



North Country Brewing Co.

141 South Main Street, Slippy Rock, PA 16057 • www.northcountrybrewing.com

Hello, and thank you Ladies and Gentlemen for sharing your valuable time to listen to my concerns about the Department of Labor's proposed raising of the overtime salary exemption threshold.

My name is Bob McCafferty, and my wife and I own North Country Brewing Co., which opened in 2005 as a full menu brewpub with 52 employees-and has since grown to include a second location restaurant, a cannery, and working 64 acre farm-collectively employing 177 employees.

Personally, working in restaurants permitted me the flexibility to attend college, pay for two-thirds of my tuition, rent, car with insurance and food-to then graduate with a Bachelor of Science in Environmental Geoscience. After graduation, I worked hourly until being promoted to salary and a contract with a company. The hourly field technicians made more than I did as a salaried employee when hours dedicated per week are compared, and they had much less responsibility. However, I was able to gain an entry level chance to learn more, take on more responsibilities and grow to be promoted from field tech, to crew chief and on to field director. To further my career would mean going back to school for a doctorate, and I had just paid off my remaining college debt—so, I decided to purchase a falling down building—in a town that was still dry—to return to the restaurant industry that always fed me.

We have created many careers in the past 11 years open. We have given many young people their first job. We have recognized those with work ethic and a desire to do more with their lives and promoted them to learn more skill sets. Derek Ruby, for instance, is one of those workers who started as a dishwasher, enjoyed our flexible schedule we offered, graduated Slippery Rock University while working for us and play weekends in a band. Derek, has grown through all the kitchen stations from minimum wage to an Executive Chef's entry level pay of \$45,000/year plus benefits-and is married with two children now.

The restaurant industry exists on a profit margin of 6% if they do everything right and do not have any theft or heavy waste. We hire all of our staff at the industry's highest national restaurant industry thresholds, with professional experience considered for the starting salaries. We have hired folks with culinary and hospitality degrees and we have also promoted/trained from within those individuals who take initiative to get it, want it, and a desire to do it. For our business to be viable, we just simply cannot hand out \$7,000/year to \$20,000/year raises for entry level positions such as line leads, sous chefs and/or front of the house managers. It is simply mathematically impossible, no matter how you look at it.

This proposed overtime salary threshold paints a wide brush stroke across the cost of living of any and all locations. It also demands all businesses of all types with various profit margins-that they must operate within these new broad mandates or close.

Every one of our employees have names, lives and are considered part of our family. However, this new regulation, as with other across the board regulations, have forced us to consider the impact and do the simple math of it in order to plan our longevity. We have already eliminated three positions within our company due to the chance of this regulation passing.

Thoughts:

- Eliminate our community donations of \$70,000/year. Stop volunteering in each town and replace two jobs.
- Not open our coffee shop bakery-stop growing.
- Downsize our current business by selling off three.
- Eliminate flexibility in everyone's schedule-such as Michael Hutt for instance, who is a salaried sous chef and single father finishing a degree at SRU.
- Abandon the proactive culture we've created that grows careers and instead install ipad self prompt ordering with food runners.
- Change the approachability of our restaurants to the community-to automation and just a "contact us" email form.

Realities:

- Currently, our payroll is \$2,412,964.80/year
- Of that, Management payroll is \$1,030,696.40/year
- To pay the Obama/DOL proposed salary would be \$1,222,782.00/year
- We can't remain open by meeting the proposed salary thresholds as that increases payroll by **\$192,085.56**
- Make all 15 entry level managers hourly at 45 hours/week increases payroll **\$80,412.98**
- Eliminate **15** entry level management jobs and hire part time 30 hour/week workers
- Calculate hourly pay based on how much they work. Same salaried employees but considered hourly doesn't help them succeed or have the will to learn.

Again, thank you for your time and considerations,

Robert McCafferty