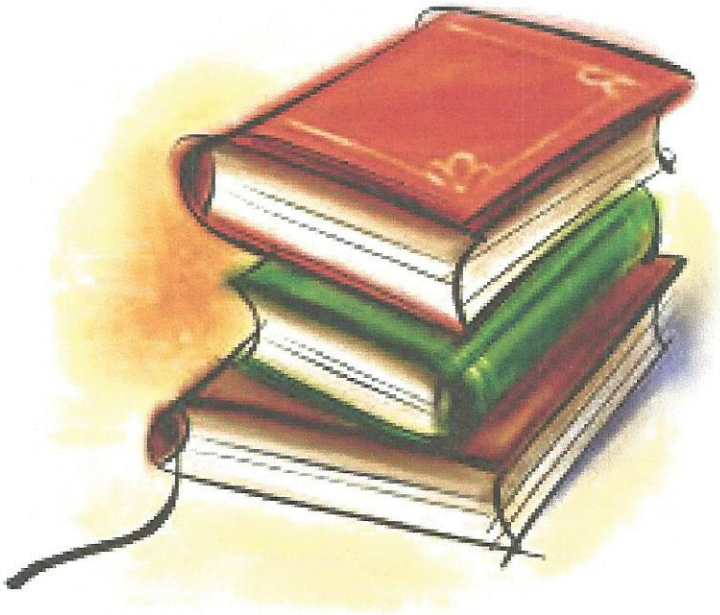
Section Six

Job Quality, Workforce Training, Employment, and Service Continuity

Proposal by Chocolate Enterprises Airport for Single Unit Package 15

Workforce training can start in books and policies but in "retail" much of the training is also learning how to listen to customers and make a connection. Customer service is key. A happy customer is a customer that we have connected with.



1. Wages and Compensation

Our payroll will adhere to the minimum requirement of the recently passed Ordinance 13-1020 and Chapter 7.45 of the SeaTac Municipal Code. Our understanding of the Ordinance and Code is becoming more complete. We see that the Ordnance and Code calls for a Minimum Wage of $15.00 per hour with annual adjustments for inflation, as determined by the City Manager and reported in October for the upcoming year. A Sick/Safe section is included in the Code and is reported below in Section 2. The business plan for both the Airport store and the downtown store includes accommodation of all these requirements. We confirm that we will comply now and continue to comply in the future with the requirements of this Code and other City of SeaTac codes. This includes both wage increases and other requirements.

The Pike Place store is on a tiered phase in, but for that location business will be at $15.00/hr on January 1, 2017, less than a year from now. We have always complied with all pay rate requirements. In general, we have exceeded the minimum wage for the last 20 years. Even now, with the minimum wage in downtown Seattle at $13/hr, our average pay per person is $15/hr. Our staff has room for growth, and will in the future.

Separate from wages, our cash register slips for credit cards allows the customer to designate a "tip" for customer service. Since our staff assists with collection of the chocolates for each customer, there is a bit of service and frequently a tip is designated by the customer. Over a period of a few months these tips will typically add $2/hr to the staff person pay check for a sales associate that is intent on making a connection with their customers. There is no hold back by the business on these credit card tips – the staff person gets all of it, and is paid monthly. Other staff may only get $1/hr, for an average of about $1.50. We also keep a tip jar near the cash registers for cash tips for the cash paying customers. These tips cannot be connected directly back to an employee like the credit card, so they are totaled up and divided out over the whole staff. This can be $0.50 to $0.75/hr and is paid monthly. There is no hold back here either. All tips are totaled and included on employee pay stubs and withholding is applied in accordance with current IRS rulings. Tips are not included in the minimum wage calculation.

Our business also has a long standing policy of doing a "special of the month". Typically these are buy 3 apples, get one free; or spend $30 and get a free ½# of avalanche bark. This promotion gives a sales associate something to start a conversation with the customer and these specials increase the average transaction per customer participating. We track the specials as they get posted to the cash register and pay the employee $1/special. Our best employees make an extra $2/hr with these specials. This bonus is also posted to pay stubs and is also not included in the minimum wage calculation.

Total pay rate for our sales associates will therefore be $17 to $19 per hour including tips and bonuses. Benefits add up to 18% and state and federal taxes add 16% for the cost to the business. We are very confident that our customers, which is the source of all funds for a business, will pay the incremental price increases that will support these pay rates for our staff. We are pleased to be

able to be an employer paying a respectable wage to their staff. Demonstration of the overall effect of the business still able to make a profit margin, pay their staff better, make customers happy, and make the staff happy, we hope will increase the likelihood of these experimental islands of prosperity spreading to the rest of the state and nation.

2. Paid Time Off

Our business will provide one of two avenues of Paid Time or a combination of both. The required minimum one is the Sick/Safe leave as mandated by City code both in Seattle and SeaTac. In Seattle, this includes a 1 hour leave allowance per 40 hours worked. For a full time employee, this works out to 51 hours of leave per year for child care, family member care, employee sickness, or for security reasons relating to an abusive situation at home (it is 51 and not 52, since an employee doesn't earn more sick leave when they are home on sick leave). We track the use of Sick/Safe to insure we are complying with the accumulation hours and usage, but we (the business) do not make a practice of protesting any employee's use of the Sick Safe time. Some employees do not use any, some use a little, some use a lot. People are different. The allowance is for them to keep themselves fit for duty by having the availability of a sick day or safe day when needed. It doesn't carry over completely and it is not an allowance that can be cashed out if not used (which is a source of some irritation to the non-sick staff).

For our downtown location we have substituted a vacation accrual plan in lieu of the Sick/Safe policy that exceeds the allowance required by the Sick/Safe policy, as allowed in the Seattle program. In that program we provide a vacation allowance for employees of 2 weeks for their first year (accrued a few hours each pay period), and the allowance goes up 1 extra day per year of employment, to a maximum of 5 weeks per year (with 15 years of employment which some of our staff is approaching). We offer to pay staff when they take a day off, or also allow each person to turn in a request to cash in some or all of their hours. In our experience, this benefit has been the most popular of all that we offer. Many family Christmas presents have been obtained with this allowance, and many family vacations for staff that are used to "no time off" have been accommodated.

For the City of SeaTac code compliance, we cannot see where a Paid Time Off policy exceeding the minimum SeaTac Sick/Safe policy will be an allowed substitution. If it is not, we will fully comply with the SeaTac Sick/Safe policy that requires 1 hour per 40 hours worked, no questions asked about use, and cash out or carry over at the end of the calendar year as requested by the employee. The rule also requires reinstatement of hours for a returning employee which we will comply with. Additionally the rule also requires that we first offer any extra hours needed on the schedule to employees already on the schedule which we will comply with. We are sure there is more to learn on this rule, and we will be working to insure full compliance.

If substitution is not allowed we will add a supplemental paid time off allowance of 29 hours to make up the difference at the Airport location with a total of 80 hours per year for a full time

employee, indexed up by 8 hours per year of employment. We want the total to be a comparable and fair solution at our affiliated location.

3. Affordable Care Act Compliance – Medical Insurance

The 1000+ page Affordable Care Act (ACA) is slowly being accommodated by the country and its millions of businesses, and ours. We have revised our company policy to offer Medical Insurance benefits to Permanent Employees (We have a contingent of Seasonal staff, students, at our Pike Place downtown store that are not covered. We do not anticipate as large, if any, seasonal swing in the Airport). The business medical policy is considered a "silver" policy by the insurance company – Group Health of Washington. It has a deductible of $1900 so for most of our staff it is only useful for big ticket health issues. But the insurance policy itself also has been changed to meet the ACA and now covers many well-visit charges, and pregnancy, so the impact of the deductible to employees is mitigated to some degree. Our staff that has signed on have used the policy and offset some major expenses though. The business pays 75% of the premium for this policy for the employee, so in 2016, it costs each participating staff member 25%, which is about $40 per pay check (of a twice monthly system). The business also includes provision for the plan to also pay 50% of the cost of signing up children, and 25% of the cost of a spouse.

We have found that many of our younger staff stays on their parents' policy until they are 26 years old – this is a feature of ACA. In addition, many that are over 26 or do not have a parental plan qualify for essentially free/subsidized health insurance since their pay rate does not put them over the approximate $38,000 low end of the chart in the ACA rules. These individuals have a choice of free insurance (to them) or paying $40/pay period. Most choose the free of course. This may change over the future. We are positioned to be able to accommodate it.

We will offer this Medical Insurance benefit to the staff at the airport store. We hope that our package of Health Insurance, Paid Time Off, and IRA will boost our retention rates, improve employee morale, and productivity. We know that the pay rate will boost employee job satisfaction.

4. Employee Training

Our employee training consists of reading the Employee Handbook with our store policies which detail the benefits program above, explains our rules on uniforms, where to smoke on the 10 minute breaks, payroll system, what to do in case of fire, etc. We also have a period of mentoring for the first couple weeks for each new employee so that the new person has a way of asking questions, finding the right buttons on the cash register, etc. With the availability of our affiliate Rocky Mountain store in Downtown Seattle, we expect to train all the new staff for the startup of the Airport store in that downtown store. There will be several experienced staff available at all times during this training. In general we never stop training staff on the intricacies of customer service. We have found that it is impossible to become perfect and then coast. So there is a continuous presence of on the job training on issues like customer service, sampling, and greeting the customer.

We also attend as many of the Rocky Mountain Chocolate Factory corporate sponsored conferences as we can, and whenever possible we take from 2 to 4 staff with us. This is a broadening experience for them, but the Rocky Mountain system also rewards stores for "most improved", "best store made", and many others and it is such an exciting moment for the staff to win one of those awards (which we often do win and we always credit the staff). There are also many sessions directly discussing pricing, training, store made, decorating, making bows with ribbon, vendors are present to ask questions of, and more. These sessions are as good for the employees we take as they are for the owners.

5. Employment Continuity Pool

We are committed to participate in the Employment Continuity Pool. Good employees that understand the airport environment and know how to get to work will be an asset to our store. We will look at the postings as we prepare to initially staff the store and interview applicable candidates. We understand this resource would be available for any replacement staff during the life of the contract as well. We will hope to train these people in our Pike Place store which will be facilitated by their being used to getting to the airport, and then being able to take the light rail to within 4 blocks of the Pike Place store. We expect to allow some/most of that light rail travel time as paid time since it will be at our request for training.

6. Service Continuity Assurances

It doesn't seem likely that this would apply to us since we are bidding on a fairly small square footage, and only one space, and we will only have one other location (out of the airport). If another vendor is vacating this space ahead of us, we will see those staff in the Continuity Pool from the above Section 5, but there will be a several months long break in employment and most of these particular staff would no doubt find other work.

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