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## Cover Story

# Apocalypse Not: \$15 and the cuts that never came

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When Seattle's pioneering \$15 minimum wage law was the subject of fierce debate last year, [Tom Douglas](#) predicted it would inflict a \$5 million hit on his empire of more than a dozen restaurants.

"I don't know that it would put us out of business," he told the Stranger newspaper, "but I would say we lose maybe a quarter of the restaurants downtown."

Yet six months after the first wage increase to \$11 per hour took effect, the fear of soaring payrolls shows no signs of killing the appetite of Douglas — or the rest of the Seattle restaurant world — for rapid expansion.

Dozens of new restaurants have opened in the city since April 1, including many new eateries run by the law's fiercest critics, such as Douglas.

Since the law kicked in, singer [Brandi Carlile](#) helped Douglas celebrate the opening of her namesake Carlile Room. That wasn't long after Douglas put \$500,000 into a new cooking school.

Douglas also cooked up another Serious Pie location on Capitol Hill and launched Belltown's Yucatan-inspired Cantina Lena.

His culinary peers appear similarly undaunted by the higher wage floor, now at \$11 per hour and set to rise to \$12 for most employers on Jan. 1.

Noted restaurateurs [Ericka Burke](#), [Matt Dillon](#) and [Ethan Stowell](#) have also opened new outlets.

## Restaurant count grows

King County has issued 5,227 permits for food service establishments in Seattle so far this year, which new and existing restaurants must get each year. That's well on the way to surpassing the 5,458 permits issued all last year and the 5,415 issued in 2013.

On Seattle's Ninth Avenue alone, seven new eateries recently popped up near Amazon's headquarters. On Capitol Hill, Burke's new Chop Shop welcomes diners, not far from where Dillon just launched a full-service version of his Bar Ferd'nand.

Down in Pioneer Square, Kraken Congee rolled out an innovative take on Asian comfort food the very month that the minimum wage hike went into effect.

While experts say it's far too soon to gauge the overall economic impact of the wage law — the final step-up won't happen until 2021 — the thunder in the city's already booming restaurant scene contrasts with the early fears of shuttered cafes and empty tables.

On April 1 — the day the law took effect — Douglas began charging a 2 percent "Wage Equality Surcharge" at his restaurants. In a blog, he said the increase was "for funding the Mayor's Seattle livable wage initiative."

Customers were outraged. Douglas removed the fee the following day, opting instead to increase menu prices.

Douglas has now changed his mind about the law, saying he was "naive" to think that restaurants would raise pay on their own.

He maintains he had supported raising wages to \$15 all along — and had done so for his own back-of-house workers — but not through a government mandate.

Still, once the full \$15 minimum hits — Douglas, with 800-plus employees, must reach that mark by Jan. 1, 2018 — he says the \$5 million impact on his business that he'd predicted will turn out to be "fairly accurate."

## Similar fears

Before the wage law passed last fall, Chef [Ethan Stowell](#), known for How to Cook a Wolf and Tavolata among his dozen high-end restaurants, issued warnings similar to Douglas.

An increase to \$15, Stowell said, would take a \$1.6 million to \$1.8 million bite annually out of his business.

"If anybody thinks that's fluff — something we can just absorb — then they don't know my business," Stowell said during a Restaurant Development Summit in March of last year.

Yet as the first pay increases took effect, Stowell opened Frelard Pizza in the Ballard-Fremont zone along Leary Way, and Goldfinch Tavern at the Four Seasons Hotel downtown. He's adding the Bramling Cross gastropub in Ballard this month.

In early 2016, Stowell plans a new pizza place in South Lake Union, not to mention "a new

project in Capitol Hill, but it hasn't been announced yet," said Kirsten Graham, a Stowell spokeswoman.

All of this comes from a restaurateur who warned the Seattle City Council that menu price increases required by a \$15 wage hike could result in a loss of a quarter of his customer base if it happened immediately.

Douglas has since shifted the increase in payroll costs onto menu prices. Stowell declined to comment on any changes he has made.

Douglas said if the increased prices result in restaurant closures, then "so be it," but he doesn't seem too concerned it will. Cantina Lena and Carlile Room were stalled due to the 2008 recession, but plans were revived despite the minimum-wage hike.

Seattle's current tech-driven economic boom is pulling things along, but no one is sure what will happen when the economy hits the next bump.

Some restaurants have raised prices. Others have instituted a service fee and eliminated tips. Even those that have so far done little to offset the increase are watching closely to see how this all plays out.

When the law was first proposed, Carlile Room head chef Dezi Bonow said, "there were a lot of restaurants that were just scraping by, so it did feel like the sky was falling. But it didn't. Or at least it hasn't fallen yet."

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## **Good news for crew at back of the house**

Dezi Bonow, head chef at [Tom Douglas'](#) new Carlile Room, is looking forward to the minimum wage increase. He's salaried, so it won't impact his paycheck, but says it is a big boon to kitchen employees, since they don't get tips.

"It legitimizes cooking as a craft," he said.

Early ideas from chefs across Seattle indicate that pay structures may flatten out to give back-of-the-house employees a bigger share of the labor pay pie. That could make it easier for those pursuing a career in the culinary arts to make it financially.

Jeanine Stewart covers technology and retail for the Puget Sound Business Journal