



MINUTES

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, June 7, 2018, 8:30am-10:30am

University of St. Thomas, 340 Anderson Student Center

2115 Summit Ave, St. Paul, MN 55105

Committee Members Present: Co-Chair B Kyle, Co-Chair Rick Varco, Mr. Bob Brick, Mr. Samuel Callahan, Mr. Dillon Donnelly, Mr. Paris Dunning, Mr. Matt Gray, Mr. Doug Hennes, Ms. Mary Hicks, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez Moore, Mr. Oscar Murcia, Ms. Kera Peterson, Mr. Sam Peterson, Ms. Pang Vang.

Members Not Present: Mr. Barry Gisser, Mr. Jon Grebner, Mr. Matt Halley, Ms. Sarah Kopp-Reddy.

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Thomas Durfee, Matt Byrne, Snowden Stieber.

Citizens League Members: None.

Community and Observers: Lyly Vang-Yang, Owyn Ferguson, Shannon Watson, Natalia Madryga, Celeste Robinson, Yingya Vang, Elizabeth Dickinson, Melanie McMahon.

Proposed outcomes for this meeting

- Review study committee charge and proposed goals
- Receive community input
- Receive follow up on research questions posed last week
- Hear from owners of small businesses.
- Discuss information received and confirm additional information needed
- Agree on next steps

MINUTES

Co-Chair Kyle called the meeting to order at 8:32 a.m.

WELCOME

Co-Chair Kyle opened the meeting, welcoming the guests and committee members, and directing guests to the sign-in sheets. She reminded the room to silence phones and avoid use of social media during the meeting, and then reviewed the proposed outcomes for the meeting (see above).

Co-Chair Kyle reviewed the charge for the Study Committee. She asked the committee if there were any questions related to the Committee's charge.

A committee member commented that issues of implementation (deadlines, consequences for noncompliance, enforcement), while not explicitly mentioned, should be part of the committee's charge. A Citizens League staff member told the committee that even though these matters might not be included in the original scope given to them by the City of St. Paul, the committee's recommendations on the matter could certainly be included in the final report.

The committee reviewed the minutes from the previous meeting. A committee member asked to amend the minutes and pointed out that in the portion where they had discussed a report on poverty rates, the minutes stated "22.3% of all St. Paul workers" were at 100% of the federal poverty level. The member asked the minutes to show that 22.3% of all St. Paul residents were at that poverty level, not just workers.

Another member asked the minutes to be amended to accurately show the time and date for the Community Engagement Session that occurred later that day.

A CL staff member announced that WCCO would be sending a camera to film the meeting, and that the reporter asked if any members would like to be interviewed on camera after the meeting. The staff member clarified that no one is required to be on camera and that the CL would ensure that the cameras respected the members' wishes. They also said that two members of the committee had already interviewed with WCCO.

A committee member asked if the Citizens League was actively inviting press to meetings. A staff member said that they were not actively reaching out to anyone, but that the topic was attracting a lot of press attention.

Motion to approve the amended minutes, seconded. Motion passed.

COMMUNITY RESPONSE

There were 11 submissions from the community this week. Co-Chair Kyle asked the committee members to encourage their own communities to submit comments. Co-Chair Kyle clarified the meaning of some terms in one of the comments, including "precariat" (a social class made up of people without security or predictability) and "persiflage" (slightly contemptuous mockery and banter). The committee was given some time to review the comments.

Co-Chair Kyle asked a CL staff member if there is a process for how the committee should respond to these Community Responses. The staff member said that CL was not planning on responding to any comment in particular, but if the committee wanted, CL would be happy to issue responses. The staff member said that the purpose of the Community Report was to inform the committee members in their work, and that responses were not necessary. Co-Chair Kyle thought the comments were asking really good questions, and were worthy of the members' time, and asked committee members to commit to reading and thoughtfully considering all the comments. The CL staff member said that CL will distribute the Community Report on Monday of the week, to allow the members to consider them before the next meeting. Another CL staff member said that staff will include a single-page summary of the inputs to accompany the verbatim comments.

A committee member said that they found comment #2 of the Community Report interesting, and hoped that the upcoming panel would highlight what the costs of running a restaurant are like.

Another committee member said that many of the comments were related to topics that this committee had previously discussed. They also found the comment related to workers with disabilities upsetting. The committee member felt like the City of Minneapolis did not consider these issues as fully as this committee and the City of St. Paul are doing. They also said that they think there is a distinct trend of restaurants that are closing. They thought the comments all showed that carve-outs are important, and that painting with a single brush like Minneapolis did is not the best way forward.

Another committee member said that they too found the disability comment interesting, and they would like to learn more about the issue of discrepancy between federal funding and wages for certain jobs. They said that while they understand the general problem, there is a lot more to learn about the issue.

A committee member said that the committee has not considered unintended consequences. They point out that when employers reduce positions in the future to comply with new wage laws, workers with disabilities will likely be the first people to be let go. The committee member said that they feel that this issue has not been talked about enough.

A committee member said that it is dangerous to extrapolate too much about why restaurants are closing, as there are a number of reasons why they may close.

Another committee member said that they appreciate the comments that acknowledge the complexity of the issue. They said that there is a lot of complexity about running businesses, whether it be a restaurant or a Medicaid-supported business, and that workers are facing a number of complexities as well, including finding housing and services. The committee should balance and honor all of these complexities.

A committee member said one of the aforementioned closing restaurants had made clear on social media that they did not have to close because of an impending \$15 minimum wage. The member said that anecdotally, they had shifted their choices from bars to brewpubs, and that those kinds of changes can have a big impact on a food establishment. The committee member asked if the panel members today would be discussing the tip credit/penalty, or if that would be reserved for future meetings. A CL staff member said that the panel would not be diving into that issue, but would focus on restaurant/business operation.

Another committee member said they thought that the owner of 14 McDonald's franchises in St. Paul should recognize that the McDonald's workers are the reason for the owner's success. The committee member said that they work on a crew at a McDonald's and that it was sad that the owner felt he couldn't afford to help these workers out with a higher wage.

THOMAS DURFEE

Mr. Durfee addressed two questions: about who earns the minimum wage, and trends in prices.

Durfee said he used data from the American Community Survey, which has been previously used by the Roy Wilkins Center. It takes a random survey of people, which is useful for population level analysis. The most recent version of ACS data available is from 2016, and

since they don't provide the specific details of residence, Mr. Durfee's analysis used "place of work" as a fairly accurate proxy for a city's residency. Mr. Durfee said that these things are in flux, but as a general trend tool, the ACS is an "okay" tool. The question in the survey is designed to ask about year-long earnings, so Mr. Durfee took the total earnings and would divide by the self-reported number of hours worked to determine the hourly wage.

Race is self-reported by the heads of the household, and Mr. Durfee used the broadest racial categories available in his analysis. Mr. Durfee presented a chart of his research to the committee and included a paper copy in all of the members' packets.

Mr. Durfee said that, among his findings, white workers are a smaller share of workers earning under \$15 than their share of the broader population.

A committee member asked Mr. Durfee if his analysis includes workers who are currently out of the workforce. Mr. Durfee said the analysis is only of those who are currently working. The committee member then asked for clarification on what the "under \$15" metric really means. Mr. Durfee explained that it meant people who earned \$15/hour in 2016, and the wage is determined by dividing annual income by weeks worked and by hours worked, and that this data reflects workers who reported income in 2016, but does not include retired workers or children or nonworking people.

Co-Chair Kyle asked Mr. Durfee for a table that would show the percentage of workers in specific racial groups that earn under \$15. Mr. Durfee said he would be happy to do it.

A committee member said that it looked like the Latino people were being counted as white in the presentation. Mr. Durfee presented another slide related to ethnicity, which was distinct from race. The data, included in the committee members' packets, showed the breakdown of Hispanic workers. Mr. Durfee said there were several groups with only a handful of respondents, so he made a cut off at those groups who were below 1%. Mr. Durfee then presented a slide analyzing minimum wage workers by citizenship.

The camera crew came in and a staff member asked if people had objection to being on camera but not audibly recorded. No objections.

Mr. Durfee went into the trends of prices for comparable metropolitan areas and comparing St. Paul to other cities. He used the Consumer Expenditure Survey (CES), which tracks major metropolitan areas and asked respondents how much they make and how much they spend for a specific basket of goods and services.

The Minneapolis-St Paul area is, on average, in the top half of earners and also in the top half of expenses. As a caveat, however, Mr. Durfee said the CES does not do a very careful job of comparing what certain expenditures mean in certain metropolitan areas. As an example, Mr. Durfee pointed out that there are a large number of lakes in the Twin Cities area, which could lead to higher amount of lakefront property, which in turn could lead to higher housing prices and expenditures. Another example is that Dallas buys more trucks and New York City buys more hybrid automobiles. None of these geographical qualities are captured by the CES. Given that caveat, Mr. Durfee said that the surveys show that areas with high minimum wages tend to be associated with areas that are higher in expenses and income.

When Mr. Durfee looked at the Consumer Price Index (CPI), he said that trend wise, if you look at changes in price, Minneapolis has had relatively stable prices, while Seattle and San

Francisco have had increases in prices. Overall, however, it is a mixed bag, as other cities like Boston and New York City have also had stable prices. Mr. Durfee said it's hard to say if a price increase is caused by a minimum wage increase or if the wage increase is itself a response to rising prices. There is a relationship between prices and wages, but it is not clear which is affecting which.

Co-Chair Kyle asked, in the interest of time, for Mr. Durfee to provide the committee with any bottom-line observations or over-arching conclusions that he had drawn in his analysis. Mr. Durfee said that he had found recent immigrants and Latino workers are more sensitive to changes in the minimum wage. He said that not only were Latino workers more likely to earn less than the \$15 wage in Minneapolis, but that they also tended to be grouped closer to the bottom end of the wage range. He said that St. Paul is similar to Minneapolis in this issue.

Mr. Durfee said that using the minimum wage to address racial concerns is a very sticky legal situation, and that there is a legal obligation that any effort by an entity to address past racial disparities must be narrowly tailored. Therefore, he is reluctant to offer any assessment on the usefulness of minimum wage increases to address racial inequality.

A CL staff member said that one of the members of the small business panel had to leave in order to open up his business. The panelist, in fact, had already left.

Co-Chair Kyle said that the question is "what problem are we solving for?" Racial disparity solutions are difficult and might be beyond the scope of what is possible with a minimum wage. She asked if there were any observations from the data on cost-of-living comparisons and how they relate to setting a minimum wage. She said that while looking across the country is helpful, each community is different, so the solution may be different. Mr. Durfee agreed.

Mr. Durfee said he looked to the CPI for more insight, but he still found a mixed bag. He said that for Minneapolis it will be two years before he had their data, but that he's seen varied results nationwide: Seattle had an uptick in prices, Boston had no uptick.

PANEL

Co-Chair Kyle welcomed the panel to the committee meeting and asked them to introduce themselves.

Tony Chesak is Executive Director of the Minnesota Licensed Beverage Association (MLBA), a nonprofit trade association in existence since 1953. Their records show they are the largest hospitality trade association in the state, representing license holders at the local, state, and federal level. Mr. Chesak said he has worked for the MLBA for 17 years.

The next panel member is Jerry Blakey, owner of Lowertown Wine & Spirits, a full-service liquor store in downtown St. Paul.

The last panel member is Elinda Suarez, owner of Taqueria Los Paisanos, a Mexican restaurant in St. Paul near the Mexican consulate.

A CL staff member said that there were a few other business owners, including some ethnic and immigrant owners, scheduled to appear on the panel who were unable to make it at the last minute. The staff member asked the panel members to talk to their experiences as small business owners.

Mr. Chesak said that his presentation was incomplete, as he had relied on the now-absent small business owner's personal stories to dovetail with Mr. Chesak's statements. He said that the owner could return next week to complete the presentation. Co-Chair Kyle asked if Mr. Chesak would send a copy of his presentation to the committee. He said that he would be happy to send along his part, but he was unsure if the small business owner could, since his notes were hand-written.

Mr. Chesak read from a written statement, saying that microbusinesses represent 7-8% of small businesses in the United States, and that there were \$9.7 billion in estimated sales in the hospitality industry in Minnesota in 2017 and \$800 billion in restaurant sales nationwide. These are big numbers that affect our economy, fill up storefronts, and bring communities together. MLBA has been working with the 480 St. Paul business owners they represent to comply with a possible minimum wage rate hike. There is a growing awareness of the issues across the state, and the City of Minneapolis's hike is already impacting businesses in the city. The only difference in treatment between small and large businesses in Minneapolis is the length of time to implement the \$15 per hour wage. Mr. Chesak said that exceptions are still being added to the Seattle minimum wage, because the City is realizing that additional carve-outs are needed. St. Paul has an opportunity to attract the best chef-driven restaurants and the opportunity to attract businesses on a large scale. He said that the owner of the Loon Café has committed to opening up a new restaurant in St. Paul once server pay is included in the ordinance. Mr. Chesak said that St. Paul has an opportunity to be a hot-spot for new businesses if it handles the matter differently than Minneapolis.

Mr. Chesak mentioned several prominent Minneapolis restaurants that have already closed down due to added labor regulations and increases in the minimum wage. He quoted the owner of La Belle Vie, who stated that restaurants have been teetering ever since the minimum wage increased without tip credits. The owner's quote also stated that, due to the minimum wage increase, he was required to give raises to employees that were functionally making \$25 an hour.

Co-Chair Kyle told Mr. Chesak that the committee intends to have a separate discussion around the tip credit, and that today is about hearing his perspective on matters aside from the issue of tip credits.

Mr. Chesak mentioned that there were already several St. Paul restaurants that had recently closed due to negative profits and that it was a myth that restaurants were raking in cash at the ownership level. He said that the St. Paul minimum wage movement had largely the same people who were successful in passing the Minneapolis ordinance. Mr. Chesak said that while it was assumed that the movement would also be successful in St. Paul, there was an opportunity, by working within the Citizens League and the St. Paul City Council, to create exceptions and an ordinance that better suits the needs of small businesses. It will also require small businesses to communicate with each other and with public officials to advocate for these exceptions.

He said that the MLBA had begun to create an overarching strategy to carve out exceptions that will help its members and small businesses. Mr. Chesak said the MLBA is gathering data on possible price increases and effects to the bottom-line from a proposed minimum wage increase. They also have an objective to collect, by numbers, what exactly is going to happen to liquor license holders.

Mr. Chesak talked about his experiences when the MLBA opposed Sunday sales and mentioned that many of the license holders the MLBA represented were afraid of sharing their views, since magazines would publish their locations in an attempt to deter shoppers from frequenting the stores. He fears that license holders are afraid to share their views now. Mr. Chesak said he does not know of a single restaurant that is making double-digit profit margins and that he thinks every liquor license holder makes well below 10% profit margins. A wage increase will increase the price of goods, which will affect the bottom line prices. Mr. Chesak said that while comparisons between cities can be important, each city is different, and he was glad that Mr. Durfee would be researching the specifics of St. Paul.

He said that MLBA does not have greedy owners in its membership and that they wanted to employ as many people as possible. Mr. Chesak said that several establishments in Minneapolis have already gone to electronic versions of employees instead of having full staff, with cuts as large as 10-15%. These staff cuts are not what the hospitality industry is about, where they hope to employ as many people as possible.

Mr. Chesak thanked the committee for its time.

Mr. Blakey testified next. He said he employs five other people. He said he wouldn't be able to employ all five people at \$15 per hour, given his margins. Mr. Blakey said his profit margins are 7%, his rent increased 3%, and his insurance went up 30%. In order to address a \$15 per hour minimum wage, Mr. Blakey said he would either have to lay people off and make the remaining staff work longer or hire more people and give them fewer hours. Although he appreciates the goals of the minimum wage increase, Mr. Blakey said that it will not work in practicality. He said that, while he needs his employees, he does not think he has a job in his business that is worth \$15/hour. Mr. Blakey's employees have told him that affordable housing and health care need to be addressed more than the minimum wage. He said one of his employees didn't want \$15/hour because it would cause them to lose their benefits and that they would have to quit.¹ Mr. Blakey asked the committee to be sure to hear from business owners. As a person of color, Mr. Blakey has had to work from the bottom to where he is today. No one has given him anything and he has had to work for his success. His staff is currently two black employees, a white employee, and a Native American employee. If the minimum wage increases, Mr. Blakey thinks he would have to let go of the two last employees he hired. One of the two is an African-American male who has custody of his two children and loves working for Mr. Blakey and the second employee would be a Native American woman. Mr. Blakey closed by reiterating that the \$15/hour wage would not make his business viable.

Ms. Suarez spoke next. She said she opened her business almost 15 years ago. It started as a small business with family members, but soon they needed to hire people. At this time, there are 15 employees, including herself. Most of her employees have been with her for over 10 years. Over that time, none have been paid a \$15/hour wage. With the increase in Minneapolis, the workers are pushing her for more money, since they are a little more confident, and she has tried to answer their requests with some raises. She said that last year, however, labor costs became 35% of sales.

Ms. Suarez said that there are some immigrants who do not speak English or who were not able to come that share her feelings. Her small business cannot afford a \$15/hour minimum wage.

¹ This is an example of the "benefits cliff" that was discussed in the May 17, 2018 Study Committee meeting.

She said that regulations for restaurants have also made expenses higher, as have taxes and insurance.

She said she does not believe that St. Paul is comparable to Minneapolis. Minneapolis has a night life, while St. Paul dies at 7 pm. There is a steep decline in sales of beverages and alcohol at that time.

She said it has been very hard for her to keep up with these changes. Ms. Suarez knows that people need the higher wage, but she still needs to find a way for her business to be open as well. Her business has a lot of immigrant customers, many who are seasonal workers in construction, and that her business attempts to keep prices low during the slow winter months in order to serve them. If the minimum wage increases, she does not know how she will be able to keep doing that.

Co-Chair Kyle thanked each of the panelists for coming and sharing their perspectives. She said that the committee was a receptive audience, but that the committee should be thankful that these panelists were bravely willing to sit in front of the committee and answer their questions. She assured the panel that no committee member would jump down their throat and that they wanted to hear the panelists' answers.

Mr. Chesak asked the committee how he could get more business owners in front of the committee. He said that it was a significant burden for license holders to take time out of their day and come to a meeting. A Citizens League staff member said that it has been a challenge getting people on all sides of the issue to testify in front the committee, given the reactive nature of the topic. The staff member also said that there are several channels available for people to send input to the committee and that they will relay those channels on to Mr. Chesak so he could relay it to his membership.

Mr. Blakey asked the committee to consider a carve-out for small businesses like his, so that they would not be treated the same as Target, Costco, and Wal-Mart, which have greater resources than small businesses.

Mr. Durfee asked the panel if they think of themselves as small business owners because of their head count or because of their revenue.

Mr. Blakey answered that he considers himself a small business owner because he has a small employee base. He said that while his revenue might be over the threshold, it does not mean it is accessible to him or that it is liquid revenue.

Mr. Chesak said that the FLSA² cut off has not been updated in years. He said that, in the current system, a business with \$525,000 in revenue will be treated the same as one with \$3 million in revenue. Mr. Chesak said that the benchmark is out of date and while \$500,000 might have been a good number in the past, it is no longer realistic.

Ms. Suarez said that she went through the transition between small and large business statuses as her business grew. The move to the large business level was a struggle for her, as the

² The Fair Labor Standards Act is a federal law that sets minimum wage, overtime pay, recordkeeping, and youth employment rules for workers in private businesses or government (<https://www.dol.gov/whd/flsa/>).

regulations were more burdensome. It took her a while to get on her feet after that change, and the minimum wage increase would be a struggle.

A committee member asked Mr. Chesak for a breakdown on how many jobs in the restaurant industry are in St. Paul, how many employers there were, and what percentage of the St. Paul economy was from restaurants. Mr. Chesak said that his current membership was 480 licenses. Mr. Chesak said he did not have the percentages on hand. Co-Chair Kyle added that Mr. Durfee could investigate the matter.

A committee member asked Mr. Blakey and Ms. Suarez if the wage increase happens and they kept the same number of hours for their employees, how much would they have to increase prices on a hypothetical \$15 meal or liquor purchase. The member also asked if customers would pay that new price. Mr. Blakey said he'd have to raise a 12-pack from \$15 to \$19-20 per pack. While people would grouse about the price, if everyone charged that amount, people would pay it.

Ms. Suarez said that she has not raised her prices in years in an attempt to keep attracting her customers. She estimated that she would have to increase her prices by about 30%.

Mr. Blakey said that another challenge his small business would have is large liquor retailers in places like Roseville, which he cannot compete with. He said the question would be if people were willing to drive to Roseville to save \$4 or \$5.

A committee member asked what it is like to be on the receiving end of an ordinance from the City of St. Paul. A Citizens League staff member reminded the committee there will be St. Paul City employees at next week's meeting to better understand the nature and implementation of ordinances. Ms. Suarez used, as an example, a new ordinance regarding compostable packaging requirement. She said that she cannot see a reason for the ordinance, as there are no sites in St. Paul to deposit compostable trash, so requiring the packaging makes no sense. The increase in cost to her business was around 300% for packaging for apparently no reason.

Mr. Blakey said that, in his case, the prohibition of menthol cigarettes would have tremendous impact to his business. He said that he feels like dealing with the City of St. Paul is like dealing with someone who does not have to deal with day-to-day business issues like paying bills. He said it seems like the City does not have a lot of people who seem to have practical experience. Mr. Blakey also talked about the construction of the light rail and how a last-minute decision to change where the line was built impacted his store, with little heads-up to save away some resources for the period. The parking and road around his business were torn up and 27 times people were unable to drive to his store. For close to 7 months, Mr. Blakey went home without a paycheck and his wife was asking if his business was even worth it. While there was a program available to businesses to receive some money, it would have required Mr. Blakey to share the inner details of not only his business, but also of his wife's financial information. He felt like the City did not understand the negative impacts of its actions.

A committee member asked the panelists if a carve-out will even work if places like Target are able to offer \$15/hour, which might effectively force businesses to raise the wage. They also asked that if the carve-out wouldn't work, were there other things that could help the panelists' businesses pay the new wage. Mr. Blakey said that he is proud of his business's work environment and the relationships with his staff, which are things that an employee cannot get

at Target. He also said that he offers his staff discounts on products. He said that if his rent and insurance could be capped for a few years, there might be a way for him to afford it.

Ms. Suarez said that cutting costs and raising prices would be the only way to respond. She also has a close relationship with her staff. She does her best to treat her employees well, she doesn't charge them for meals, and even at some points did not pay her rent so that her staff could have their paychecks. Her staff knows about this, and it is part of why they have stayed for so long. They have stayed, not just because of the pay, but because of the good work environment.

A committee member asked Mr. Blakey if he currently paid his employees more than the minimum wage. Mr. Blakey said that he did. The committee member asked, if the minimum wage increased to \$15/hour, would Mr. Blakey have to raise his staff's wages above \$15/hour in order to retain them. Mr. Blakey said he hadn't yet decided how he would respond, whether he would cut staff or hours. He said that he did not fear that if he offered \$15 an hour and another establishment offered \$17 an hour that his staff would leave.

Mr. Blakey said if he hired two more people, every staff member's hours would be reduced to 15-20 hours a week. He said that not every job is made to take care of a family, that he didn't create the jobs to provide a living for a family of four. In order to do that, Mr. Blakey would have to turn his job into a charity. Mr. Blakey believed that if more people went to school and got an education, that is how people make more money. He believed that the government can't tell a business to pay people X amount of dollars. If the City of St. Paul raised the minimum wage to \$15/hour but capped his rent and insurance costs, Mr. Blakey could possibly handle the wage.

A CL staff member notified the committee that there were about 20 minutes remaining for questions, and encouraged committee members who didn't typically participate to come forward with their questions.

Another CL staff member reminded the committee that there are questions in their packets from the Phase One Scoping Project that would be good to ask the panel if they didn't already have one in mind.

A committee member asked Mr. Chesak how many people are employed by the 480 liquor license holders. Mr. Chesak said well over 10,000.

A committee member asked the panel about phase-in periods. Minneapolis' phase-in is \$15/hour by 2024. They asked how long the timeline would need to be for the panelists to attract and retain employees. Ms. Suarez said that she is concerned that, with a new wage, newer hires would be making as much as some of her longest-employed people. Older employees will not be comfortable making as much as a new hire. So the phase-in for her business would involve paying some older employees more than \$15. If an employee with a family is getting paid the same as a high-schooler, she would have to raise the wage³.

Mr. Blakey said that he had consulted with his tax advisor, and if the phase-in is 8 years, he would sell his business. The margins could not support an 8 year phase-in and he was already putting some plans in motion.

³ This is an example of "wage compression," where the wages of existing or long time employees may have to be raised if new employees enter at a higher minimum wage.

A committee member asked Mr. Blakey about his statement that if the minimum wage increased, he would be forced to fire a black person first. Mr. Blakey clarified that he was not making a decision about race, but that he would fire the person he hired last as a matter of seniority.

Co-Chair Varco asked if there is a possible phase-in time where things would be comfortable for the small business owners. Ms. Suarez said that she is not familiar enough with prices to project for the long term and that is not part of her daily job. She would look for other ways to save the business, including ways to increase sales. Mr. Blakey said that he hasn't considered this before, so it would be just a guess. If wages go up a dollar, he would have to spread the cost around to his different products. Mr. Blakey doesn't have a specific time in mind, but thinks that "the longer the better" is all he can say, and the prices in the rest of his business are still increasing as well.

Mr. Chesak said that costs of business are increasing yearly and sometimes multiple times per year. If the wage increase is coming, then longer phase-ins will be better, but even then, businesses would need to cut hours or staff. He described his membership as survivors and that their businesses are what they are relying on, so the longer the phase-in the more members who will survive.

A committee member asked the panel if there are ways that the City can help small business owners, if there are any possible options for assistance. Ms. Suarez said that Mr. Blakey's idea of capping rent would be helpful, but even when rent doesn't increase from the landlord, the City regulations and taxes are still driving up the cost of rent. Mr. Blakey said he lost his parking with the light rail and that now he has 3 parking spots at \$100 per stall per month. Mr. Blakey said the City should be more mindful of the impact of their ordinances. The ordinances seem little, but have a cumulative effect.

Mr. Chesak said that if the City can help with subsidizing the wage increase, that would be great, but he was concerned about where the money would come from. The subsidy would be a nice idea, but it is not likely to happen.

A committee member asked the panel if any of them had considered moving out of the city of St. Paul. Ms. Suarez said that she had been looking. She said her east side business is not in the best part of town, that there are a lot of homeless people and drunks nearby. She said that moving her business could be a possibility.

Mr. Blakey said that he can only own one liquor store, unless it's a franchise. If the \$15 wage happens, he wouldn't consider opening a new location, but he would consider moving to West St. Paul, because he cannot swing the \$15/hour wage rate.

Mr. Chesak said that there were a lot of knee-jerk reactions among restaurateurs about the minimum wage, with many people saying they would be shutting their doors, because it's such a scary end-game. Mr. Chesak said that business owners in Minneapolis would move to St. Paul if they had a different scheme than Minneapolis. Mr. Chesak referenced the menthol tobacco ban in Minneapolis. The ordinance was supposed to stop purchases of flavored tobacco, but all it did was make people drive further to buy the products. Mr. Chesak said that communities outside the metro area would benefit from the wage ordinance.

Co-Chair Kyle again thanked the panel members for coming to the committee and said that if they had any other input to make, they could relay it to the Citizens League staff, who would direct it to the committee.

CL STAFF UPDATES

A CL staff member said that they heard from a number of committee members that they did not wish to be filmed in a studio, so that will not happen.

The staff member also said they had investigated the issue of SNAP benefits brought up at a previous meeting, and that they would forward the email to committee members with the answers.

WCCO interviewed Matt Halley and Oscar Murcia and the segment aired earlier in the day. The staff member relayed along Matt Halley's comments about the interview. Mr. Halley's email stated that he had focused his comments on Cookie Cart's "earn to learn" model and on its youth-training wages. He had also emphasized a need for a living wage for workers and that Cookie Cart played an important role in training youth for traditional employment.

The staff member previewed the schedule for future committee meetings.

Co-Chair Kyle said that she felt like last week's meeting was the first time she felt there was some tension among committee members and that she anticipated tension might increase in the weeks ahead. She said that people are brave to come into the room and talk with the committee, but that she saw eye-rolls and body language from some on the committee that indicated they thought the testimony was ridiculous. Co-Chair Kyle asked the members to adjust their responses and control their reactions, even if the member may disagree with the testimony. If half of the committee is unreceptive to testimony, it is very difficult for people to feel like they can share their perspectives. She insisted that members' faces reflect a willingness to listen to everyone and that every member should check how they are receiving the guests.

A CL staff member reviewed the upcoming Community Engagement Session run by the City of St. Paul, happening later that night at Arlington Hills Community Center. It will be the first of four sessions. CL staff and the study committee co-Charis will be there to review the Phase One Scoping Report for the attendees. There will be a report from the event that will be sent to CL, which will send it on to the committee. The list of the sessions is included in the members' packets. Co-Chair Varco said that if a member wished to hear more direct testimony from the public, they should feel free to attend a session, but there is no need to feel like any member is required to attend.

A committee member echoed Co-Chair Kyle's comment that many of the members of the committee did not know much about each other. They expressed concern that there apparently exists a list that outlined which side each member was on in regards to the minimum wage, and the member felt like most of the committee was appreciative of the complexity around the issue. They said that members need to get to know each other better so that there can't be misunderstandings or assumptions made about each other, and the member asked that time be dedicated to becoming more familiar with each other. A Citizens League staff member said that they will make time in the next meeting to have more introductions.

Co-Chair Kyle thanked the University of St. Thomas for hosting the Study Committee and asked committee members to rate the day's meeting.

Members scored: 4,3.5,3.5,4,3,3.5,4.5,4.5,4,4,4,4,5,4,4,3. Average Score: 3.9

The meeting adjourned at 10:35 a.m.