

Dear Oregon Legislators,

I am writing this letter to encourage you to **vote NO on the proposed minimum wage increase**. Please take the time to read my story and learn of the potential effects Senate Bill 1532 will have on my business and more importantly my employees, guests, and community. My family and I own a small seasonal business in Central Oregon, we have 34 year round employees, 5 are part-time college/high school students and 29 full/part time employees and we will hire 35-45 seasonal peak time employees. Like I said our business is seasonal and over the years we have learned that it is important for the success of the business during the peak seasonal times that we employ more staff than necessary in the off season. This is very expensive, but as I said we have learned that this is necessary to have a successful peak season. I take my responsibility as an employer very seriously, my employees are my family and as such I make every attempt to ensure that every staff member has what their family needs to be happy and productive. I have gone to suppliers and put together food baskets to provide Thanksgiving and Christmas dinner for my staff during the economic downturn because I knew I was not able to provide enough income for them to enjoy the holidays without spending money they didn't have. We are not alone most of the business owners in our small community do similar things to make sure that their employees are taken care of not just in the best of times but at all times. My family is not greedy nor are my fellow business owners, I say this because if you were to turn on the T.V. and watch any of the political rhetoric you would believe that everyone that owns a business is filthy rich and takes advantage of poor hard working people. Sure there are some bad people out there that do these things, I am not one of them nor will I ever be one of them, again I take my responsibility as an employer very seriously. All that being said I would like to show you the impact this proposed legislation would have on my business and more importantly on my employees and guests. Simply put, before you propose to implement a law that will drastically affect how I run my business and the financial well-being of my employees, you need to understand my business. This is why I am writing to you today, the fact that Bill 1532 passed the Senate, it is obvious that our Senators do not understand my business or others like mine. In fact it is obvious that they voted on ideology and not based on input from honest economists and business owners, this vote was simply an emotional vote not a fact based vote. I could quote and attach links to all the various economists and studies that have been done that show over history that in fact 78% of minimum wage increases have resulted in loss of jobs and decreased hours worked by the very people the increase was intended to help but you have access to that information and should already know the results of these studies.

Below you will see the impact that the proposed increase will have on my restaurant, I will not go into the argument of how anyone justifies a 45% wage increase, let that sink in for a minute 45%.... As a restaurant we have multiple employees that work for an hourly minimum wage plus tips and then a varied wage scale based on performance and time on the job. In the past we have been able to adjust all hourly wages as the minimum wage has gone up, but a 45% increase is just not manageable. Here is where the problem is, how do I not raise all of my employee's wages? If I do not, the resulting inflation of a 45% hike in minimum wage would wipe out their ability to take care of their families, I cannot allow that to happen, I cannot allow

a person that has worked for me for several years that understands my business and it's needs to make the same as a person that is just starting. How would I ever justify that? If I could pay my employees more I would, I can't, we just got through the worst economic crisis our country has seen since the Great Depression. I and many of my fellow business owners were on our last breath I don't have my savings built back up to weather another downturn and I surely cannot build my savings with a 45% increase in minimum wage. In fact I would argue that this will cost me tens of thousands of dollars in the process of figuring out how to balance the additional costs with price increases and menu changes.

Below in Table #1 you will see a breakdown of my costs for 2016 as well as a projected increase of 15.32% facility/other costs with the increase in minimum wage. As you will see to cover the additional minimum wage and facilities costs my restaurant needs to see an increase in sales of 15.37%, this is breakeven at the EBITDA line, this means there is no money for the non-managing members of the llc, there is no money to repay debt or to take on new debt to expand or to grow, there is no money to replace old equipment, there is no money to repay investors/owners, there is no money to re-invest. I repeat I need sales to rise 15.37% in an industry with a standard of 2.5% year over year sales increases. So I raise my menu prices, Table 2 shows the minimum I have to raise prices to breakeven.

	2016	2016	FUTURE	FUTURE	Necessary Sales Increase
Sales	\$2,154,000		\$2,485,000		15.37%
Food & Bev COGS	\$731,505	33.96%	\$843,914	33.96%	
Labor	\$772,823	35.88%	\$982,031	39.52%	
Facilities/ Other Costs	\$571,177	26.52%	\$658,948	26.52%	
EBITDA	\$78,495	3.64%	\$107		

Menu Category	# Sold	Price Increase	Additional Revenue
Burgers & Sandwiches	42025	1.79	75224.75
Entrees	19550	1.79	34994.5
Appetizers	28425	1.79	50880.75
Salads	26850	1.79	48061.5
Draft Beer	39350	1.79	70436.5
Wine	14000	1.79	25060
Liquor	13850	1.79	24791.5
	184050		329449.5

Yes you are reading that correctly to make up the additional costs every single item on my menu would have to increase by \$1.79 this includes a pint of beer! This does not seem like much but it assumes that all of my goods remain the same cost, that none of my suppliers will have to increase the cost of the products sold to me to pay for their increased costs. Anyone that understands the economy knows this is not going to be the case, all of my suppliers will have increased costs from labor and facility charges to the products coming in their door in addition to their own increased costs. I used a conservative figure of 10% increase on all goods coming in the door, remember the wage increase is 45%. As you will see in Table #3 and Table #4 this changes things drastically, let's start with the necessary increase in sales, a whopping 38.07% again in an industry that historically grows at a rate of 2.5%. This leads to Table #4 and resulting price increases of \$4.45 on every single menu item! That means you can have a plain burger for \$14.95 and a pint of one of Oregon's finest craft brews for \$10.25, in other words lunch at your favorite brewery/restaurant increases by \$8.90! How does this help anyone in Oregon? I don't begin to pretend I know everything about the average consumer in the state of Oregon but I can speak to the consumers in my area. The average consumer in Sunriver during non-peak periods is on a fixed income and will not benefit from the 45% increase in minimum wage and will be priced out from dining out, my employees will not be able to afford to go out to dinner in fact most people will not be able to justify spending that amount of money on a simple burger and a beer. Which brings me to the worst case scenario, what happens if I don't see the increase in sales these tables show to cover the increase in costs due to the large price increases, after all there are simple principles of economics at play here and raising prices does not increase volume of business in fact it's the exact opposite as the price of a good or service increases the demand of such good or service decreases.

Table 3 Assumes An Increase In Facilities & Other Costs, 10% Increase In COGS Due To Supplier Increased Costs						
		2016	2016	FUTURE	FUTURE	Necessary Sales Increase
	Sales	\$2,154,000		\$2,974,000		38.07%
	Food & Bev COGS	\$731,505	33.96%	\$1,203,239	40.46%	
	Labor	\$772,823	35.88%	\$982,031	33.02%	
	Facilities/ Other Costs	\$571,177	26.52%	\$788,617	26.52%	
	EBITDA	\$78,495	3.64%	\$113	0.00%	

Table 4: Price Increase To Cover Table 3 Costs			
Burgers & Sandwiches	42025	4.45	187011.25
Entrees	19550	4.45	86997.5
Appetizers	28425	4.45	126491.25
Salads	26850	4.45	119482.5
Draft Beer	39350	4.45	175107.5
Wine	14000	4.45	62300
Liquor	13850	4.45	61632.5
	184050		819022.5

This brings me to another issue that I know has been discussed but has had no resolution as you will see in the following table, Table #5 this table shows you the average hourly wage as well as the hourly wages for all of my serving staff for 2015 including the total number of hours worked for that employee. You will notice that my tipped employees make an average of \$25.27/hour, under the new minimum wage this goes to \$29.52/hour. How does anyone justify that someone making over \$25/hour needs to have their wages increased by 16.82%? Have you ever received a raise of 16.82% while still performing the exact same job with the exact same responsibilities? I have not, nor have I ever heard of anyone in my industry ever receiving such a wage increase. To put this another way 80% of my net profit this year would go to pay employees that are currently making an average of \$25.27 per hour, how does anyone justify that?

Table #5 Server Wages + Tips / Hours Worked = Avg Hourly Wage						
	Wages	Tips	Hours	Hourly Wage	New Hourly Wage	Additional Cost
Ashley S.	\$13,592.96	\$24,535.56	1436	\$26.56	\$30.81	\$6,101.23
Kelsey S.	\$1,239.66	\$2,244.01	134	\$25.99	\$30.24	\$569.57
Haylee P.	\$6,169.12	\$6,710.32	738	\$17.46	\$21.71	\$3,134.80
David P.	\$3,867.85	\$6,880.08	531	\$20.24	\$24.49	\$2,257.05
Kimber P.	\$3,330.48	\$5,100.65	359	\$23.50	\$27.75	\$1,524.62
Megan P.	\$3,892.71	\$6,036.29	425	\$23.37	\$27.62	\$1,805.52
Kayla P.	\$11,065.64	\$16,915.59	1228	\$22.78	\$27.03	\$5,219.78
Jocelyn P.	\$1,591.30	\$2,322.46	176	\$22.26	\$26.51	\$747.08
Dana M.	\$2,308.08	\$4,483.81	244	\$27.84	\$32.09	\$1,037.00
Duke M.	\$1,388.12	\$1,900.70	150	\$21.92	\$26.17	\$637.79
Paul M.	\$6,789.31	\$12,649.77	750	\$25.91	\$30.16	\$3,188.09
Josh L.	\$13,179.24	\$20,701.67	1462	\$23.18	\$27.43	\$6,212.34
Kit K.	\$3,334.80	\$7,720.31	360	\$30.67	\$34.92	\$1,531.78
Emily J.	\$5,536.27	\$12,303.96	531	\$33.62	\$37.87	\$2,255.54
Evan F.	\$9,624.48	\$21,247.89	1051	\$29.37	\$33.62	\$4,467.96
Jake G.	\$2,793.16	\$5,827.20	300	\$28.74	\$32.99	\$1,274.93
Cole B.	\$4,593.48	\$9,199.97	453	\$30.46	\$34.71	\$1,924.35
Will B.	\$16,361.99	\$23,931.35	1467	\$27.46	\$31.71	\$6,235.27
Sam B.	\$9,583.40	\$19,318.09	1043	\$27.71	\$31.96	\$4,433.46
Brooke A.	\$5,276.67	\$6,644.68	665	\$17.93	\$22.18	\$2,825.25
Crystal A.	\$13,099.73	\$19,708.89	1379	\$23.79	\$28.04	\$5,860.21
				\$25.27	\$29.52	\$63,243.64

In closing I again urge you to stop and think about the repercussions of a 45% increase in minimum wage, consider what has taken place in Seattle as they are struggling with

the changes. It is my understanding that restaurants are indeed closing, restaurants that have been in families for 3 generations are closing. Front of house employees that were making well over \$15/hour are having their tips taken away and their wages lowered to \$15/hour, that's a loss of over\$10/hour! Surely there are other solutions to help the 8% of Oregonians that currently make minimum wage that won't negatively affect 100% of Oregonians. Please understand if the increase goes through there will be jobs lost at my company, there will be a negative impact on all of my employees, there will be an impact on my ability to grow and expand my company, there will be a major impact on my community. Please leave the survival of my business in my hands, our employee's hands and our customers hands. As much as we appreciate your efforts we really do not need you getting involved in something you haven't had the time or experience to fully understand how this will impact EVERYONE. I leave you with this quote from Abraham Lincoln "You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot further the brotherhood of man by encouraging class hatred. You cannot help the poor by destroying the rich. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves."

Respectfully,

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