

HRG Hartford Restaurant Group

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January 31, 2013

Good Afternoon. My name is Philip Barnett and I am the Chairman for the CT Restaurant Association and one of the owners of The Hartford Restaurant Group which consists of the 7 **Wood-n-Taps** (located in: Hartford, Farmington, Southington, Rocky Hill, Vernon, Orange & Wallingford), **Agave Grill** (Downtown Hartford) and **TD Homers Grill** (Southington).

I'm sure many of you have heard that the restaurant business is one of the hardest industries to be successful in. You are 100% correct, it is very difficult! The failure rate is amongst the highest of any other industry in our state. Many reasons contribute to this but the main reason is because of the investment it takes to open a restaurant and the minimal profit margins there are to work with.

This bill is so devastating to the restaurant industry that you will see many restaurants close if this legislation were to pass!

Our servers and bartenders are amongst the highest paid staff members in our industry. In many instances they make more than our managers. Please don't continue to move this pendulum in the wrong direction!

FACTS:

- The proposed increase in July 2013 to \$9.00 for our hourly employees (servers, bartenders, bussers, hosts) would cost our group approximately **\$258,591 from July 2013 – December 31, 2013.**
- The proposed increase in July 2014 to \$9.75 for our hourly employees (servers, bartenders, bussers, hosts) would cost our group approximately, would cost our group approximately **\$518,000 for each additional calendar year.**

I'm at a loss for words on how detrimental this would be to our group and industry!

For those of you that don't know, the costs of doing business in this state are among the highest in the nation. Compared to most other states, we have:

- Higher energy costs / utilities (the third highest in the nation)
- Higher insurance costs
- Higher workers' compensation costs
- The newly imposed Paid Sick leave bill
- The unemployment rate and additional surcharge
- Higher minimum wage and therefore wage base, a lower tip credit.
- I can go on and on but as a small state, we suffer unfair competition from restaurants in neighboring states where operating costs are lower.

There are many things we **can't** control in our industry.

- **Gas prices** going up. This will in turn increase the cost of goods, which we can't pass along to our guests because our market can't bear it.
- **The commodities market** going through the roof with many of our proteins (Poultry, Beef, etc...) and dairy products that we purchase.
- The state's billion dollar deficit which will be in part put on the backs of businesses.



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Although none of us here today can control any of the said costs above, there is one thing you can control.....That is **NOT** allowing **SB 387** to become another expense on businesses. Please don't do what our state has done to the manufacturing business in Connecticut!

As a company we would like to continue doing our part in creating additional jobs in the great state of CT. We ask that you do your part in allowing us to be able to grow and not continue to impose additional expenses on the small business and restaurant industry.

I ask that you take what I've stated today very seriously and not impose this additional increase on the backs of already struggling small business and please help us grow not hinder our growth!

Kindly submitted,

Philip Barnett
Partner (Hartford Restaurant Group)
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Hartford Restaurant Group

Approximate Employees for 2011

8 Locations with approx 40-70 employees at each location. Totaling Approximately 500 Employees

Staff Position	HRG Hours for 2012	Current Tip Credit 2012	Proposed Tip Credit Jan 2013	Proposed Tip Credit Jan 2014	Approx CPI Jan 2015	Current Minimum Wage 2012	Current Pay Rate 2012	Proposed			Proposed Minimum Wage Jan 2015	Taxes & Unemploy	Total Increase In July 2013	Total Increase In July 2014	Total Increase for 2 Years
								Min Wage Increase July 2013	Wage Increase July 2014	Min Wage Increase Jan 2015					
Min. Wage Incr															
Bartenders	123,695	11%			2.00%	\$8.25	\$7.34	\$8.01	\$8.68	\$8.85	20.00%	\$99,079.69	\$198,159.39	\$297,239.09	
Servers	183,913	31%			2.00%	\$8.25	\$5.69	\$6.21	\$6.73	\$6.86	20.00%	\$114,209.97	\$228,419.95	\$342,629.92	
Bussers	6,507				2.00%	\$8.25	\$8.25	\$9.00	\$9.75	\$9.95	20.00%	\$5,855.99	\$11,711.99	\$17,567.98	
HOSTS <small>(Reports approx 1/2 our host staff on Min Wage)</small>	43,828				2.00%	\$8.25	\$8.25	\$9.00	\$9.75	\$9.95	20.00%	\$39,445.63	\$78,891.26	\$118,336.90	
												\$258,591.29	\$517,182.59	\$775,773.88	