delivers the card, their wage has gone up. Then it comes to my store, the person in my stock room, which is me, but the person who's packing that up, their wage has gone up. Then the person who is selling that card, their wage has gone up.

So, I am not kidding you when I tell you that now your \$4 birthday card is going to be \$11.00.

So that's why we can't raise prices. It's not just like, well, raised it a buck. A buck doesn't cover all of those minimum wage jobs that got that card to my shelf.

Raising prices doesn't work in retail.

So, the only thing that does work in retail for a compensation like this, because again, we have to increase everybody's wage, my store manager doesn't want to make a dollar more than minimum wage.

And so, the only thing to do is to cut a position and typically that is from the top.

Mr. Walls - Thank you, Any Board Member questions?

Mr. Villard – can you give us a way or reason on how we could recommend an exemption for you? Because I know, as you mentioned, across the board, this has been affecting businesses either large, medium, or small, and a lot of times a larger business can afford a minimum wage more than a smaller business with 2 to 10 employees cannot. Can you give us a reason to exempt you?

Ms. Shearer - Sure, retailers, small retailers I think if you exempted like PPP, 25 and under that would probably save a lot of small Mom and pop businesses. But the problem would be is that again what we pay minimum wage, not to take that everybody's power away, but what we pay as a minimum wage is actually not dictated by the city or the state. It is competitive.

So, again, that's why in my sector, my minimum wage is currently running \$14.50, because at the Stanley Marketplace, you can walk across the field and go get a job at East Bridge, which is in Denver for \$14.50.

So, I have to pay a competitive wage. You know, we don't have thousands of people that want to work retail. So, you couldn't do that exemption to help small business.

I super appreciate you even thinking that way. I would say you don't want to just cut out medium businesses either. I think about some of the strip mall businesses that are one business, but maybe they have 50 to 100 employees. Or maybe you have somebody who has 3 or 4 stores and they have 100 employees. I worry about them just as much as I worry about my little tiny shop because they're also really important and they employ a lot of people and they're also probably paying everybody 14 plus dollars an hour.

Mr. Walls - Any further questions for Stephanie?

Ok, moving down my screen: Jeffrey Eaton from Senior Ric's.

Jeffrey Eaton
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COMMENTS:

Mr. Eaton - Thank you for the invitation and the opportunity to contribute.

I think a number of these concepts that previously talked about by Stephanie, and some of the others, just make a whole lot of sense.

We've observed these minimum wage increases over the last couple of years. They put a burden on us, cut profit margins to almost nil.

I've been in this business for 34 years. I've been contributing to the city of Aurora Tax Base for 34 years.

And it's just getting tougher and tougher just to survive, take out what's going on with COVID alone.

It's tough to do and to anticipate minimum wage at \$14 or \$15/ hour, it's just not realistic for us. It would realistically require that we look at our entire business model and question whether we should continue at all. I like to be able to employ the 52 people pre pandemic number that we had and it helps support the community and helps them pay their rent and bills and things of that nature.

But when a little bit of it's coming out of my pocket each and every month, we're not making any money.

This is just not realistic. And the concept of just go ahead and raise your price, that trickles down and people eat out less often, your sales continue to dwindle.

It just seems like basic, economic common sense to me.

Then throw in the whole situation with what's going on with COVID where we are all down 40, 50, 60% revenue and we haven't made a dollar since, potentially, January, February, of this year.

I think a minimum wage increase is just absurd.

Mr. Walls - Thanks, Jeff, and just for all the board members, can you give us your location and restaurant name?

Mr. Eaton - Sure, I have Senior Ric's Mexican Restaurant.

It's on East Mississippi, in Aurora. We opened in 1986 and have been here about 34 years.

Mr. Walls – Pre-Covid, you said you had about 52 employees?

Mr. Eaton - Had 52 yes.

Mr. Walls - How many do you currently have?

Mr. Eaton - Presently? I'm hovering at about 40.

Mr. Walls - Any of the board members have questions for Jeff?

I'll apply my question to Stephanie, to you as well.

Are any of your employees benefited?

If they are, or if they're not, you as a business owner, what would you have to do in order to afford a minimum wage if it were applied on you by the city?

Mr. Eaton - How would I afford it?

The employees are not benefited. I don't have the ability or financial means to provide health care for the employees. I have programs available that they can arrange through us through some large group buying programs, but it's not something that we can afford even at this level.

Minimum wage, if it goes up another dollar or two, my business model doesn't work if that happens. So, read between the lines there, you know what that means.

Mr. Walls - Just a question to go back to Carolyn's original question;

Why wouldn't price increases work for you? Or, what would be the effect of that be on your business?

Mr. Eaton - Well, I do a very large amount of my business with people who are 60 years of age and older, who are on fixed incomes. You increase the price of their meal, instead of coming once or twice a month, they come once. Instead of coming once a week, they come once a month. So bottom line is it's going to hurt revenues long term.

I've seen it hurt revenues already. I've talked to some of the regular customers, that have been coming here for years, and each time we have to take a price increase to help offset the minimum wage, they say, wow, that's really huge. I still have bills to pay and I have to pay the workers more, so it's got to come from somewhere.

So, if you vote for a minimum wage increase, it's going to come out of all of our pockets.

Mr. Walls - Ok, any questions for Jeff? Moving on.

Finally, we have Lorena Cantarovici - Owner of Maria Empanada

Lorena Cantarovici - Owner of Maria Empanada

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Aurora CO 80010-1045

COMMENTS:

Ms. Cantarovici - Hi, everyone. Well, thank you so much for inviting me.

I just want to tell a little bit of my story; I opened as Maria Empanada, a fast-casual restaurant concept in 2011, I opened it only with \$4000. Yes, don't ask me how, but I did it.

Pre-Corona Virus, I had five locations. One of them is in Aurora.

Then, the Corona Virus hit and unfortunately had to close locations.

Now I do have my Broadway location in Denver, and I was so thankful to have my Aurora location open.

Very rough times. In the Stanley Marketplace, it wasn't like Stephanie, being a retailer, she needed to close, We were able to have a little tent at the door with wind, with rain, with sun, with cold and have one employee or two employees in that tent for two months until we were able to re-open the market.

So, imagine sales went down 90%. I will say companywide; Pre-Covid I was having 71 employees.

Now, thanks to PPP funds and more grants, I was able to go to 41. My Stanley location used to have 12 employees all the time. So, I needed to have 12 employees right there. We went from 12 to 4 employees at this time.

Sales in Aurora, thanks to the opening of a Stanley marketplace, are starting to be a little bit higher.

Now we are down 50%, surviving in any way we can. We're trying to do our best and taking care of all the sales and all the situations.

Regarding minimum wage, I need to tell you that when I hear two years ago, that the minimum wage will go to \$15, I started immediately to prepare.

So, we have two groups; as a restaurant we have the front of the house, that is the people who serve the customers and we have the back of the house, will be same. So, the front of the house, makes more than minimum wage at this time and they do also have tips. So in that area, I feel comfortable that they are making a good wage. The one that is being hurt and this is something that Sonya mentioned also, is the back of the house. But either way, I will say, to prepare a little bit, so they're currently slightly below that number that I was having in mind at that time. I know this is a very hard topic. At the same time, my mind goes to my employee that was behind the tent with rain and weather just trying to sell and trying to survive. As an owner I can't understand how they can't live with a minimum wage at this time.

They probably need 2 jobs. They need more hours. I think, it is very hard to live with minimum wage.

So, I do think we need to go there, but I don't think this is the right time, also. I mean, we are just coming from basically a war. And it is so hard for us to get the massive sales that we used to have before.

So, it's a lot of combinations of things that we need to be ready and prepared to have. Our economy and our financials working again.

So, that is Maria Empanada at this time. Trying to survive, trying to keep employing and trying to come out of this.

Mr. Walls - Alright. Thank you so much. Any Board members have questions for Lorena?

Mr. Villard - Hello. And I know that the COVID Virus has negatively impacted the whole country and has really hit minority communities very hard. Have you been able to identify any areas that with regard to an employee working 2 jobs sometimes 3, been able to work out an arrangement with an employee that you could offer them more hours, offer them something that we could use as a way to, I keep going back to the exemption, because trying to create a balance between businesses that can't afford an increase in minimum wage and businesses that can afford an increase in the minimum wage. I know our options are limited with helping the employees out, but I'd like to solicit some response, being able to work out [that relationship]?

Mr. Walls - Before you answer Lorena, I just wanted to clarify or maybe respond to that Philip.

I understand exactly where you're going and where you're coming from in trying to figure out some sort of an exemption that would assist the businesses that are going to be absolutely devastated by a payroll increase. But the simple fact of the matter is that all the businesses, it's one labor pool, and unfortunately, that labor pool is highly competitive.

So, I actually think if you're talking about exempting any particular businesses out of the minimum wage requirement, you're actually setting them up to fail. Because they're not going to have any employees to sample from or employees to draw from because they're no longer competitive in the

wage market. Everyone else that's non-exempted is being forced to pay higher wages. So why would somebody actually choose to work for a business that's not paying the minimum wage?

Ms. Riggs - And unfortunately, I don't think the law allows for that, allows for different businesses to pay different minimum wages, regardless.

Mr. Villard - It's the choice for the employer to creatively come up with ways to pay employees. That's really my premise, to be able to provide a business, a small business more of a choice to attract employees, to keep employees.

Mr. Tarachand – How are you going to distinguish by the enormity of what we have in our population as to who gets an exemption, who doesn't get an exemption. So, you're basically putting one business against another. Apart from the fact that you mentioned very aptly, the ones that have the exemption, have a low rate, why would anyone work for a low rate when they can go around the corner and get a higher wage. So, I'm sorry. I reject that idea totally. I don't think it even makes any sense to indicate any discussion for the simple reason, how will you respectfully be able to find that line of distinction?

Who gets the exemption and who is going to make that decision? And how will it affect the ones who don't get the exemption? There is no balance? That's my 2 cents.

Ms. Edmondson - Just to dovetail off of that, it would be difficult to determine not only in small businesses, but there's also a difference in what are the sales and what are the number of employees. You just heard Lorena say that she started with 71 employees. So how would you be able to say, it's up to X number of employees but at the same token you can have five employees and generate more in sales than someone else that has 70?

I think it would be impossible to delineate these different pools where that would be beneficial to all.

Mr. Walls - What I would like to do, does anyone have any direct questions for Stephanie, Lorena or Jeff? If not, we'll go ahead and let them go. You can obviously stay on for our discussion.

But any direct questions for these three guests?

Mr. Tarachand - Question. I would like to have contact points for all these business owners, that goes in my own miniscule way, I would like to support the businesses locally.

Mr. Walls - That leads me directly into what I was going to say next.

Thank you, guys so much for being available today and making yourselves available.

And I wanted to let you know that we're actually a resource for all business owners within the city of Aurora.

Our board is directly tied in with the SBDC. I think you may know, Elena or Lori, with the SBDC. Elena is actually our staff liaison for the Business Advisory Board, and so we have a very close working relationship with the SBDC.

And I want to let you know that we meet every single month unless something comes up and we have to cancel or postpone, but on the third Monday of every month and we are open to discussing a wide array of different topics.

Every month we keep agenda items open for Commander Wright with the Aurora Fire Department. And for Trevor Vaughn with the city of Aurora in the Division of Excise and Licensing.

So anytime there any topics that come up for proposals that would go through his department that specifically deal with business owners, Trevor usually brings those to the Business Advisory Board.

So, it's a helpful thing to tune in during Trevor's period of the agenda items because then you can know what's coming down the pipeline for business owners within the city of Aurora in the following months.

If there's anything including sales tax changes or any exemptions that used to exist that the city council voted to make no longer exist, things like that. We discuss those issues here on our board, as well.

I want to thank you again for all being with us today.

We're going to summarize in our Minutes, each one of your testimony. And then I'm going to get that out to each of the BAB Members.

If there are any follow up questions, we would love to continue a dialog with you. This is the first meeting that we're going to be having.

We're also going to be meeting with the same agenda item on August 10th.

So next month, we won't be meeting on the third Monday, we'll be meeting on the second Monday, August 10th. This will come up again, if you would like to speak on the 10th as well.

We should have a proposal from the City Attorney's office for that meeting, so we'll be discussing a direct city proposal at that point.

But you're more than welcome, please stay in contact with me and or Elena.

And we'll get your questions from the BAB members, and aside from that, I'll make sure that all of them have your testimony here today.

Any final questions for these three?

Mr. Sarwal – As I said, nobody can deny that the supply demand model is broken, and as a result, no business can really truly forecast, what would be the impact for any wage increase. I think nobody in the country right now can deny that.

As a result, if that is broken, can we afford to take the risky step? I call it risky of increasing wages.

That certainly would put us in jeopardy. As it is, businesses that are innovative, they can predict, they can manage the cost of doing services. It self-regulates. If the neighboring store is paying somebody \$14.5, they will also adjust it so that they can keep good workers with that.

So there is this reward system, putting a minimum wage takes away that reward system, it will de-incentivize employees. It has been proven in cities that have increased wages, I know Seattle did that, and It has not resulted in a success story. And certainly, their taxes are not increased either. So, I think just a few observations should be as common sense as our BAB point of view.

I'll give another example; We have employees there were harmed by this COVID. There were some employees that were desperate to get that \$600 a week from unemployment. As a result, they were not incentivized to work during this period. That has become a big issue nationally.

So, I think that this conversation should just be deferred to when we get back into the supply demand model and the principals of economics.

Thank you.

Mr. Walls - Anyone else have any final thoughts before we come to a conclusion here?

Mr. Tarachand - I just have a comment. For all these business owners:

#1 I want to thank you again in reading and giving us your input. I myself have a small business. It gets affected, I applaud you for hanging in there and going through these tough times, because if it weren't for the business owners hanging in there will be no employees. Thank you.

Mr. Walls - Any other Board members?

Mr. Eaton - I just would like to say thank you for the opportunity to contribute.

It's nice to know that our thoughts and concerns are being seriously considered and weighed in. And I'm happy to contribute anytime and every month when you have these meetings.

So, I truly appreciate being invited and allowed to contribute.

Ms. Pace - I wanted to say, in addition to there wouldn't be any employees without businesses, there wouldn't be any government without businesses. Where we are staying open and running the state effective in a community where people want to live. And that it is really hard for our businesses to open in a time where a lot of them are going to have to close anyway. Also, that the minimum wage, we've got to remember the ideas from economics that Henry Ford put forward, you have to pay your workers to be able to afford a good product. And that's something that we have struggled with for a long time in this country of making those people at the bottom of the barrel not see the economic excess. They can't change jobs as easily as people can make more money. There's really a balance we're going to veer off disparity. The biggest crisis that ever hit the business community, so there are going to be a lot of businesses that will go under no matter what we do. And we have to think about what is best for the community. I want to say, I'm very much not decided on this issue, and I really appreciate everybody. I want to take your businesses to heart and see what we can do.

Mr. Walls - Just one wrap up thought, there was another issue that Trevor briefly mentioned when Trevor was chatting, that I think it's actually no minor issue, no small issue. Just in the administration of setting a local jurisdiction minimum wage, we don't currently have that structure at all. It doesn't exist in the city of Aurora.

So just the fact of passing a minimum wage in the city of Aurora necessitates the need for either Trevor's department with Tax and Licensing, excise and licensing to take over this sort of labor department issue, or for us to create a whole new division of our government and expand our government just to facilitate the passage of a minimum wage in Aurora. So we're talking about either

stretching Trevor's staff thin in increased job duties, or having to actually hire more employees, further increasing the budget deficit with the city of Aurora and increasing the size of our government, which I know a lot of us are touchy about to begin with.

So I think that those are not small issues that we need to just gloss over, forget about. It's a huge thing to talk about establishing a whole new division of government to administer something like this.

We don't have it currently, and we'd have to create it or put it on top of employees that are already doing too much with the city. So that's my final thought.

We're out of time here but if any of the community members and Council Members that are on the line right now have any final thoughts, possibly Bruce with Visit Aurora, Council Member Gruber, Council Member Berzins, if you'd like to add any thoughts before I table this to the August 10th meeting, we'd hear those now.

CM Dave Gruber – I want to thank you and I wanted to thank the rest of the Business Advisory Board for what you do for us. Having a forum for the business community to talk to Council is absolutely crucial, and I know business members, many of you own small businesses and taking time away from those businesses to focus on a city goal is expensive for you.

So, again, I want to thank on behalf of myself and I think many of the Council Members, I want to thank you for all you do for us.

Mr. Walls - Thank you, council member, council member Berzins. Did you have something CM Berzins

CM Marsha Berzins - Yes, I want to echo what CM Gruber said. We do depend on you and your commonsense mind because you're out in the field. You're the first line and we listen to you or need to listen to you.

So, now I would thank you from the bottom of my heart for what you do and the time that you volunteer for us. But I do want to say that new department that Trevor talked about and Garrett talked about, I think that hasn't been brought up. Adding a whole new division department to the city. That's huge. We don't have the money for that right now. We have unfilled jobs. I don't know how that would work or if it would work. I don't know how you can do it. He can only do what he can do. I know he's a busy guy.

So, anyway, I just wanted to say thank you, and I appreciate you letting us on your meeting.

Mr. Walls - Absolutely thank you.

And with that, I will table the minimum wage issue till our next meeting, which is scheduled currently for August 10th at 11 AM.

Are there any public comments before we adjourn?

Mr. Patel - commented that the August meeting is not on the calendar. Could you send out the calendar invites?

Mr. Walls - So, I'll send out sort of a generic invite first and then I'll populate it whenever we get the agenda and any backup items if Commander Wright or if Trevor have any backup items for that

meeting, I'll add them to that invite as we go along but I will make sure that gets sent out so that you can start planning for that meeting now.

Mr. Walls - Anything else? - Seeing, none, I move to adjourn.

Mr. Fryberger – seconded

Meeting adjourned 12:36

Ok, thank you everybody, we are adjourned

I'll actually be calling around. I'd like to have a personal conversation with each of you over the course of the next 2 to 3 weeks. On the Business Advisory Board Awards and the minimum wage topic.

And any other topics that you guys might want to start to bring up for the rest of the calendar year.

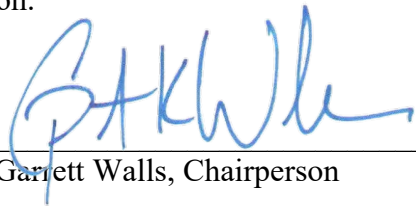
So, I actually want to spend some time with each of you and get caught up a little bit.

We didn't have a chance to do council contact catch up today, so I'd like to do that with each of you and just see how you're doing in this time.

So, thanks everybody.

We'll see you soon.

APPROVED:


Garrett Walls, Chairperson