

From: George Lewis <info@brasslanterninn.com>

Date: Monday, February 20, 2017 9:20 PM

To: <cmccormack@leg.state.vt.us>

February 20, 2017 via: electronic mail and USPS

Dear Representative Curtis McCormack and additional Sponsors of H.93;

My wife and I own the Brass Lantern Inn, a 9 guest room Inn/B&B, in the beautiful town of Stowe. Yes, we are probably guilty of trying to live out a dream that is quaint and perhaps even a bit nostalgic. And yes, there are still dreamers out here with that idea of buying the quintessential Bed & Breakfast in Vermont though now in our 8th year of ownership proves we aren't here just on a whim of a dream. This is, and hopefully will remain to be, our primary source of income and investments for the next 8 to 10 years before retiring. And yes, we hope we can retire here in Vermont.

As I'm sure you can appreciate, this B&B gig is not just about making sure you serve warm muffins to your guests... We work hard, very hard, most days for 16 hours straight and weeks on end during our peak seasons so the dream takes a lot of effort to keep it flying. No regrets, I signed up for this myself, just feel the need to protect our little dream and write to you today regarding this specific piece of legislation regarding your bill on a minimum wage of \$15/hr. I have serious and grave concerns regarding your plan as I believe it cannot and should not be considered in isolation. Let me explain.

I do believe that when businesses, both large and small are given opportunities to succeed versus mandates to perform to some prescriptive model from State government, we will all have the best potential for success. **I really don't think it works well going in the other direction.** The State of Vermont should not be in a position where they can adversely impact the hard work of small to large businesses. This bill has that potential.

I recognize that this \$15/hr. mandate is likely a way that you and others believe you will have the business community provide a job that is fulfilling and one to bring many above the poverty line. All good in concept. But in order to do that you have to address the larger picture here. If you are going to raise the minimum rate you need to review, reduce and wouldn't it be great, to even eliminate benefits for not working for all but clearly appropriately documented needed residents of Vermont? We all know that there is a real "benefits cliff" that the State of Vermont has created in support of our fellow neighbors. **If you don't address the issues of this benefits cliff I believe what you will find more people interested in working for more dollars per hour but then less hours to not fall off that cliff.**

If I could, the following direct example is provided from this small business owner -

And while my example here is clearly very specific to our business and the conditions for finding and retaining qualified housekeeping staff, I believe, based on my discussions with my neighboring businesses, that this is not uncommon even for larger business owners in the Lodging Industry through Vermont.

Thank you in advance for getting through an admittedly, very detailed example of how I think the \$15/hr. min. wage can be impacted by those facing the benefits cliff and will be an economical disaster to the business community without properly addressing both sides of the equation.

You should note that we have previously paid this recommended \$15/hour min. wage to a primary housekeeper candidate/employee that applied to work for us back in February, 2015. For a small business such as ours with just the two Owners/Innkeepers, and the need for one housekeeper (32 to 40+ hrs./week) and a very part time bookkeeper, the adjustment for us to bring in a well qualified housekeeper candidate, elevating this candidates former hourly rate from \$12/hr (with more than 12 years of experience at their most recent job) to \$15/hr. at our business was not a huge financial hit, and, I thought, a smart move. The clear rationale here was our business success to pay a single housekeeper at an above market rate to hopefully provide a very stable work environment for the owners needs to successfully run both the front and the back of house functions; marketing, community networking, facilities management, capital improvements, etc. and yes, to enjoy what business we could develop from that focused effort made sense. The owners, doing the low skill tasks, is a recipe for failure, burnout and just doesn't make sense and is not sustainable. There are plenty of small and large lodging examples of failure that will prove this statement.

My planning for making this specific adjustment and hourly rate offer to the highly qualified candidate was based on sound business principle; securing an experienced housekeeper with good recommendations (with some qualifications regarding irregular attendance issues – more on this later), and the absolute need for us to fill a position immediately in a highly competitive business climate (an employee's market) was a sound business move for us. At least it seemed so, initially.

At \$15/hr. it was our naïve thought that we would then be able to expect just a bit more than your standard housekeeper at \$12/hr. As a 9 guest room Inn with the interest of building a high service level business we intended to groom this employee to be facile in all but back of the house operations of our business. This is exactly how this job was outlined to this candidate during the interview and in follow up work progress reviews with the concept that we, the owners would then be able to guarantee a full or as close to full time hours as possible to this candidate. I thought, well of course people are happy to work for more money per hour and then more hours than perhaps traditionally available in larger lodging properties and maybe even, I don't know, get ahead economically.

Oh, and forgot to mention, that we also provided time and a half pay for all holidays (which we pretty much needed this housekeeper to work all of them), time and a half for overtime, two weeks of paid vacation (32 hours/week) per year, plus gratuities. Clearly, there were days when our housekeeper made more than I did, but, that was still viable with our business model needs allowing us to focus on the growth of the business and less time cleaning toilets. Ok, and for some days it allowed us to go out and ski or go mountain biking! We are in Vermont!

It became quite clear to us that shortly after starting this position with this employee, the “benefits cliff” became ever more looming. As we added hours to her schedule and the final straw, I believe, began formally documenting her gratuities on her pay stub, rather than allowing her to “self report” it became a game of “will the housekeeper show today?” And it truly wasn’t for lack of ability to do these requested tasks, more likely, “why?”

In the 19 months of employment this employee was “out sick” or taking care of “sick family” 26 days and total number of incidents, sick, car broke down, flat tire, etc. numbering 50 in that time period. And yes, we did review this attendance issue with this employee repeatedly, yet, with an area unemployment rate of 3.1% (of those actually looking for a job) we really did not have much leverage to do anything except to do the housekeeping when this employee decided they couldn’t work. Ultimately this employee walked off her shift in the first week of fall foliage, 2016 (9/28/16 to be exact). It was a brutal fall foliage season for these Owners/Innkeepers.

Our business also is dependent on the success of our fellow businesses in Stowe, especially those that cater to the tourists as well as the locals; retail and restaurants specifically. The strength of our marketing pitch to draw people to Stowe (essential for lodging properties) is directly tied to the strength and viability of the retail and restaurants in our area. If our guests have no experience beyond our front door, aside for our wonderful scenery of course, we will ultimately not have a strong product to sell.

These restaurants and retail owners have a number of staff and organizational structure that I can’t even begin to imagine how I would manage with the mandated \$15/hr. min. wage without properly addressing the full benefits picture to the employee and the impact to my fellow business neighbor. **A 50% increase in direct wage costs in either a 5 year span in your bill or that same increase in a three year period, H. 64. Is, I hope you would admit, a major jump.**

If the state over reaches here and creates an unsustainable mandate, and I believe it will if you don’t review the current benefits for not working, you will create such a burden on those who work just as hard as we do to keep the economic drivers of this state moving forward.

There is an insidious side to this concept that I'm afraid some people are either naïve or ignoring. People will be willing to work for more money per hour, less hours a week and maintain current state benefits. Simple math and one I hope you and others in elected positions of office are reviewing. We actually need people to work more hours and as I showed above I'm even in a potentially unique position to offer more, but why would someone do that if given a less taxing alternative?

Thank you for your attention to this letter. I'm hopeful that I made some positive impression.

Best Regards,
George M. Lewis, Owner/Innkeeper
Mary Anne Lewis, Owner/Innkeeper

cc: Governor Phil Scott



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