

Small and Independent Businesses

February 27, 2017

General comments:

- Why isn't the service industry involved in the process? Why does the City feel the need to start conversations without including people that are directly impacted by the issue? We need to be involved in a more interactive way in the process. We need to have an active voice and active participation.
- There is a lumping together of all jobs – tipped workers are not the same as people who work in a hospital setting or youth workers.
- You'll see companies turn to self-checkout because companies are not going to be able to afford employees. So instead of having 4 people working at \$15/hr companies are going to move toward automation which will eliminate at least 2 jobs.
- The IRS considers tip taxable income and that should be considered in this conversation. It will cost our business \$200,000 or more to make this change which is more than we take-in in a year. We would completely lose the restaurant/service industry in Minneapolis as we know it. We support pathway to \$15 proposal because it includes slow implementation period.
- Our staff couldn't care less about their base pay. They make \$20 to \$30 an hour in tips. Our workers will go out to the suburbs. They depend on their tips as wages.
- To do a 57% minimum wage increase overnight just can't happen. The Mayor's talk is tone deaf and it's not accurate.
- There should be a concern, for a long time there was a perception that the welfare was more in this state, I think having a \$15 wage will have a similar impact in encouraging more people to come to Minneapolis to work because of higher wages. Everything you do creates a perception and this is huge in creating a perception.
- Using \$15 as a wage marker, not sure where it came from, but not sure that was from an economist or from a wage study, \$15 in Minneapolis is very different than in New York or Seattle. \$15 is the same as \$10.38 in New York and in San Francisco it's closer to \$10 as well. Because Minnesota has implemented an increase in the minimum wage,

and it happened very fast, also the safe and sick time ordinance, has been a lot in the recent past and has had a big impact on businesses.

- As a restaurant owners in Minneapolis are proud that it's become a great restaurant city, but we would have to close our restaurant if there wasn't some kind of consideration for tipped employees. We would either have to completely change our business concept, and our charm, to become a recession proof restaurant. We would have to either close or move to another city. If we leave the city loses food and beverage taxes and that is huge.
- I want to lay some foundation, my wife and I see what everyone sees this great disproportion of wages/income that's playing out in America with Big Business CEO's taking home lots of money. That's not the case for small business. Increasing the minimum wage will be a very different scenario, often the amount of increase is not as drastic as it would be hear. I also see a difference in automation, and what a small business vs. a big business could automate. The impact on the small and independent business in Minneapolis vs. the big box companies is very different. What big business spends on services is a lot less then in small businesses. There isn't one of us that isn't constantly thinking about what we can do to raise the wage of our workers to help recruit and retain them, but to have the city require this is a big turn off.
- Speak to the fact that the studies aren't conclusive, there isn't one of us that doesn't know our books and see that this will be catastrophic.
- It's outrageous to think that a 15 or 16 year old will come in and make the same wage as someone that has worked for us for a long time busting himself in the business.
- Everyone that works for us is a tipped employee, this policy with respect to small businesses is a solution without a problem. This problem is really more with the Target Fields, I'm a proponent of a living wage, but don't like the way this is being approached. The regulatory environment is already difficult, and this is just an added expense. We're already competing with the market and have to pay more to recruit qualified workers. If this isn't a statewide initiative why would you come to the West Bank for a drink when you could go to the suburbs and spend less?
- I don't understand why they are thinking about doing this. It's really hard for small businesses to make it. The taxes only are hard to pay at the current level. If we have to pay our workers \$15/hr, how much will the employer/owner be able to make? How much will we need to cut our wages?

- I work for one of the big companies' downtown and then I spend my money in my neighborhood. One of the reasons we still live here and spend here is because we need these businesses. I would hate to not be able to host family/friends in my neighborhood. I know that all these people provide great places for their workers to work. Workers seem jazzed to be there. People stay in the same space/neighborhood. As a resident, I wouldn't support anything that would jeopardize my community.
- For a lot of small business owners, we get into our business because it's something we're skilled at or have a passion for it. Often times when these situations arise, it requires us to utilize skills we might not be familiar with. For a lot of business owners, you wind up being pulled in other ways. We don't have HR, we don't have bookkeepers, that's us. Part of my frustration is that we're small businesses and we want to provide what we know to what our customers want. We don't have the buffer of large corporations to tackle these issues. A lot of this is the hospitality industry - we're just scratching the surface with this, we come to this with a passion that then provides an economic base for our city and then we're asked to handle more than we can.
- It feels like an unfunded band aide. How many people in this room think it would be enforced? It's impossible to enforce this and it will be an unfunded/unfair playing field. You'll have to check every business to make sure they are paying every employee a minimum wage.
- This is about family. When I was looking at the categories in the presentation, the \$500,000 distinction is a falsehood, I've never paid my employees minimum wage, and sometimes it means that I don't get paid. I get nailed by the city every time I turn around.
- You're going to lose servers because they aren't going to be paying their employees.
- This will never help any server, ever, it will hurt them.
- We are our own human resources department. Most of my employees are making above minimum wage because I have to hire really qualified people to do the job because we don't have the capacity. We hire immigrants, and there are so many regulations and checks we have to do, it's so much because we don't have a human resource department. I go to coffee shops and restaurants to do my business, if they have to pay more, then I have to pay more, and we need to think about all of the consequences.
- If wage goes up, then tips go down, I'll lose my job and I live alone and have to support myself.

- People forget that we're also the people, we're buying gas/groceries, etc. If we lose money we have to start dipping into savings, we had to take out a second mortgage on the entirety of our home. If the risks of starting a business become even greater then less people will start businesses. One thing this conversation does it pit business against workers – that is a false dichotomy – there is a benefit to business and to workers. If benefits come to everyone then why is it that only the low wage worker, or the small businesses, that have to bear the burden of the decision? We need lower childcare costs. Raising the wage doesn't take care of this.
- I'm concerned about the number of retail stores that have come into the area, they have certain retail wages that they need to make to sell their products. I would hate to see independent businesses lose. If those stores go away then I'll have to go to the mall or big box stores. It seems like it's the big box stores that should have more responsibility. If they are getting tax credits that aren't provided to small businesses that is unfortunate.
- The \$15 mark has been set by people that are angry by big box companies and now they're trying to penalize small businesses. Why the proposed minimum wage based on profit, revenue isn't fair.
- Very few remodeler contractors are located in the cities, it's a harder business. What happens when they get job offers in the city, I'm going to pass on the opportunity, because it's not worth the added wage expense. I think that is going to have an effect on the economy.
- When you see how the changes have been handled in other places, like Seattle, when they decided who it applied to, they said if you have 40 businesses or more throughout the country then it applies to you. The \$500,000 revenue mark has no correlation to your ability to pay.
- It feels like there is really a drive within the city to push the \$15 wage since all of us voiced our concerns about this last year.
- Going back to Safe and Sick Leave and the proposed 30 day calendar, there was talk about tailoring it to certain revenue thresholds, but we lost sight (people in govt) that it should be tailored to industry as well. It seems like its cursory interest that you want to talk about tailoring to industry. The hospitality industry is really unique in terms of scheduling, pay, and economic distribution. I don't think we can create a blanket wage scenario without considering industry.

- This issue is multi-faceted, I work as a server who works in fine dining, I don't care about my paycheck, give the pay to the kid at Wendy's or the back of house staff. I have great employers, but let's talk about those employers that are stealing wages and not good employers.
- We need to pull PCA's out of the conversation and wage discussion. We don't have enough PCA's.
- Minneapolis has a history of not being hospital to small businesses. My parents owned a business and finally had enough and closed. You are going to put businesses in the situation, where the results don't translate to our community. There are so many things to consider, I don't think a blanket solution is going to solve anything.
- How should the recommendation are worded, and how they're laid-out, is really important. If we are specifically talking about service industry, if you're an owner making a 5% profit is great, making 10% doesn't happen.
- In terms of the dollar level of sales and revenue – it doesn't say a lot about their ability to pay. Let's say you are in a 3% margin restaurant, and that it was million dollar restaurant, but more than 97% went to other people. There really seems to be a lack of understanding about the economic engine these businesses are. It's mind boggling to see how many other industries restaurants touch.
- I'm looking to buy a shop for my business, but I'm not sure I want to locate in Minneapolis, because it's like the city is business hostile. I don't ever feel like – "Oh, the city just did something great for my business". Is the city willing to pony up and share some of these costs?
- I have chosen to be in the service industry since 1993. I'm definitely not in it for the money. I can't think about making \$15 an hour. If we lose my restaurant I would be heart broken. I've seen restaurants expanded and I would hate to see us loose them.
- I saw Mayor Hodges blog post and found it to be very misinformed when she mentioned a tip penalty. To take that tone really makes me angry. The language about sexual harassment, and slavery is very untrue. If a tip credit is considered they should know that what Mayor Hodges said is not true.
- The challenge to staff is that the City Council and Mayor have already taken a position on the issue. I wish they wouldn't have said anything because does it really matter what staff says? In the hardware business, if you make 2% profit, it's a good year. This is lower than the grocery industry. I looked at our numbers and moved everyone up to \$15 and

then proportionally up. It would mean a 21% increase in payroll (in addition to sick time). I would have to increase my prices by 5%. I don't think the retail stores have that option because people have options on where to go to buy products and the small stores will lose.

- The general feeling that I'm getting, is that most of the council is supportive of this. Knowing that this is an election year, and that many have come out aggressively supporting this makes me nervous. So this really is on the table right now and something is going to happen it's just a matter of when.

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

- We have a cook that has been with the restaurant since day one. He makes a dollar over \$15 an hour. He's earned his raise every year he's been with us. We love this employee like family, to basically have "Johnny we don't know if you are going to work", making a dollar less than this cook is not fair. The guys in the back of the house are earning and deserving of their rate. As businesses, we're always looking for ways to pay our employees more.
- One way you could address it is by pooling of tips, but that is illegal, and I don't think it's a good idea. I think we're the only state that doesn't have a tip credit and allow pooling of tips.
- We live essentially in a non-franchise environment, we are our everything. We can't rely on the franchise to cover a loss for us.