

## Downtown East Business Partnership Meeting

January 30, 2017

### General comments:

- I would love to make \$15 an hour. I currently make \$9.50 an hour and make \$800 a month. My rent costs more than what I make in a month. I would need to make three times more a month to pay all of my bills.
- I'm concerned about the proposal, which we're hearing is more than a proposal already. From the restaurant perspective the big issue is tipped income. The only people that would benefit from a wage increase is tipped employees. Tipped employees are our highest paid employees when you factor in tips. Servers make \$25+ an hour. We love our servers, but we want to make it a more level playing field. If the minimum wage goes up we will either have to eliminate servers or add a service charge to make up expense.
- A proposal to raise the minimum wage is a concern. It's not just about \$15 an hour - it's also about creating a void between minimum wage earners and higher level staff. For my company, I would be looking at a \$200,000 plus increases in expenses. We would price ourselves out of the market because businesses will have to increase prices and travelers won't come to Minneapolis anymore.
- We are concerned about "wage compression" where we won't just have to increase wages to \$15 an hour, but raise those already making \$15 or more.
- The City might be looking at this issue the wrong way. The public, who will eventually be paying for this, needs to know what is going on and what the ramifications will be to them as consumers. People are going to have to change their mindset and know that the higher prices they would see would be a result of the increased minimum wage.
- I run a daycare/preschool and already had to increase my rates this year in preparation for implementing the mandatory sick time policy. My employees earn \$9–\$16 an hour and my budget is fixed based on number of kids enrolled. We would have to increase rates again to cover the additional expenses related to a minimum wage increase. Will parents still be able to afford to send their kids to daycare? There is already a 3 year wait for childcare assistance through the county.
- I've been business for 12 years and echo what others are saying. Speaking on behalf of small business owners, there is a big gap in pay between front of house and back of house staff. I'm an immigrant, we fought hard to achieve the American Dream, and we work hard to keep our business. Let's recognize that our tipped workers are the highest paid workers. People don't

want to work for anything near the minimum wage so we already have to pay people more. Some restaurants have done a wage survey and found that servers (with tips included) make about \$26 an hour while the back of house staff makes \$14 an hour. We can't find dishwashers for less than \$12 an hour. If we raise the wage to \$15 an hour without recognizing taxed income (meaning tips), there will ways be inequity.

- I feel like I'm a farmer, I never get paid enough for what I do. We like to take care of our community. When I go to support the local farmer, I feel like I'm creating a job for myself. We cut and prepare everything at our restaurant, and people love to pay a good price for quality food. I have to have a lot of back house staff to prepare food, and we will have to increase food prices if the minimum wage is increased. We also might have to eliminate some employee benefits.
- I'm approaching the topic from a community perspective and want to reiterate the housing need. Increase wages are a need and we need to look at the intersections of poverty and not as wages as the end all be all. If you have an affordable housing shortage, more wages won't matter for that. I would like to see the City redirect funds to help build more affordable housing in the city.
- The tax alone on wine and cocktails is way more expensive in downtown Minneapolis, which drives business to other cities. We'll be sending customers to St. Paul if we have to increase fees anymore.
- Nonprofits are the same and how will this impact them?
- We're pricing ourselves out of the market. Minnesota needs to get on board because people from the suburbs aren't going to come to Minneapolis and pay for parking, higher food prices, etc. They'll just stay home. For the restaurant industry, the labor market is horrific right now, and that won't get better. We still won't have the staff that we need to do the jobs.
- Most people think it should be implemented at a statewide level.
- My company has a certain number of hours that someone has to work to qualify for benefits. If wages are raised, we will have to cut hrs therefore eliminating people who previously qualified for benefits.
- From an employee attraction perspective would this help? Businesses are already competing against each other and still can't find the workers.
- If Minneapolis were to go to \$15 an hour minimum wage, people in suburbs would want to come to the city to earn a higher wage which would thus not benefit Minneapolis residents.
- This will create a disparity with companies that have workers that have multiple locations and where they assign staff.

- My family owns several restaurants and will not locate a business in Minneapolis if the City passes the ordinance.
- A lot of businesses are already paying \$12 an hour or more.
- We already went from \$7.75 an hour to \$9.50 an hour in three years. For front of house, we can't raise wages - \$12 an hour is absolutely the minimum you can pay anyone anymore. If you aren't a good restaurant, and don't treat your workers well, the business will close and workers won't stay. It won't work for the City to come in to mandate something that isn't sustainable.
- The City really needs to be looking at affordable housing, specifically in the context of all of the building that is happening.
- Why won't City Council Members say that total taxable income is considered in the increase?
- Are there other ways to address affordability in the city?
- Hotels have brand standards that they can't deviate from so everything they do is already running at bare minimum. New hotels are coming in and moving towards more automation (i.e. no front desk, just a person with an iPad).
- Is the issue about wages or about social services? I have an employee that can only work a set amount so that they still qualify for services. If the minimum wage is increased I would have to cut their hours so they don't lose benefits.
- I don't think the City is ready to pay me half a million dollars to compensate me for the business income I would lose. We are a capitalist society and the city needs to stay out of what we pay our employees. Do I need to reconsider offering employee benefits, do I need to move to St. Paul, or raise my prices? This would be a terrible mistake. This is outside of the City's jurisdiction.
- As part of \$15Now group, we want to emphasize that we are advocating for a **multi-year phase in** for the wage increase, not \$15 tomorrow.

**Comments in response to what considerations the City should take into account if moving forward on a minimum wage policy:**

- A training wage should be considered as part of any policy. If I have to pay high school student \$15 an hour we will have to eliminate those types of jobs. Automation is also a big issue and jobs are being eliminated. A higher minimum wage will push the restaurant industry to automation and will likely need to the elimination of jobs.

- Minneapolis has a great program called Step-Up (young student's intern at companies and kids get \$10 an hour) - would this proposal impact that program so essentially companies won't be able to hire as many interns? The City should think about exempting employees who participate in training programs like Step-Up.
- Ethically, it would be great to raise the minimum wage. Instead of us changing the way that we do business, can the City find a way to compensate businesses for the change? Could the City lower the sales tax, property taxes, business fees, etc. to help offset the cost increase? Could they consider very targeted compensation for businesses that will be impacted by the wage increase?
- The City should consider a renter's credit for small businesses.
- When gas prices were high people wouldn't travel to Eat Street so a tax break would be great.
- Could the implementation be phased in and/or offer special rate for offering benefits? How can we not just displace the burden back on people at the bottom of the wage scale?
- Would City consider tax breaks for businesses located in the city because they are creating the economy/benefiting the economy?
- San Francisco has a 7 year phase in, and we are not San Francisco or New York. Our standard of living is much lower here. We would need a longer phase in period in Minnesota.
- Thinking of this as an incentive versus a mandate would help. If the city wants to create a better community, then they should have some skin in the game.