

Proposal for Restaurant at the Sanford Airport

Rene Y. Bernier, Inc., doing business as the Cockpit Cafe

Presented by Rene Y. Bernier, President

November 25, 2017

Background

Whereas the City of Sanford, the sixth largest municipality in Maine, owns and operates the Sanford Seacoast Regional Airport (SFM) and is soliciting proposals and has invited specifically the Cockpit Cafe, a qualified restaurant operator, to submit a proposal for leasing once again City of Sanford's on-airport restaurant in accordance with the requirements set forth in a hand delivered *request for proposal* (RFP), received on November 15, 2017, which is also available on-line at www.sanfordmaine.org under the Airport's tab, the Cockpit Cafe herein proposes willfully but with certain reservations to re-enter into a lease and operating rights agreement with the City of Sanford to continue providing a wide variety of food and beverage support for the traveling public as it has done successfully under current ownership since May 2003.

As noted by the RFP:

"The airport offers several possible revenue streams for the perspective restaurateur. Primary would be walk-in traffic from local and itinerant pilots, south Sanford residents, the industry located on and near the airport, visitors and tourists en route to and from the interior lakes and coastal beaches, and patrons of several nearby shopping venues, which include Walmart and Lowe's. The in-to-plane catering that comes in occasionally could augment that foot traffic. A third possible revenue stream would be from after-hours vending of food and beverages that is not offered in the terminal and therefor is a market not currently served. The airport has some level of traffic on a 24-hour basis with all of the types of activity."¹

This Cockpit Cafe proposal herein will address in detail each of those possible revenue streams and explain how each opportunity if deemed viable from my business prospective may be realized for all of the stakeholders affected by my proposal and illustrate "the impact on the overall customer service delivery at the Sanford Seacoast Regional Airport to the traveling public using the facility"²

¹ RFP page 2, paragraph 2

² RFP page 4, paragraph 1, Section A

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Organization Information

The Proposal document contained herein is the property of a business corporation, RENE Y. BERNIER, INC., Maine charter number 20032174 D, that is in good standing and doing business as Cockpit Cafe from filing date 05/22/2003, and who's Clerk/Registered Agent is JAMES J. SHIRLEY, P.O. BOX 307, SPRINGVALE, ME 04083.

Key Personnel

The Cockpit Cafe is a single owner business purchased in 2003 by Rene Y. Bernier, a woman entrepreneur who has the demonstrated satisfactory record of performance³ sought by the City of Sanford as stated in its *request for proposal* (RFP) for a restaurateur to operate its on-airport facility.

Prior to my purchase of the Cockpit Cafe in 2003, I worked for two previous owners firstly as a waitress, and secondly as a waitress and partner in later years. While as a partner, I managed a restaurant in Ogunquit named Daniel's that operated during afternoon and evening hours that included the serving of alcoholic beverages.

Forward Looking Predictions

Some statements made in this proposal must be considered as forward looking predictions and are not intended to be guarantees of future results. All business ventures carry with them certain risks, and those risks can include many factors that include but are not limited to man-made and natural disasters. The Cockpit Cafe will do its best to carry out the letter and spirit of this proposal but makes no guarantees of future results.

Meeting the Proposed Timeline

The Cockpit Cafe meets the proposal's GUIDELINES FOR SUBMISSION and must be "considered responsive" as it contains "nine (9) bound paper copies of the proposal", is submitted per the Sanford City Manager Steven R. Buck's instructions from his November 15, 2017 email to me that reads in relevant part "confine your business transactions to my office" that overrides the City of Sanford request for proposal (RFP) requirement dated November 15, 2017 that reads in relevant part "[c]omplete packages must be delivered to: Mrs. Allison Rogers, Airport Manager..." but complies with said RFP that reads "[t]he CITY OF SANFORD must receive proposals no later than 3:00 p.m. local time on November 30, 2017 to be eligible for consideration" and has arrived "no later than 3:00 p.m. on November 30, 2017", is "limited to thirty pages (30 single sided or 15 double sided)" with "size 12 point font", includes "references and resumes of key personnel" where "[c]overs, cover letter, table of contents, and dividers (if used), are not included in the thirty page limit" and where my statements are "submitted in a single sealed envelope/package, clearly marked " Proposal for Restaurant at the Sanford Airport."⁴

³ RFP page 4, paragraph 1, Section E

⁴ RFP page 3, paragraph 5, Sec. II. GUIDELINES FOR SUBMISSION

Tenant's Desired Term of the Lease

The Cockpit Cafe's seeks a ten (10) year term on the lease with a first option for a second ten (10) year term.

Tenant's Financial Contribution for Desirable Design Elements

This proposal and my past commitments demonstrate the Cockpit Cafe's ability and willingness to providing its knowledge and resources in a manner that enhances and supports the City of Sanford's on-airport restaurant facility, and we are committed to continuing in those efforts in support of the city's capital improvement renovation project to the extent that such efforts are *sensible and advances the best interests of all project stakeholders.*

References

Customers

The Cockpit Cafe has a long and distinguished reputation as a family oriented restaurant serving customers from 10 miles around and beyond (walk-in), and from Connecticut, Massachusetts, New Hampshire (fly-in) and elsewhere that enjoy not only the food, but the service and friendly atmosphere as well.⁵

Airport Advisory Members are encouraged to come to the Cockpit Cafe to experience what we currently offer our customers, and to ask them directly if they would refer us to their friends and family.

Vendors (verified in the first RFP process)

In good standing with my vendors, the Cockpit Cafe enjoys a mutually beneficial and highly sought after business relationship with its many great vendors that include local, regional and national companies. Some are listed below:

- City of Sanford (individual employees and catered events)
- D & E Rubbish Removal, N. Waterboro, ME 04061, Tel. (207) 247-6935
- Deb & Duke Monogrammers, LLC, Berwick, ME 03901, Tel. (207) 698-4444
- Dough Distributor, Rochester, NH 03867, Tel. (603) 978-2263
- Favorite Foods, Somersworth, NH 03878, Tel. (800) 451-5764
- Seacoast Coffee Company, Newcastle, ME 04553, Tel. (207) 451-0379

Federal, State and City Authorities (verified in the first RFP process)

In good standing with federal, state and city authorities, the Cockpit Cafe meets all licensing, inspection and taxing requirements.

Possible Revenue Streams

In accordance with the City of Sanford's stated goals outlined in its *request for proposal* (RFP),

⁵ https://www.tripadvisor.com/Restaurant_Review-g40858-d388061-Reviews-Cockpit_Cafe-Sanford_Maine.html

the Cockpit Cafe herein evaluates each of the stated possible revenue streams for food and beverage service at the city's on-airport facility for walk-in traffic, in-to-plane traffic, itinerant pilot traffic and catering during current operating hours, extended operating hours, and after hours for a total of 24-hour service, and provides my assessment of "the impact on the overall customer service delivery at the Sanford Seacoast Regional Airport to the traveling public using the facility"⁶ and explain how each opportunity if deemed viable from my business prospective may be realized for all of the stakeholders affected by my proposal given the current and past economic and logistical realities.

Walk-in Traffic

The Cockpit Cafe currently successfully serves "walk-in traffic from local [approx. 10-mile radius] and itinerant pilots, south Sanford residents, the industry located on and near the airport, visitors and tourists en route to and from the interior lakes and coastal beaches, and patrons of several nearby shopping venues, which include Walmart and Lowe's"⁷ who come to my very popular restaurant located right at the Sanford Seacoast Regional Airport (SFM) in Sanford, Maine where there is often a lot going on to attract the attention of families and onlookers, and although my restaurant staff provide fast and friendly service, long waiting lines are not uncommon.

In-To-Plane Traffic

The Cockpit Cafe is currently listed with Southern Maine Aviation, LLC, (SMA) to provide catering service for in-to-plane catering, whereby in-to-plane customers place their orders with SMA and they in turn contact an outside catering company that is on their list of potential caterers. The caterer then delivers the order with an invoice that is paid to the caterer by SMA.

Itinerant Pilot Traffic and Their Passengers

Itinerant flight crews and their passengers do currently come to the Cockpit Cafe looking for food and beverages while on their way to there varied destinations.

On one such less than ideal situation that occurred sometime around the late spring or early summer of 2017, the Cockpit Cafe experienced an itinerant customer request that presented immediately two noticeable obstacles to completing their transactions.

Language Barriers

Firstly, whereby in-to-flight and itinerant flight customers come from many different countries and cultures there was a definite language barrier that had to be overcome as the customers in question did not speak English and Cockpit Cafe staff were not able to speak in the customer's native language.

To address this obstacle the Cockpit Cafe proposes to develop and adopt a picture based menu from which customers imposing a language barrier situation while ordering food and beverages may chose items based upon images rather than words. Additionally, as the technology of

⁶ RFP page 4, paragraph 1, Section A

⁷ RFP page 2, paragraph 2

instant language translation⁸ improves,⁹ the Cockpit Cafe will purchase such technology and make it available in-house for when the need arises.

Pricing and Exchange of Legal Tender (In-To-Flight and Itinerant Flight)

And secondly, as a consequence of the language barrier, charging the customer could result in their seeking to exchange currencies native to their country of origin that is not equivalent to United States currency. Such customers will be asked up front if they are prepared to pay in United States currency prior to initiating their food or beverage order.

Also many foreign customers are not aware that a gratuity or tip is not included in the price of their meal but rather is prayed for as a service that is in addition to the meal price. Accordingly and as stated above, the Cockpit Cafe proposes to develop and adopt a picture based menu from which customers imposing a language barrier situation while ordering may chose their selections based upon images rather than words, and we will then apply a gratuity to the purchase price similar to when catering in-to-plane traffic.

Catering

As the current tenant of the the City of Sanford's on-airport restaurant facility, lease period 2007 to 2017, and month-to-month thereafter, the Cockpit Cafe currently offers catering services and proposes to continue its dedication to providing those same services in the future. The City of Sanford by utilizing my catering services on multiple occasions demonstrates that the Cockpit Cafe meets their RFP requirement of demonstrating a satisfactory record of performance in that regard.

Operating Hours

Current Operating Hours

Breakfast and Lunch

Current operating hours at the Cockpit Cafe are from 7:00 AM until 2:00 PM Monday through Friday, a period of seven (7) hours, and 7:00 AM until 12:00 PM on Saturday and Sunday, a period of five (5) hours, where the current total operating hours per week is forty-five (45), and does not include time for clean up and preparation.

⁸ Meet the Pilot: Smart Earpiece Language Translator. See <https://www.indiegogo.com/projects/meet-the-pilot-smart-earpiece-language-translator-headphones-travel#/>

⁹ This device instantly translates Japanese and Chinese. By Leon Siciliano, Feb. 13, 2017. See <http://www.businessinsider.com/japanese-company-instant-translation-device-travellers-ili-words-languages-chinese-english-2017-2>

Extended Hours Not Currently Being Served

Dinner and Evening

The Cockpit Cafe does not currently offer dinner and evening hours due to a lack of storage space, a lack of qualified labor, and has experienced an insufficient customer base having enough disposable income to support the added costs needed to extend its current operating hours.

Although current demographics for Sanford show "[p]opulation in 2014" at "20,906 (96% urban, 4% rural)" and a "[p]opulation change since 2000" of "+106.3%", having an "[e]stimated median household income in 2015" of "\$46,849" that previously "was \$29,881 in 2000",¹⁰ the challenges of having the necessary storage space, finding enough qualified labor, and developing a sufficient customer base that can overcome the added costs of serving them still persists.

As we overcome these challenges through economic development initiatives like "a new high school and technical center and renovation of all of the other school facilities, a high-speed fiber optic network for internet connectivity, natural gas capabilities, and utility-scale solar power at the airport", "[t]hese advances will bring a restaurant's potential customer base to an even higher level than it is now,"¹¹ and the Cockpit Cafe is best suited to take advantage of this anticipated increase in customers wishing food and beverage servicing.

With that said the Cockpit Cafe proposes extending its operating hours to include dinner and evening hours that may possibly include limited consumption of alcoholic beverages, limited entertainment both live and/or televised, and run from 2:00 PM until 8:00 PM Thursday through Saturday, to increase the total operating hours per week to sixty-five (65), that does not include time for clean up and preparation.

Although the City of Sanford's *request for proposal* (RFP) indicates its desire for providing "consistent menu offerings",¹² the Cockpit Cafe proposal for its extended hours will not include many of its breakfast menu offerings because of the limited space in the kitchen and the tastes of our customers that visit during those later hours.

Please see *Costs Associated with Possible Revenue Streams* below.

After Hours Vending of Food and Beverages Not Currently Being Served

The City of Sanford's RFP correctly identifies that at its on-airport restaurant facility "after-hours vending of food and beverages that is not offered in the terminal" "is a market not currently served. The airport has some level of traffic on a 24-hour basis with all of the types of activity." The Cockpit Cafe does not believe that the city's on-airport restaurant facility in its current configuration and with its current volume of foot traffic is a market that can be served profitably

¹⁰ See <http://www.city-data.com/city/Sanford-Maine.html#ixzz4qahid2bi>

¹¹ RFP page 2, paragraph 1

¹² RFP page 3, paragraph 3

given the industry standard for how many walk-in customers and itinerant¹³ flight crews and their passengers" would be needed for viability.

According to those industry standards, before the Cockpit Cafe can begin to think about choosing which products to sell, we need to find the best location for said food and beverage vending machines if we are going to make a profit, as the location is the most important aspect of ensuring income and success. Even with the right research, any place will not guarantee a good profit, but a business can definitely stack the odds in their favor by following the important guidelines listed below:

- Plenty of foot traffic such as a mall or entertainment complex
- Commercial buildings with at least 50 employees
- Locations with few or no other food and beverage options such as parks, jails, motels and service businesses
- Places that require a lot of waiting such as repair shops, hospitals and salons¹⁴

Currently the on-airport restaurant facility does not meet these requirements, nor does it provide 24-hour indoor access, so the first test for proper location of a food and beverage vending machine fails.

¹³ Itinerant. Number of IFR or VFR Itinerant operations sorted by category (Air Carrier, Air Taxi, General Aviation, Military). Itinerant operations are those performed by an aircraft, under IFR or VFR, that lands at an airport arriving from outside the airport area, or departs from an airport and leave the airport area. See http://aspmhelp.faa.gov/index.php/CountOps:_Definitions_of_Variables

IFR - Instrument Flight Rules

Rules that govern flight operations when aircraft may spend some or all of its flight time in IMC (instrument meteorological conditions - clouds) and/or aircraft that will stay within controlled airspace under radar control at all times (there are exceptions, of course). Separation of your aircraft from other aircraft, the ground, and objects (i.e., radio towers) is the responsibility of air traffic control. See <https://www.vatsim.net/pilot-resource-centre/general-lessons/vfr-or-ifr>

VFR - Visual Flight Rules

Rules that govern flight operations when an aircraft will spend NONE of its flight time in IMC. The aircraft may be inside controlled or uncontrolled airspace and may or may not have radar coverage. Separation of your aircraft from everything else is the responsibility of the pilot at all times, even when radar identified. See <https://www.vatsim.net/pilot-resource-centre/general-lessons/vfr-or-ifr>

¹⁴ Choose the Best Vending Machine Locations. See <https://www.vendsoft.com/best-vending-machine-locations>

The Cockpit Cafe is particularly concerned that the cost of providing such indoor access out of \$50,000¹⁵ in capital improvement money may actually negatively impact "the overall customer service delivery at the Sanford Seacoast Regional Airport to the traveling public using the facility"¹⁶ in a way that is contrary to the City of Sanford's stated RFP goal by under utilizing its resources in a penny wise, pound foolish manner.

As a consequence of too few customers, spoilage may become an issue that increases costs as vended items exceed their expiration dates and become stale. And the Cockpit Cafe cautions that it would not be prudent in my opinion to apply limited resources to build an area where said vending machines could be kept out of the weather 24-hours per day when the current facility is already severely limited in its work and storage capacity. Furthermore we must consider the added maintenance and rental costs of providing such access to a clean area with properly functioning vending machines.

The Cockpit Cafe also has other concerns relating to the cost of providing such 24-hour indoor access, that should perhaps include rest facilities as well, which is that such access could attract dweller types and may require regular cleaning and repair thereby further driving up the costs.

Please see *Costs Associated with Possible Revenue Streams* below.

Costs Associated With Possible Revenue Streams

Storage Capacity

Storage capacity for equipment and supplies is very limited within the City of Sanford's current on airport restaurant facility. In order to process efficiently an increase in customer servicing, more storage space is needed.

Walk-In Freezer

The addition of a walk-in style freezer would greatly enhance the available storage space within the City of Sanford's on-airport facility as it would eliminate the need for three (3) individual freezers currently in use and located in the food preparation room.

The Cockpit Cafe believes that a walk-in freezer will lower overall restaurant operating costs by reducing electricity usage, and eliminating the fixed asset costs associated with replacing the smaller freezer units that includes maneuvering the old and new freezers into and out of the food preparation room.

Additionally, there would be a reduction in restaurant costs associated with procuring frozen food items like ice that is purchased almost daily, and could also allow us to over purchase items when their prices are at a low point thereby further lowering my costs.

¹⁵ RFP page 2, paragraph 4

¹⁶ RFP page 4, paragraph 1, Section A

Overhead Weather Protection for Employees

Currently, there is only minimal overhead weather protection for employees as they retrieve, year round and in all forms of weather, quickly needed supplies from the outside walk-in refrigerator. Since items are often needed quickly, employees enter harsh weather without proper clothing and in doing so they risk discomfort including illness.

Depending on where a similarly styled walk-in freezer were to be located it would be essential for the health and well being of Cockpit Cafe employees to have greater overhead protection at the very least, or better still, enclosed quarters upon which to travel for not only regular daily supplies but also to store items and supplies received from outside vendors as the delivered items may become adversely affected by rain, snow, heat, cold and possibly theft.

Energy

Improved Overhead Exhaust/Air Inlet System

The current overhead exhaust and air inlet system creates a vacuum that steals the air from the dining room in a manner that forces the furnace and air conditioning units to work constantly as the Cockpit Cafe attempts to maintain the desired climate for my customers thereby increasing energy costs.

Insulation

In addition to improving the current overhead exhaust and air inlet system, an improved insulation strategy can help to control heating and cooling costs therein freeing up valuable resources such that they could be applied to increasing the number of employees like would be required when extending the hours the restaurant would be open.

Insurance

Along with the minimum wage increases scheduled to take effect every year beginning January 1st, extending current operating hours will increase the amount of labor needed and also increase their associated worker's compensation insurance costs, and may also affect the Cockpit Cafe's general business insurance costs as well, as the potential payouts and risks are assessed by those companies providing the coverage.

Snow Removal

Unless the extended number of hours the restaurant would be open were limited to the warmer part of any year only, an extension of operating hours at the city's on-airport restaurant facility is likely to increase snow removal costs for both the occupying restaurateur and the City of Sanford.

Rubbish Removal

Extending the number of hours the restaurateur would be open is certainly going to increase the amount of rubbish generated and that in turn will increase the costs associated with its removal from the on-airport facility, and this would be true even if the extended hours were limited to the warmer part of any year only.

Labor

The Cockpit Cafe's normal operating hours are from 7:00 AM to 2:00 PM Monday through Friday, thirty-five (35) hours weekly, and 7:00 AM to 12:00 PM on Saturday and Sunday, ten (10) hours weekly that being forty-five (45) hours weekly in total for labor costs involving 11 employees per week on average who also work additional hours for clean up and preparation.

Some summertime period prior to 2010, the Cockpit Cafe extended operating hours by including an early evening shift that ran on Thursday, Friday and Saturday from 4:00 PM to 8:00 PM, whereby no alcoholic beverages were served. Combining my regular operating hours to these extended hours, the Cockpit Cafe maintained operating hours that totaled sixty-five (65) hours weekly and required a minimum of three (3) additional employees working eighteen (18) hours weekly plus clean up and preparation time.

My conclusion from that experience in time was that there was not a sufficient increase in customer visits to overcome the increases in labor, material usage, and energy costs. And as stated above, there simply isn't enough storage space within the on-airport facility to handle the goods and material's logistics needed to serve the extended hour's scenario in an efficient manner if the customer visits were to increase by 40 or 50% over my current volume.

Another consequence of extending the morning hours for the time period in question was that rather than bringing in more customers during the total operating hour's time period, it was largely the same regular customers who came in but at later times during the day, thereby showing little revenue gain to cover the combined additional costs.

Since 2010, the Cockpit Cafe has experienced a greater than 23% reduction in customer visits due in part we believe, to the housing crisis caused by the Lehman Brothers bankruptcy in 2008,¹⁷ the LIBOR scandal,¹⁸ and the like, ever increasing¹⁹ Obamacare²⁰ premiums²¹ and

¹⁷ On September 15, 2008, Lehman Brothers filed for bankruptcy. With \$639 billion in assets and \$619 billion in debt, Lehman's bankruptcy filing was the largest in history, as its assets far surpassed those of previous bankrupt giants such as WorldCom and Enron. Lehman was the fourth-largest U.S. investment bank at the time of its collapse, with 25,000 employees worldwide.

Lehman's demise also made it the largest victim of the U.S. subprime mortgage-induced financial crisis that swept through global financial markets in 2008. Lehman's collapse was a seminal event that greatly intensified the 2008 crisis and contributed to the erosion of close to \$10 trillion in market capitalization from global equity markets in October 2008, the biggest monthly decline on record at the time.

Read more: Case Study: The Collapse of Lehman Brothers
<http://www.investopedia.com/articles/economics/09/lehman-brothers-collapse.asp#ixzz4q8Uxlgik>

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penalties,²² low employment,²³ and other like factors that have had a major impact on personal disposable income and has limited my ability to raise the prices my customers have to pay for food and beverages in order to overcome the extended hour labor and other associated costs.

In my experience I note that despite raising my prices to overcome rising costs, I regularly see my local, year round, core customers eating less by splitting meals between themselves and a companion, therein giving rise to my concern that Cockpit Cafe core customers are straining to

See <http://www.investopedia.com/articles/economics/09/lehman-brothers-collapse.asp>

¹⁸ LIBOR is a way to measure the health of the banking system. Banks have to judge on a daily basis whether the other banks they do business with are good for the money.

Here in the U.S., banks have used LIBOR to set the borrowing rate for student loans, adjustable-rate mortgages, and car loans.

In a 48-hour span between July 1 and July 3 [2012], Barclays bank lost most of its senior management team: the chairman, Marcus Agius, the CEO, Bob Diamond, and the chief operating officer, Jerry del Missier, resigned over a scandal in which the bank was accused of manipulating the LIBOR interest rate. Diamond is reported to have felt "hounded" by members of parliament who were going to drag him into a public enquiry and take up all his time, with no one left to run the bank.

See <https://www.marketplace.org/2012/07/03/world/easy-street/libor-mortals-easy-explainer>

¹⁹ <https://bangordailynews.com/2017/11/01/health/obamacares-rising-premiums-will-hurt-the-middle-class-the-most/>

²⁰ LANSING — One of the biggest pieces of healthcare reform — the Health Insurance Marketplace — goes live in just nine days.

We've known this was coming since President Barack Obama signed the Patient Protection and Affordable Care Act, also known as Obamacare, into law in March 2010.

http://www.mlive.com/business/index.ssf/2013/09/answers_to_10_questions_on_obama.html

²¹ HHS REPORT: Average Health Insurance Premiums Doubled Since 2013, FOR IMMEDIATE RELEASE

May 23, 2017. See <https://www.hhs.gov/about/news/2017/05/23/hhs-report-average-health-insurance-premiums-doubled-2013.html>

²² The fee for not having health insurance. See <https://www.healthcare.gov/fees/fee-for-not-being-covered/>

²³ <https://www1.maine.gov/labor/cwri/cps.html>

keep up with necessary price adjustments, and new customers are needed to offset revenue losses that come from fewer core customer visits as even higher consumer prices are needed for revenue to keep pace with minimum wage requirements discussed below.

I believe that corroborating evidence of my assessment can be found in a Federal Reserve Bulletin dated September 2014 entitled *Changes in U.S. Family Finances from 2010 to 2013: Evidence from the Survey of Consumer Finances* that is a highly complex technical assessment of economic information I myself do not fully comprehend, but offer herein only snippets of potentially relevant and likely related consumer spending observations that are similar to my own and found in the several observations noted about regarding family incomes as reflected upon in the Federal Reserve Board's triennial Survey of Consumer Finances (SCF) that collects information about family incomes, net worth, balance sheet components, credit use, and other financial outcomes.

Snippets Related To My Consumer Spending Observations

- "...income distribution between 2007 and 2010" reflected "large decreases in top incomes associated with the recent financial crisis [that] reduced mean family income more than median family income."
- "Families at the bottom of the income distribution saw continued substantial declines in average real incomes between 2010 and 2013, continuing the trend observed between the 2007 and 2010 surveys."
- "Families in the middle to upper-middle parts (between the 40th and 90th percentiles) of the income distribution saw little change in average real incomes between 2010 and 2013 and thus have failed to recover the losses experienced between 2007 and 2010."²⁴

Minimum Wage Referendum

The minimum wage referendum that was voted in favor of by the People of Maine has been passed by the state legislature²⁵ in Maine and is currently the law that must be followed by entities doing business in Maine.

²⁴ Federal Reserve Bulletin September 2014 Vol.100, No.4 Changes in U.S. Family Finances from 2010 to 2013: Evidence from the Survey of Consumer Finances. See <https://www.federalreserve.gov/pubs/bulletin/2014/pdf/scf14.pdf>

²⁵ Title 26: LABOR AND INDUSTRY. Chapter 7: EMPLOYMENT PRACTICES. Subchapter 3: MINIMUM WAGES. §664. Minimum wage; overtime rate. 1. Minimum wage.

In order to be in compliance with MRS title26 Sec. 664, the minimum pay rate schedule and amount shown below must be followed.

In past years the Cockpit Cafe has provided above minimum pay rates to a large percentage of its employees. However, as the scheduled minimum pay rate increases through the coming years, more pressure is put on the business to increase the prices its customers are charged. Although such increases are part of customary business operating procedures, as the old saying goes, you can't get blood out of a stone.

During the summer months, the Cockpit Cafe attracts a customer base that in general has greater disposable income than the largely fixed income group base that we serve during rest of the year when tourism is down. We are however encouraged about future growth prospects as Sanford's economic development goals are realized, but experience has shown that simply increasing the prices my customers must pay does not always bring in more revenue as customer spending habits and levels are adapted to the new prices, whereby customers may

Date The Rate Is In Effect	Minimum Wage Rate
Prior to January 1, 2017	\$7.50
Beginning January 1, 2017	\$9.00
Beginning January 1, 2018	\$10.00
Beginning January 1, 2019	\$11.00
Beginning January 1, 2020	\$12.00
Each Beginning January 1, XXXX	increased by the increase, if any, in the cost of living

actually spend less and visit fewer times throughout the year.

Although Cockpit Cafe employees for the most part do not work an average of 40-hours per week, we can calculate that an employee who does work 40 hours per week over a 52 week period would expect an increase in gross pay by \$2,080 per year.

In an effort to calculate the effect that the minimum wage increase will have on labor costs in direct pay only, we can consider that by increasing labor costs by one (1) dollar for four employees we will add \$8,320 in direct labor costs over a one year period, and this amount does not include other costs such as worker's compensation, federal and state unemployment taxes or federal matching taxes for Social Security and Medicare.

The Cockpit Cafe like any other business must find the wisdom and foresight to develop a future pricing strategy that exceeds these and many other unrealized financial obligations, whereby the challenges ahead are complicated by the many unknown possibilities such as when in 2015 the price of eggs and related products doubled.

In summary, the Cockpit Cafe proposes to take on the challenges of extended hours and vendor services but in a manner where caution and careful planning are the rules of thumb.

Other Floor-Plan Improvement Considerations

Outside Electrical Outlet

The Cockpit Cafe proposes that the locating of an outside electrical outlet will aid in the performance of certain cleaning, maintenance, and repair operations.

Outside Water Outlet

The Cockpit Cafe proposes that the locating of an outside water outlet will aid in the performance of certain cleaning, maintenance, and repair operations, as well as flora restoration in any outside gardening areas.

Airborne Pest Screening on Qualifying Entry Points

The Cockpit Cafe currently pays for monthly pest control services and believes that such efforts can be enhanced through the installation of effective screening against airborne pests as an essential part of providing a healthy eating environment during the summer months. Although such pests do enter through the customer entry way, the more common area of entry can be through the kitchen entry way and any air vacuum points not screened like air inlets and open windows.