

MEMORANDUM

To: All _____ employees
From: _____
Date: _____, 2023
Subject: Our use of tip credits and tip sharing

To clarify and improve our existing tip practices and procedures, we are providing you with this memo. As you know from the posters we have displayed where you find all employee postings, a tipped employee is any employee who regularly receives more than \$1.55 per hour in tips (over a workweek or other pay period permitted by C.R.S. § 8-4-103). Tips include amounts designated as a tip by credit card customers on their charge slips. We require employees to share or allocate such tips or gratuities on a pre-established basis among other employees who perform significant customer-service functions in contact with patrons. We do not require such sharing with management or with employees who do not have such duties.

TIP CREDIT

_____ is an employer who elects to take a tip credit under § 3(m) of the Fair Labor Standards Act and Colorado Minimum Wage Order 39, as amended. Such credit is taken for employees who perform significant customer-service functions in contact with patrons such as servers, bartenders and barbacks, server helpers or “food runners,” and bussers, and results in the current Tipped Employee Minimum Wage of \$10.63 (also referred to as your “cash wage”) per hour. [You need to make sure each of the job classes above have constant customer contact] That amount is subject to change each year pursuant to Colorado law. We will make sure that your cash wage and tips are more than the applicable minimum wage and, where less than that, we will make up the difference in the unlikely event this happens. One last item we want to emphasize with the tip credit is that tips are the sole property of the employee, except pursuant to our tip sharing program. Under no circumstances will tips ever become the property of _____.

TIP SHARING

Our tip sharing program includes employees who perform significant customer-service functions in contact with patrons, such as servers, bussers, server helpers], hosts, and bartenders/barbacks. We do not permit employees who are managers or supervisors, cooks, dishwashers, and kitchen or back-of-the-house workers to share in our tip pool.

Our tip sharing program requires servers [Any others who tip out like bartenders?] to tip out as follows:

The above amounts are placed into a pool and then distributed to employees as follows:

Memo to All _____ employees
Re: Our use of tip credits and tip sharing
November 2023.
Page 2

At the end of each shift, servers complete closing paperwork, called checkout sheets, with the assistance of their managers. Managers check the accuracy of calculations, enter them into an Excel spreadsheet in the computer, and then distributes amounts evenly between servers and bartenders on the shift based on total, whole hours worked each.

QUESTIONS

If you have any questions about the content of this memo, please contact your Food & Beverage Director or the HR Director, or refer to the state and federal wage and hour posters located on the employee bulletin boards or other locations where employee information is posted. In the meantime, please detach, sign, and return the acknowledgement below to your Food and Beverage Director or HR Director. Thank you very much.

ACKNOWLEDGEMENT

By my signature below, I acknowledge receipt of the ___/___/___ memo from _____'s management outlining the restaurant's tip credit and tip sharing practices and procedures. I understand that if I have any questions or concerns, that I will direct such questions or concerns to _____'s management.

Employee

Date