

## Surly Brewery Restaurant Industry

February 26, 2017

### General comments:

- I would encourage the City Council to take a long, hard look at Detroit. The failure of that city spread for hundreds of miles. Some of the key levers to that were the increased cost of business. I've own a small business for over three years. There isn't a single cost that's gotten cheaper in that time. It becomes continually challenging to figure that out. A policy like this is like a tsunami that hits every part of that industry.
- I'm here because I haven't made up my mind yet. I have friends on both sides. I want to know how this policy would affect them.
- I'm also semi-undecided. My biggest question is, how are we supposed to compensate higher talent if the bottom is already higher?
- When I was in retail, I was managing a warehouse. Raising warehouse staff costs would drive up our shipping and receiving prices and make us not competitive.
- Why would larger businesses be enticed to stay here?
- Once again, I'm on the lower end of the pay scale. And I don't see any of the businesses I've worked for in the past making this work without finding some loophole. For instance, I'd be making more but I'd be getting less hours.
- I work in St. Paul and I've recently moved into a salary position. But before that, the restaurant was trying to find a loophole so our pay wouldn't really go up if the minimum wage went up.
- I sit on the board of the SW Business Association in Minneapolis. This has obviously been a hot topic for months. One thing I've found incredibly interesting is that no one I've come across is saying anything but how they offset other costs to keep the same percentages they have right now. I will kill myself to keep my 10-12 percent revenue.
- I just had a couple of questions: 1) Do you see indications in other places that the type of business changes? Like small businesses get replace by larger ones? 2) Is there a conversation around pricing people out of county benefits?

- I would like to see what the city could propose to make a better city that doesn't just put the burden on businesses, but on everyone.
- There are a lot of people in our community who won't be affected by this. Why is that? A small business might not be able to give employees what they need. Our community needs to take responsibility for providing people what they need.
- There are a lot of publicly traded companies that call Minneapolis home. If their prices go up, what's to entice them to stay? And then Minneapolis will lose its tax revenue.
- I came here with open ears because I wanted to learn. I would like to know what people's opinion is on Pathway to 15.
- I don't want a policy that's not complied with. Supposedly there's an 84% no compliance when employers consider tips within the \$15 an hour compensation.
- There are restaurants that have tried to do away with tips and that hasn't worked.
- What about making tip pooling legal? The other idea is to raise your prices to account for tipping. That only works in theory.
- I'm pretty 50-50 on tipping. But if you punish your good servers, you're going to lose them. I think tip pooling is a bad idea.
- I think you also have to take into account time-frame. In a tip position, the money you take in fluctuates highly.
- As a front of the house employee, if my employer needs to pay money to get someone up to \$15, I want it to be back of the house.
- We've seen that in states that do have a tip penalty, we don't see reduced disparities between back and front of the house.

**How many of you as consumers are price-conscious enough that you think this could be a tipping point for you?**

- I'm not really sure. I'm a business owner, and we're supposed to predict sales. I think more people are price-conscious than they actually think. But I don't think people are that good predictors of themselves.
- I think sometimes people forget that small businesses are both part of the community and businesses. Sometimes, people forget that. Big businesses are different.

- With the state minimum wage increasing, and sick leave policy, to look at another expectation on the employer's side seems impractical.
- There's a vast inequity between tipped staff and kitchen staff in our business. And people ask, why don't you pay your kitchen more, I come back and ask why you don't pay more to eat out. It's in the structure of the industry. But no one in our kitchen makes \$9.50. So, this increased minimum wage will benefit the tipped staff, who are already making more.

### **How do we address pay inequity?**

- You can encourage people to get better on their own.
- In a tipped industry, we have a situation where a first-month server can make more than a veteran cook. And that's because there are laws that say that a server's tips are their own. Is there a way to redistribute that?

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

- I do believe the minimum wage has to go up in some way. However, the idea of going to \$15 on Monday, there's no way for any industry to accommodate that. For restaurants, you need to raise anyone who's already making \$15 to something higher to keep competitive. So I need to raise prices, and then people don't eat out in Minneapolis, they go to St. Paul.
- Same goes with salary employees, I have to raise their salary too.
- I think it's silly to think that there aren't changes that should happen as a result. If we're going to increase to \$15, that just can't hold true through all industries. I think we have to treat the hospitality industry differently.
- I don't think it's a ripple effect, it's a tsunami effect. We need to raise the minimum wage, it has to be over a long period that you can absorb those changes over time.
- This is viewed as a solution. And we do believe that everyone in our community deserves a good life. But is this the way to do it? How about supportive childcare, housing?
- I work in a tip position. My concern is that since consumers are paying for an increased price, they won't pay me as much. And that would be a huge pay cut to me. I don't have

health insurance. I don't have paid time off. And I'm making that decision because of what I make from tips.

- I know Mayor Hodges has made this a feminist issue. As a woman in this industry, a higher minimum wage isn't going to address the pay gap.
- An issue that comes to mind for me as a kitchen person, is this is going to drive up menu prices. We're going to go to bigger distributors for worse product. It would be hard for anyone working in a kitchen to see that happen, for people who do this work because they're passionate about it.