

Dear Guests,

Like all DC employers, restaurants are required to pay their employees no less than the minimum wage (currently \$17/hour in DC). This is true for all employees, whether they earn tips or not. However, for tipped employees, nearly all states, including DC until very recently, allow(ed) employers to pay a base wage under the minimum wage if the employee earns enough in tips to bring them up to or beyond the minimum wage. If tips do not bring the employee to at least \$17/hour, the employer is required by law to add wages to their paycheck to ensure the tipped employee makes minimum wage. Until recently, most servers in DC were paid \$5.35/hour by their employers but, with tips, earned far more than \$17/hour. Last year, our servers, for example, averaged over \$45/hour in tips plus wages.

On November 8, 2022, 74% of District residents voted in support of a major change to this system called Initiative 82 (I-82). The passage of I-82 meant that, regardless of how much money a tipped employee earned in tips, an employer was no longer allowed to pay an employee less than the minimum wage. We estimate that this new law will increase our restaurant's labor cost by nearly half millions of dollars per year.

Faced with this massive increase, restaurants are compelled to either dramatically raise menu prices or apply a service charge. In general, restaurants (and we are no exception) hate raising their prices because they fear doing so will cause less people to frequent their establishment and thus reduce overall sales. A service charge, while universally loathed, is a way to generate additional funds for a particular reason (in this case to comply with a new law). It differs from a tip because, unlike a tip, the employer is allowed to keep a service charge and do what they wish with it.

So faced with two bad options, that is why most restaurants, including Bistrot Lepic and La Piquette, are reluctantly choosing service charges.

Our goal with the service charge is to get to a place where neither the employee, guest nor business is needlessly hurt by Initiative 82.

DC is phasing in I-82 over several years. Each year, on July first, the required "tipped minimum wage" increases. At Bistrot Lepic and La Piquette, we have raised the base wages of our servers and bartenders to comply with these new wage requirements but will add, for the first time, on July 1st 2024 a 3% I-82 Fee to help cover these increases. We expect you, our guests, will deduct the amount of the service charge from what they would normally tip (e.g., if they previously tipped 20% with no service charge, they could choose to tip 17% with a 3% service charge). As such, everyone comes out at about the same spot as before Initiative 82. (Please be aware that, despite the restaurant businesses' pleas, DC still requires us to collect sales tax on all service charges.)

As the wage requirements go up, so too may our service charges. We intend to monitor it closely and will continue to be as transparent as possible moving forward.

If you have any questions or would like to learn more about the impact of I-82 on restaurants, please feel free to email us at info@bistrotlepic.com or info@lapiquettedc.com.

As always, a heartfelt thank you for supporting your favorite French Bistros.

Cyrille Brenac