



February 1, 2016

Senator Michael Dembrow Chairman
And Members of the Workforce and Economic Committee

I am writing this letter to express my opposition to the current effort to increase Oregon's minimum wage.

Being involved as a commercial berry grower for over 40 years and frozen fruit processor for nearly 20, I view an increase, at this time, to put intolerable pressure on our industry. Any of us in the nationwide or international markets will be unable to pass along increased costs to our markets. Even if we could pass these cost we would witness a law seen in Economics 101.....increasing prices lowers our sales, profitability and work force.

I am a co-owner of Calyx Fruit LLC, one of Oregon's largest producers of blueberries. We operate in a world market with prices we must match, determined by producer/processors operating outside out of Oregon and, to even a greater extent, our U.S. borders. One of our greatest input costs is the temporary labor needed to staff, not only our processing facility, but also our farm seasonal employment needs. Our main competitors, both for our domestic and our international customers, come from Chile, in South America, but also Canada. With Chile's minimum wage of approximately \$2.60 and Canada's of \$7.25 (adjusted to USD), we already have a huge disadvantage. As well as our labor costs being high in the blueberry marketplace, we are in no better place to utilize economics of location for our domestic sales as it costs the same amount per pound to get our berries trucked to Los Angeles, the center of frozen fruit repacking, as it costs Chile to get their berries to L.A. in a frozen shipping container. With our costs increasing at a much higher rate than our competitors, comes as no surprise to me to be able to count only about six frozen fruit processors in Western Oregon when 30 years ago there were nearly 20.

I'd like you to consider a model of a typical business "pie chart" graph of our expenses. When my business is forced to make a large pay increase to my temporary employees, who primarily are paid minimum wage, as I'm unable to increase my sales price due to my international market, I am left with no other option other than to deny the type of wage increase to my permanent employees who have been in my employ for decades. The result is that I am unable to make truly adequate living wages for the people who have dedicated their lives to the success of the farm and plant.

While I enjoy working with our employees, as labor costs rise, I am left with no choice other than to look at mechanizing to reduce the impact of these increases. High tech equipment is more and more available to allow us to reduce our employment needed to operate our farm and plant. Envision with me please a photo of today with 10 people on a fruit sorting line. It doesn't take the reduction of too many people to offset the expense of a machine to do the same work. Next year's picture will most likely show fewer people doing the same work if a substantially higher minimum wage bill is passed.

Thank you for your attention to my concerns. Those of us in a truly world market have much different considerations than those businesses operating in an environment where there exists the ability to raise their product prices.

Sincerely,

Phil Olson

Co-Owner Calyx Fruit, LLC

Salem, OR