

City of Emeryville Business Conditions Report

**Impact of Minimum Wage,
Paid Sick Leave, and Fair
Workweek Ordinances**

Summer 2018 Survey



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LORRY I. LOKEY SCHOOL OF
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Attachment 2

Executive Summary

This report highlights the results of a survey capturing general business conditions in the City of Emeryville. The data was collected by a team of Mills College graduate students under the supervision of faculty members during the summer of 2018. The survey focused on how City of Emeryville Labor Ordinances (i.e., Minimum Wage, Paid Sick Leave, and Fair Workweek) have impacted revenues, prices, and employment patterns among local businesses, and how the City can better support these businesses. This report pays particular attention to shifts in the retail and food industries and how these two industries have been affected by the newly implemented Fair Workweek ordinance. Additional questions developed in collaboration with the Economic Development and Housing Department were administered in order to inform city management about the relative importance of current initiatives and to uncover major challenges facing the City's business owners and managers. The survey identified a number of key challenges facing Emeryville businesses, especially those in the food industry. The findings indicate that while the retail industry has been quite resilient while implementing the new labor ordinances and has suffered no major adverse effects, the restaurant industry is clearly struggling.

Introduction

In June of 2015, the City of Emeryville adopted an ordinance that would raise the minimum wage beginning on July 2, 2015 and increasing thereafter on July 1 of subsequent years. In July 2016, the minimum wage was raised from the 2015 rate of \$12.25 for small businesses (55 or fewer employees) and \$14.44 for large businesses (56 or more employees), to \$13.00 for small businesses and \$14.82 for large businesses. Effective July 1, 2017, the minimum wage was raised to \$14.00 and \$15.20 for small and large businesses, respectively, and on July 1, 2018 it was raised to \$15.00 and \$15.69, respectively. The ordinance also included stipulations about Paid Sick Leave (PSL) benefit requirements for Emeryville employees, requiring large (small) businesses to offer a minimum of 72 (48) hours of PSL to every employee working at least 2 hours per week.

In November 2016, the City of Emeryville adopted a Fair Workweek (FWW) Ordinance, which became effective July 1, 2017, with full enforcement beginning January 1, 2018. The FWW Ordinance required businesses to enhance their scheduling practices by providing employees with advance notice of work schedules, giving employees adequate notice of and the right to decline or receive compensation for schedule changes, and giving employees the right to request a flexible working arrangement. The ordinance applies to retail firms with 56 or more employees globally, and fast food firms with 20 or more employees in Emeryville and 56 or more employees globally.

The City of Emeryville partnered with the Lorry I. Lokey School of Business and Public Policy at Mills College (Lokey School) to ensure a smooth transition into compliance. In 2016, the Lokey School conducted the first Business Conditions Survey and since 2017, the Lokey School has worked with the City of Emeryville on continuous outreach, education, assessment, and policy analysis for the sustainable policy implementation of these labor standards. This work was accomplished through technical training workshops, circulation of educational fact sheets, and focus groups with affected businesses and employee groups in order to ensure involvement from the business community in Emeryville. Efforts were made to build a brand of collaboration and participation that rests on the assumption that businesses play a key role in building healthier communities.

In the summer of 2018, the Lokey School administered a survey aimed at capturing current business conditions, the level of understanding of major labor ordinances among Emeryville businesses, and the changes these businesses have made to accommodate these ordinances. The survey also looked at reactions to overall city policies and their impact on the business community in Emeryville. This report encapsulates the key findings that emerged from the survey. The report is organized as follows. Section 1 presents the survey design, including the methodology and characteristics of the businesses surveyed. This is followed by a presentation of the impact of the labor ordinances in Section 2. Section 3 outlines the changes in business conditions from 2017 to 2018, as well as general reactions to the minimum wage increase that was about to happen in July 2018, during our data collection period. The next two sections focus on segmenting the results by industry, namely the food service in Section 4 and the retail trade in Section 5.

Section 1. Survey Design

1.1 Survey Methodology

Distribution

Between the months of June and August 2018, survey forms were distributed to 195 Emeryville businesses by MBA (Master of Business Administration) and MPP (Master of Public Policy) students at the Lokey School.¹ The survey was also made available online using Survey Monkey and was circulated to over 100 Emeryville businesses via email. Paper copies of surveys were either left to be filled out or links were emailed as follow-up to in-person contacts. Follow-up outreach was conducted through in-person visits, email reminders, or by phone. Around 20 businesses were also reached out to at the summer Emeryville Business Networking Meeting that was held on August 22, 2018. Among the 319 businesses contacted through all of the above means, 101 surveys were completed and analyzed thereafter. Close to 200 businesses declined to participate in the survey due to corporate restrictions on information sharing or were not willing to share information with the City. Some owners/managers were too busy or lacked interest and, in some cases, even after several attempts, the surveyors were unable to reach them.

Survey Content

The survey was designed to be easy for businesses to complete within 10 minutes. The survey was comprised of 40 questions aimed at assessing the current and future business conditions in Emeryville, with focus on the Minimum Wage increase, Fair Workweek, and Paid Sick Leave ordinances. A combination of multiple choice, scale, and open-ended response questions were used to elicit relevant information. The questions were structured as follows:

1. Basic information regarding the business including name, location, industry, and size.
2. Specific questions about the labor ordinances.
3. Changes in payroll and prices since the previous year.
4. Anticipated changes in payroll and prices over the next 6 months.
5. Challenges facing Emeryville businesses and how the city government could better serve them.
6. Voluntary contact information for future communication.²

¹ In addition to this report's authors, we acknowledge Molly Curley O'Brien, Jenifer Logia, Celeste Peifer, Jill Bletz, and Dustin Patenaude for their participation in survey distribution.

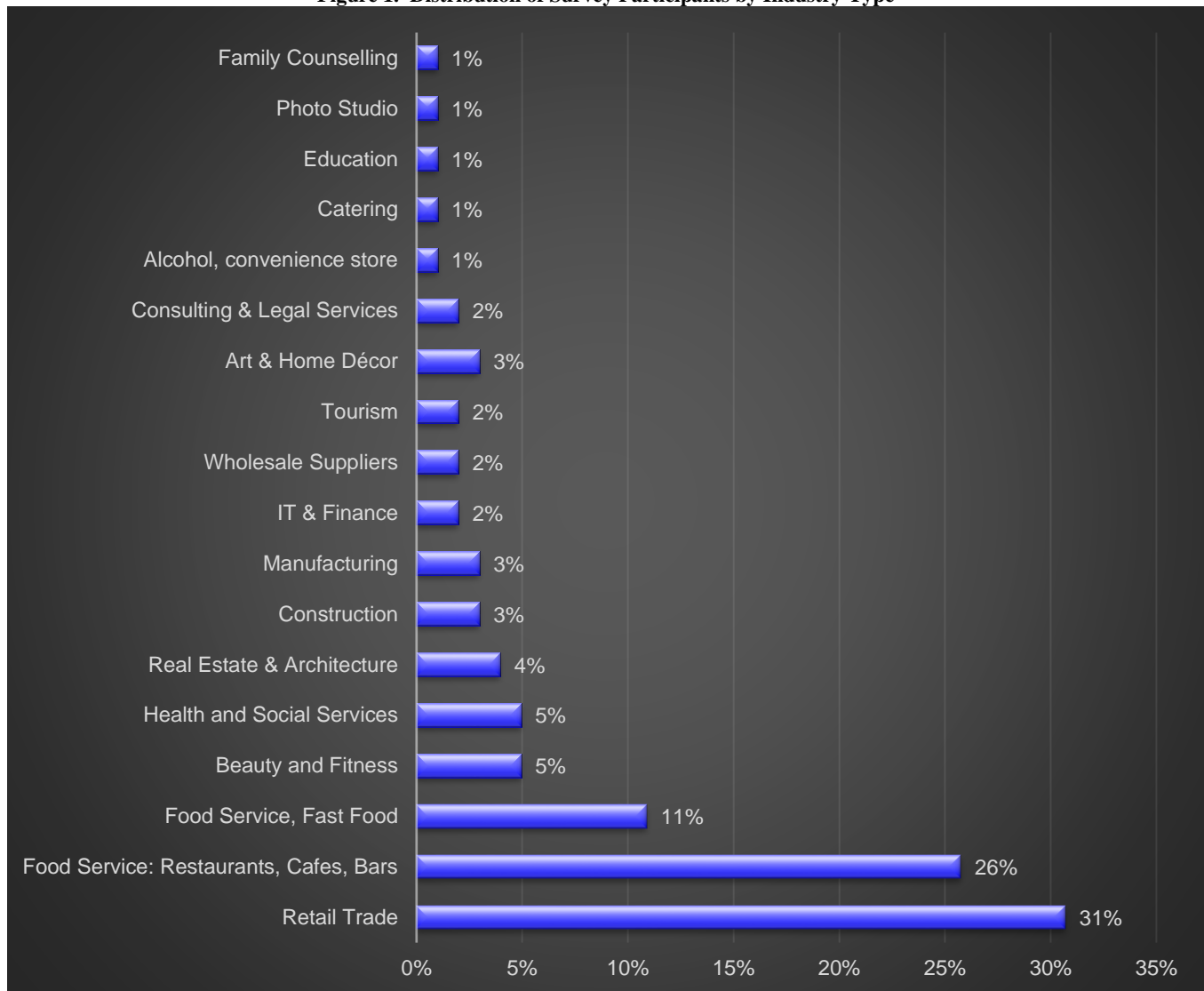
² The full text of the survey instrument is provided in Appendix 1.

1.2 Characteristics of Survey Respondents

Distribution of Participants by Industry Type

The industries with the highest representation in the sample of respondents were Food Services, with 37% of respondents, and Retail Trade, with 31% of respondents. Beauty and Fitness, as well as Health and Social Services, were equally represented with each contributing to 5% of the total survey participants. Real Estate and Architecture businesses made up 4%, while the rest of the categories had fewer respondents, ranging between 1% and 3%.

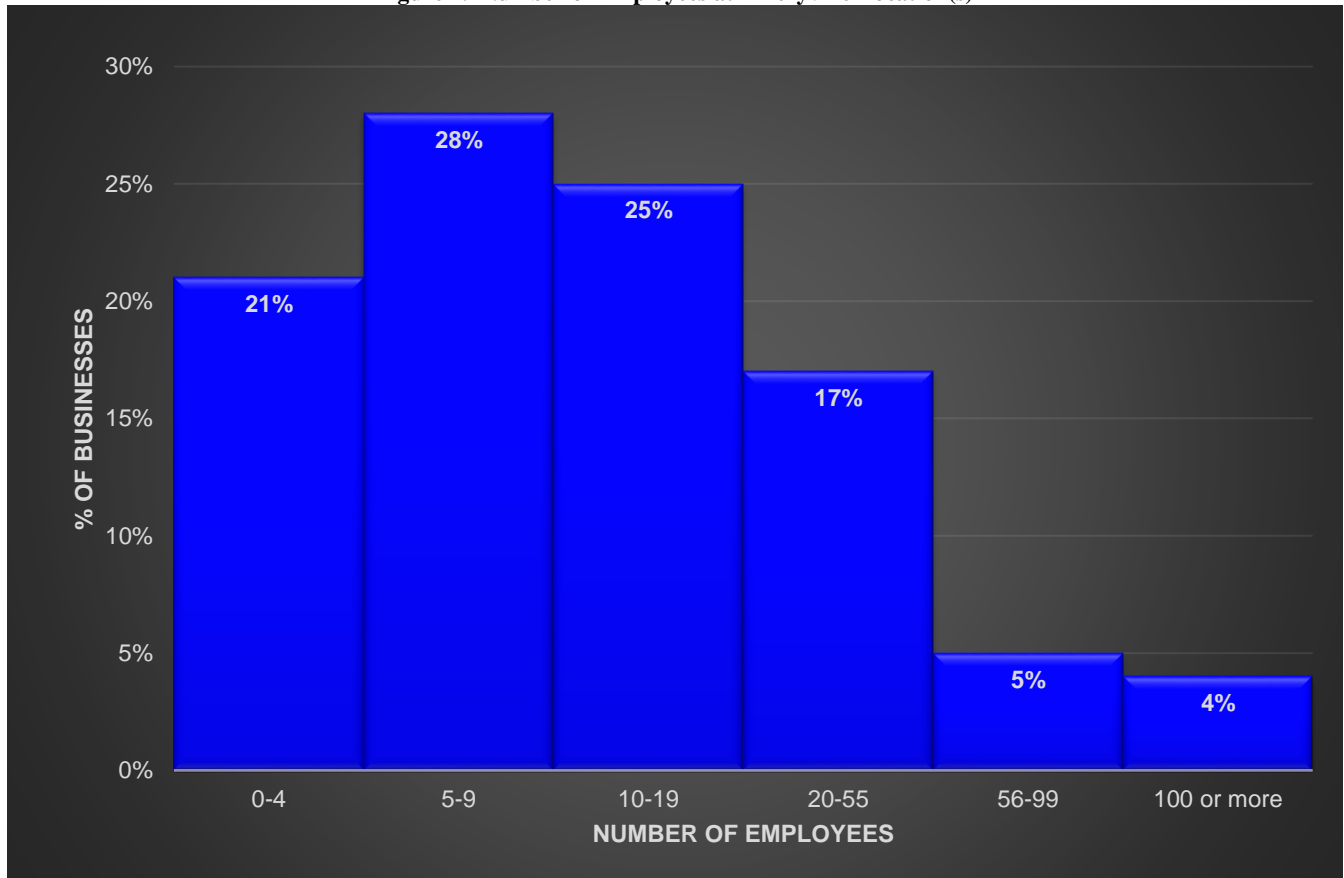
Figure 1. Distribution of Survey Participants by Industry Type



Business Size – Number of Employees at Emeryville Business Site(s)

The majority of the businesses in Emeryville that participated in the survey were small independently-owned businesses, with the number of employees ranging between 0 and 19. Around 17% have 20-55 employees, while 5% employ between 56-99 workers, and 4% had 100 or more employees.³

Figure 2. Number of Employees at Emeryville Location(s)

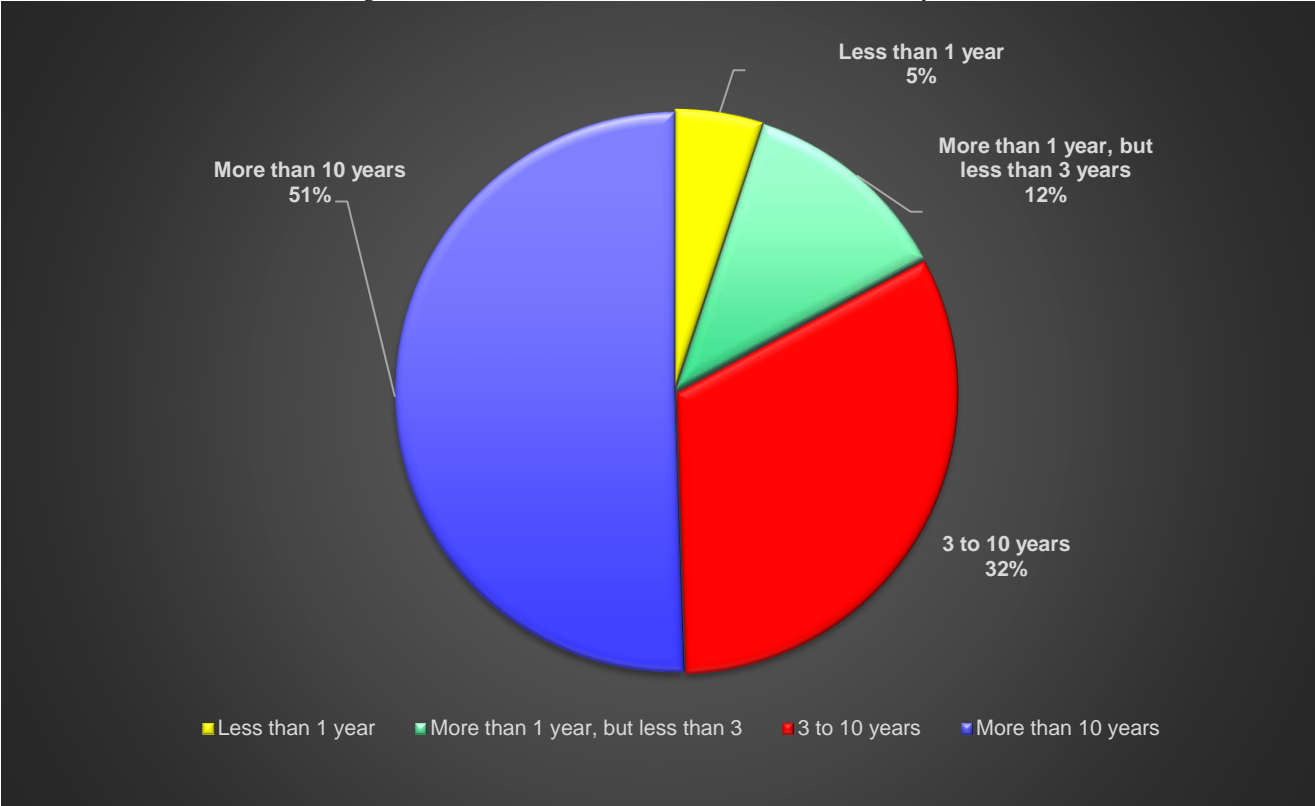


Business History- Number of Years since Establishment in Emeryville

Similar to the previous round of data collection, most of the businesses surveyed were well established, with the majority (51%) of respondents reporting that they have been in business for 10 years or longer. Thirty-two percent had been in Emeryville for anywhere from 3 to 10 years. A small number of businesses (12%) had been established for more than one year but fewer than 3 years, and only 5% had been in Emeryville for a period of less than one year. This distinction is important since our data analysis has identified some key differences in how new vs. established businesses are faring under new regulations.

³ It is important to note here that many of the businesses that were big in size refused to participate in the survey due to corporate policy restrictions on sharing confidential business details.

Figure 3. Number of Years since Establishment in Emeryville

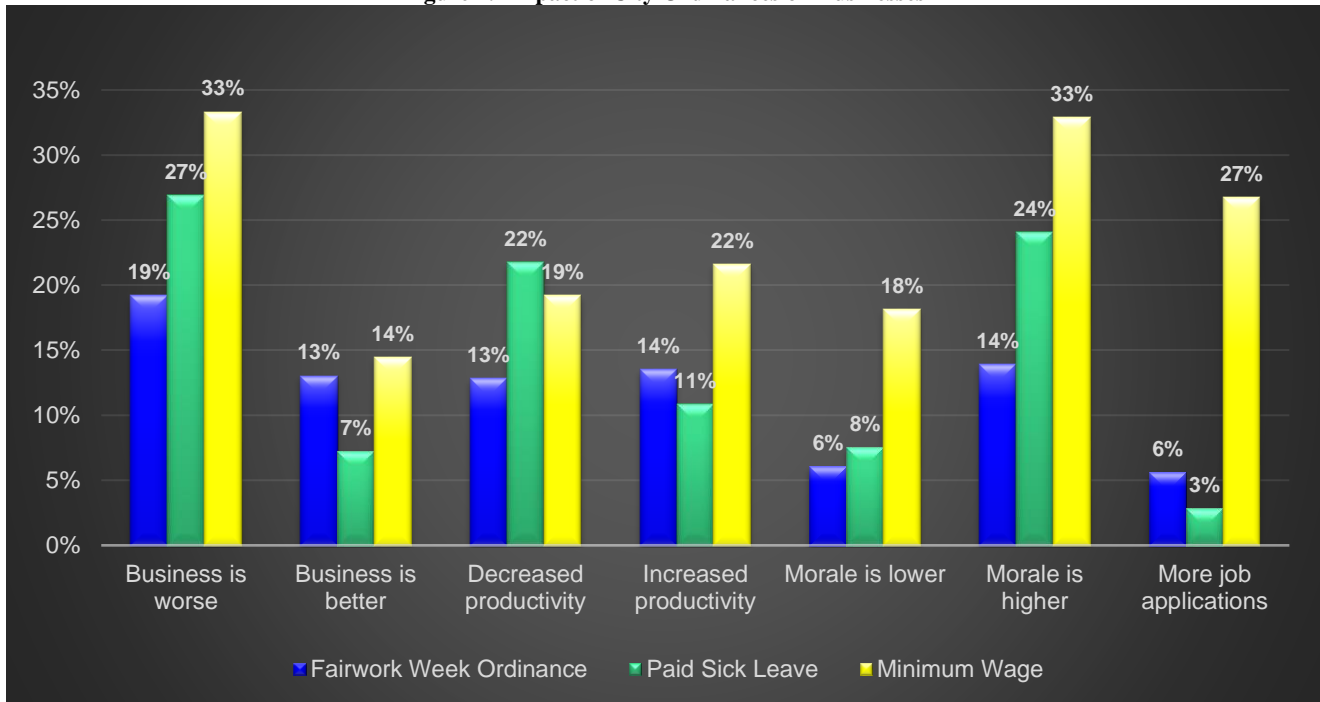


Section 2. Impact of City Ordinances on Businesses

2.1 Reactions to City Ordinances

Survey respondents provided their reactions to the Minimum Wage, Paid Sick Leave, and Fair Workweek Ordinances, as well as information on how these ordinances have affected their businesses. Mixed reactions were received across the board, as summarized in this section.

Figure 4. Impact of City Ordinances on Businesses



Minimum Wage Increase

Many mixed reactions were received from the businesses about the minimum wage increase. While 33% of the respondents blamed the minimum wage increase for business being worse than before, 14% credited the increase for business being better. Around 22% of business owners noted an increase in productivity among employees with the revised minimum wage, while 19% felt there was a decrease in productivity. Almost 33% respondents felt that employee morale was higher due to the minimum wage increase, while 18% believed that morale was lower instead. Further, 27% of survey participants attributed an increase in job applications to the minimum wage increase.

Paid Sick Leave

Similar mixed reactions were recorded for participant responses to how the paid sick leave ordinance had impacted their businesses. Twenty-two percent felt that there was a decrease in productivity among the employees with the introduction of paid sick leave, while 11% felt that it has increased productivity. Twenty-four percent of business owners felt that employee morale had risen as a result of changes in paid sick leave benefits, while 8% were of the opinion that morale had gone down. Twenty-seven percent of participants reported that business was worse due to

the introduction of the paid sick leave regulation, while 7% felt that business had improved. Further, 3% of the participants mentioned that they saw an increase in job applications due to the paid sick leave provision.

Fair Workweek Ordinance

Fourteen percent of respondents believe that the fair workweek ordinance has increased the productivity of their employees, while 13% are of the opinion that it has caused a decrease in productivity. In addition, 14% of the respondents noticed an increase in the morale of their employees, while 6% felt that morale had decreased as a result of the fair workweek ordinance. Six percent of respondents credited the ordinance for an increase in job applications. Further, while 19% complained that their business was worse with the introduction of the fair workweek ordinance, 13% were of the opinion that it was better.

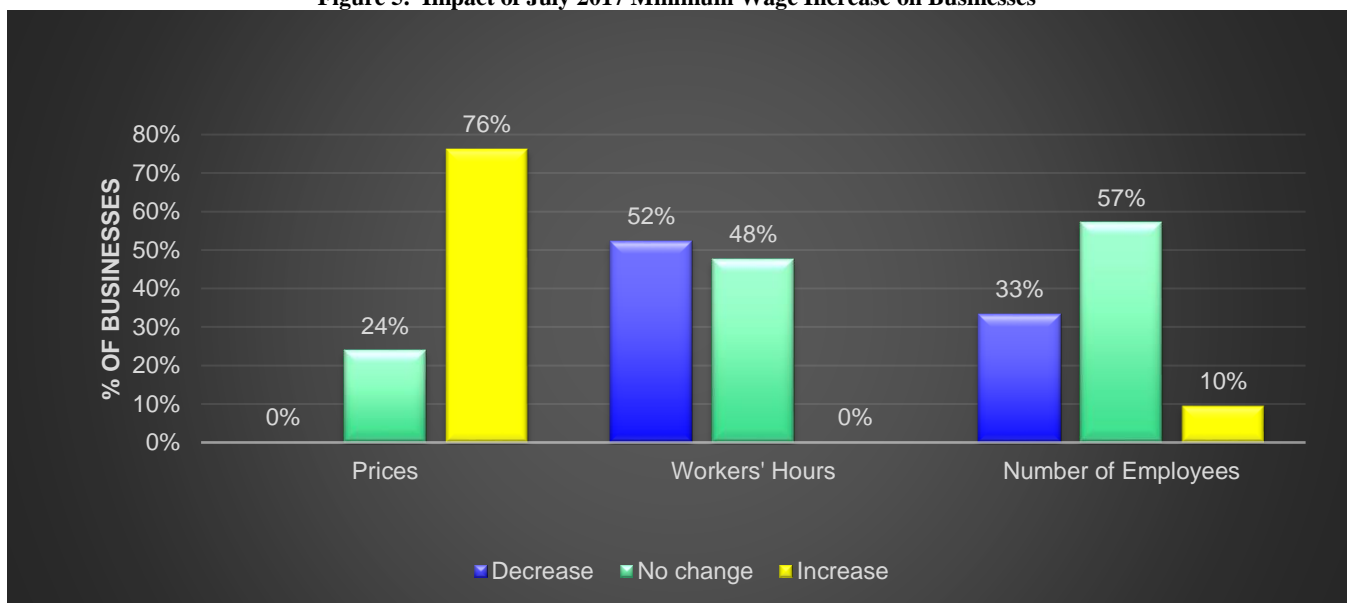
2.2 Impact of Minimum Wage Increase

In 2015, the City of Emeryville adopted an ordinance that would raise the minimum wage yearly in July, beginning in 2016. Effective July 1, 2017, the minimum wage in Emeryville was raised to the following:

- Small Businesses (55 or fewer Employees): \$14.00 per hour
- Large Businesses (56 or more Employees): \$15.20 per hour

Survey respondents were asked specifically about the impact of the 2017 minimum wage increase and any changes in business experienced over the last year. In this section, we look at the impact of this increase on the businesses' prices, workers' hours, and on the number of employees. We also further examine the changes in payrolls costs, prices, overall costs, and revenue that were experienced by businesses since the minimum wage increase in 2017.

Figure 5. Impact of July 2017 Minimum Wage Increase on Businesses



As can be seen in Figure 5, the minimum wage increase had the highest impact on prices, with 76% of respondents reporting an increase in prices. None of the businesses saw an increase in workers' hours as a result of the minimum wage increase, and 10% of the businesses noted an increase in the number of employees. On the other hand, 52% of the businesses noted a decrease in the number of workers' hours and another 33% said there has been a decrease in the number of employees, indicating that they had to make the internal changes to accommodate the minimum wage revision. Lastly, a good number of businesses in the data set reported no changes in prices (24%), workers' hours (48%), and number of employees (57%) with the 2017 minimum wage increase.

2.3 Impact of Fair Workweek Ordinance



Emeryville was among the first few cities in the United States to adopt a Fair Workweek Ordinance. According to the Fair Workweek Initiative website, “Fair Workweek policies ensure that working people have stable and predictable work hours, more opportunities to work full-time, healthier schedules with adequate rest, and a fair voice in when and how much they work.”⁴

The Mills team has stayed on top of the latest FWW and Paid Sick Leave developments by sending team members to conferences. We are grateful to CLASP⁵ for providing financial support that allowed the Lokey School to send two of our graduate students to labor standards related conferences. We feel that it is extremely important for us to stay on the cutting edge of the labor ordinance implementation as we strive to provide the highest level of service to the City of Emeryville. In addition, our collaboration with the City of Emeryville was highlighted at the ICMA conference where one of our team members gave a talk outlining the partnership details.⁶ This talk has received some national news coverage.⁷

The Fair Workweek Ordinance became effective for Emeryville businesses on July 1, 2017, with full enforcement beginning January 1, 2018. The Fair Workweek Ordinance requires businesses to enhance their scheduling practices by providing employees with advance notice of work schedules, giving employees adequate notice of and the right to decline or receive compensation for schedule changes, and giving employees the right to request a flexible working arrangement. The ordinance applies to retail firms with 56 or more employees globally, and fast food firms with 20 or more employees in Emeryville and 56 or more employees globally.

⁴ <http://www.fairworkweek.org/policy-innovations/>

⁵ <https://www.clasp.org/>

⁶ https://icma.org/sites/default/files/MCurley%20O%27Brien_Big%20Expectations.pdf

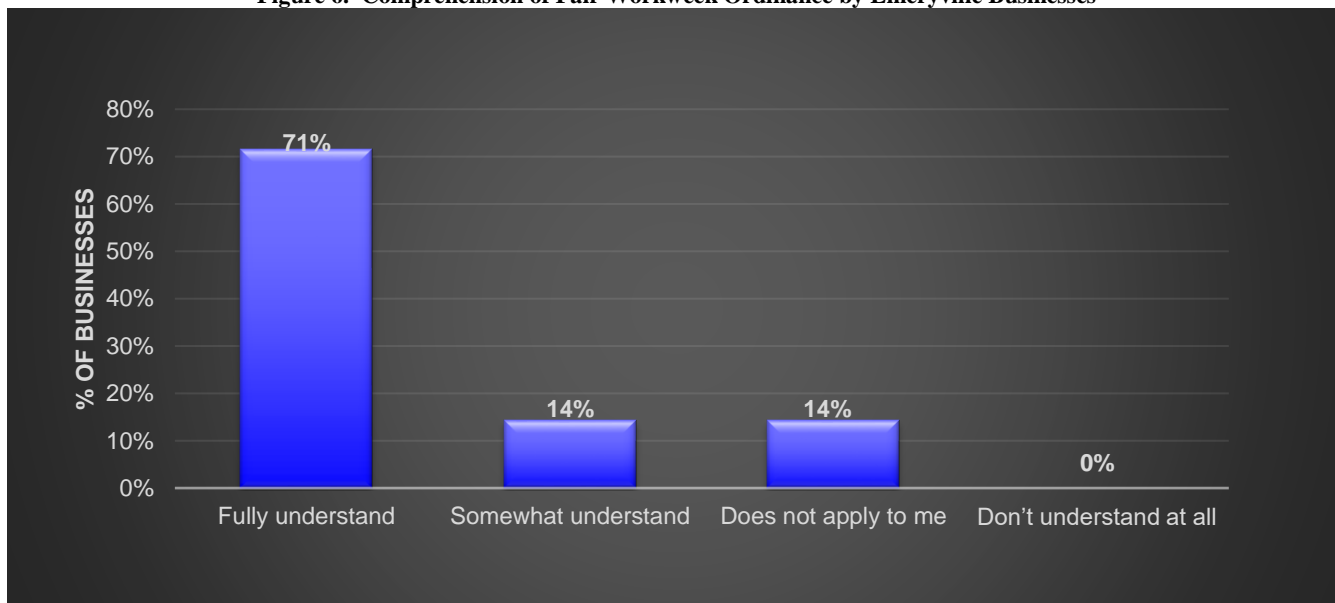
⁷ <https://efficientgov.com/blog/2018/10/01/make-local-budgets-go-further-with-academic-partnerships/>

Survey respondents were asked to state their level of understanding of the Fair Workweek ordinance, and the resources they utilized to understand the provisions. This section of the report discusses the responses that were received.

Businesses’ Understanding of the Fair Workweek Ordinance

Among the participants who are required to comply with the Fair Workweek ordinance according to their industry and company size information, 71% responded said that they fully understood the ordinance. Around 14% said they somewhat understand the ordinance, while another 14% said that the ordinance does not apply to them. We used the survey as an education as well as a data gathering tool and exposed the survey respondents to a pop-up window that provided the highlights of the ordinance as well as pointed them in the direction of additional resources. It is encouraging to see that *none* of the respondents said that they do not understand this important albeit complicated ordinance.

Figure 6. Comprehension of Fair Workweek Ordinance by Emeryville Businesses

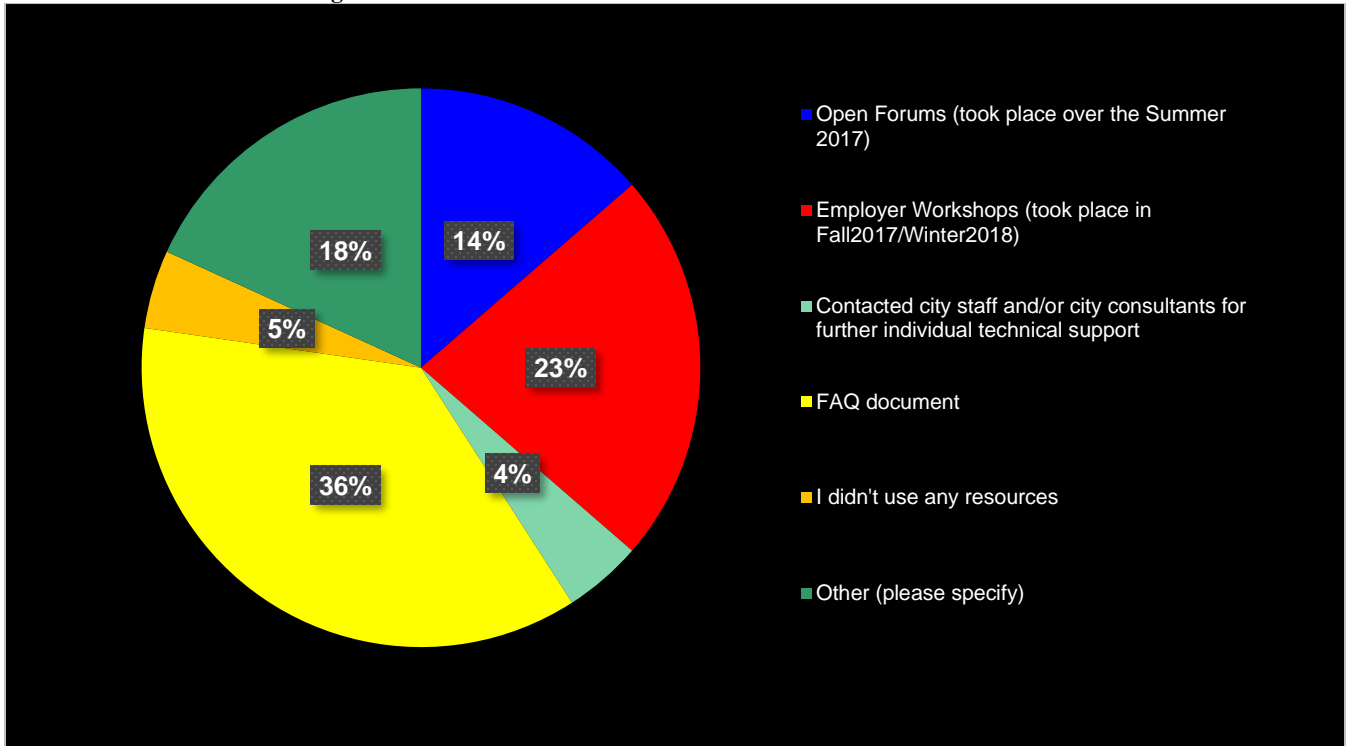


Resources Utilized to Understand the Fair Workweek Ordinance

Among those who said they understood the FWW ordinance, around 36% said they were made aware of its provisions through the Frequently Asked Questions (FAQ) document made available by the City and (compiled by the Economic Development and Housing Department in partnership with the City Attorney’s Office), while 23% of the ordinance-applicable respondents gained their understanding from the Employer Workshops that were held in Fall 2017/Winter 2018 and led by Mills College graduate students. Fourteen percent of the respondents were made aware of the provisions through open forums facilitated by the Mills team that took place when the regulations for the ordinance were drafted and during the soft rollout period. Around 4% contacted city staff and/or city consultants for further individual technical support. Eighteen percent of the respondents indicated that they used ‘Other’ sources. These respondents listed posters provided by the City as well as translated materials as additional sources of information.

At this point in time, the City is providing translations into Spanish, Mandarin, Amharic, and Farsi languages and monitoring business inquiries for additional language needs. Only around 5% of businesses indicated that they didn't use any resources. It is clear that the outreach conducted by Mills College in partnership with the City was successful in educating local business on various labor standards.

Figure 7. Resources Utilized to Understand Fair Workweek Ordinance



2.4 Reactions to City Policies

Survey respondents were also asked to provide their feedback on several other city policies, as shown in Table 1. Paid Sick Leave, the business license tax rebate, and the fire inspection tax rebate were seen as largely positive and were among the top 3 of the city policies that the participants were requested to provide their feedback on. Conversely, the Minimum Wage increases and the FWW ordinance were viewed more negatively. In particular, 38% of business owners/managers hold a negative view of Minimum Wage ordinance while only 26% support it. Some people indicated that minimum wage ‘does not apply to them’ because they paid well above minimum wage. Alarming, some businesses (16%) reported thinking that the paid sick leave provision does not apply to them, despite the ordinance applying to all types of employees and all businesses operating in the City of Emeryville.

Table 1. Business Owner and Manager Attitudes toward City Policies

| | Negative, it affected my business | Negative, I have general concerns about the policy | Does not apply to me | Neutral, does not affect my business | Neutral, I have conflicted feelings | Positive, does not affect my business | Positive, I believe it is good or fair |
|------------------------------------|-----------------------------------|--|----------------------|--------------------------------------|-------------------------------------|---------------------------------------|--|
| Minimum Wage Increase | 30% | 8% | 13% | 14% | 9% | 3% | 23% |
| Fair Workweek | 14% | 8% | 23% | 24% | 3% | 10% | 16% |
| Paid Sick Leave | 13% | 7% | 16% | 25% | 6% | 4% | 29% |
| Business license tax rebate | 1% | 3% | 35% | 24% | 5% | 5% | 26% |
| Fire inspection tax rebate | 3% | 1% | 46% | 21% | 4% | 4% | 21% |
| Hospitality Service Charge | 9% | 2% | 49% | 17% | 10% | 1% | 11% |

Table 1 illustrates how participants felt about the various city policies and their impacts on their businesses. The columns depict the number of participants who felt positively, negatively, or were neutral to the six city policies they were asked to comment about. Below is a breakdown of responses to each of the policies:

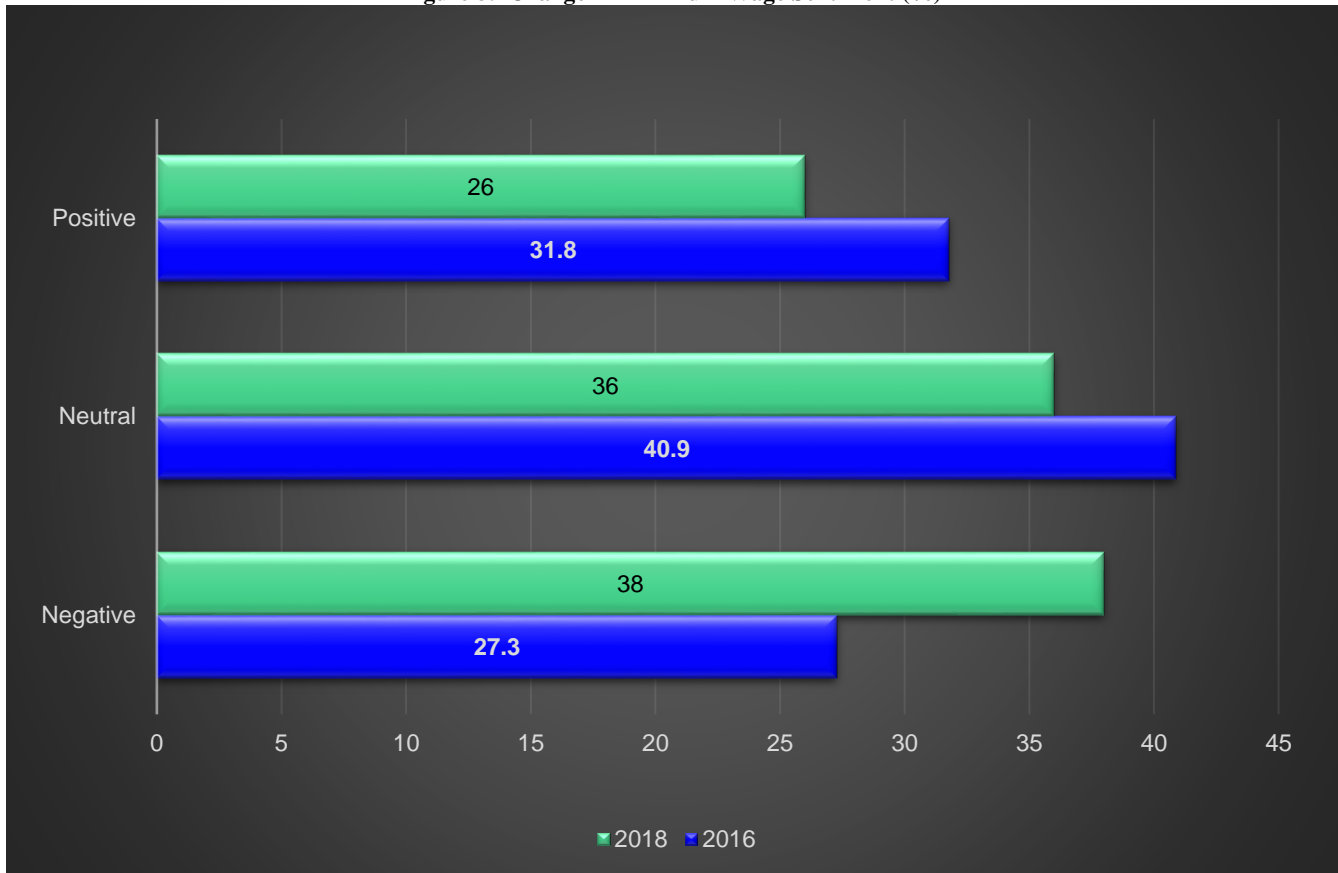
- a. **Minimum Wage:** Thirty percent of the participants viewed the minimum wage increase as negatively impacting their business, and 8% of business owners said that they have general concerns about the policy. Around 13% said that the minimum wage increase did not apply to them as they were already paying more than the previous minimum wage rate. Further, while 14% were neutral about the wage increase, 9% of the

participants stated that they have conflicted feelings. On the other hand, 23% of the respondents felt the increase was positive, good, and fair, while another 3% viewed it as positive, stating that it did not affect their business.

- b. **Fair Workweek:** Most respondents were either neutral about the Fair Workweek ordinance or said it does not apply to their business. Sixteen percent of respondents felt positive about the ordinance and believe that it is good or fair. On the other hand, 14% of the participants viewed the ordinance as having a negative impact on their business and another 8% shared their general concerns about the policy.
- c. **Paid Sick Leave:** Most participants (29%) viewed the paid sick leave policy as being positive and believe it is good or fair, and 4% also saw it as a positive on grounds that it does not affect their business. At the same time, 13% of participants were wary about the provision and said that it affects their business, and another 7% said that they have concerns about the policy. Six percent responded saying that they have conflicted feelings about the ordinance. It was alarming to note that 16% of survey participants said that the paid sick leave provision did not apply to them and another 25% respondents have neutral feelings about the provision, believing it does not affect their business, even though the ordinance requires that paid sick leave be applicable to all types of employees and all businesses operating in the City of Emeryville.
- d. **Business tax license rebate:** While the tax rebate provision did not apply to 24% of businesses who participated in the survey, 29% of the respondents indicate it is a positive provision and believe that it is good and fair. Around 24% of the participants said they are neutral about the rebate as it does not affect their business and 5% of the participants had conflicted feelings. Three percent of the participants have concerns about the rebate and 1% responded saying it negatively affects their business.
- e. **Fire inspection tax rebate:** This rebate does not apply to 46% of the participants and does not affect 21% of the businesses that responded. Among those businesses affected by the tax rebate, 21% of the owners think of the provision as a positive and believe it is good or fair.
- f. **Hospitality service charge:** The service charge does not apply to 49% of the businesses that participated and another 17% said that it does not impact their business and were therefore neutral toward the provision. Further, 11% of participants view the charge as being positive since they feel it is fair or good, while conversely, 9% feel negatively about the provision as they believe it affects their business.

We compared the general reaction to the minimum wage increase obtained from this sample to reactions similar measures obtained from the original Business Conditions survey conducted two years ago. If we exclude blank (skipped) responses and group the data based on general negative, neutral, and positive sentiment, we see the support for the Minimum Wage ordinance is shrinking while the opposition is growing. Further in this report we identify food industry as a major source of changing sentiment when it comes to the minimum wage ordinance.

Figure 8: Change in Minimum Wage Sentiment (%)



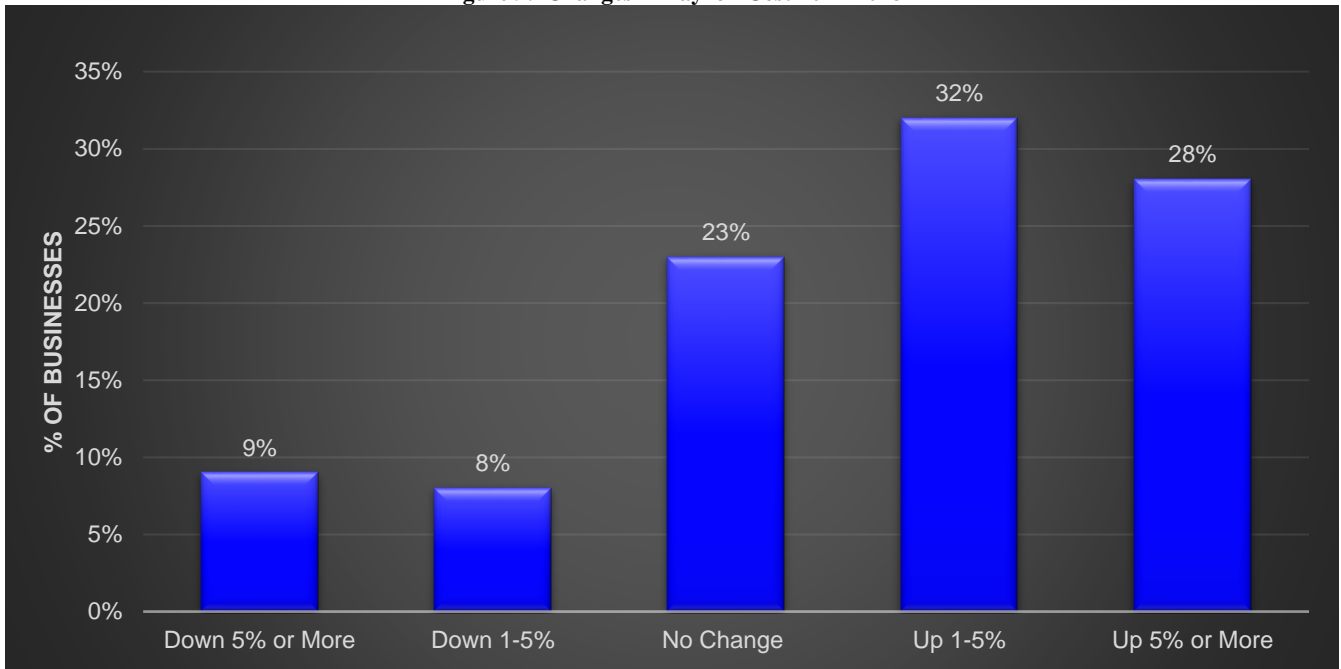
Section 3. Change in Business Conditions from 2017-2018

3.1 Changes in Payroll Costs since 2017

A large group of the businesses (32%) that responded to the survey experienced a hike of 1-5% in their payroll costs since 2017. Another 28% of the respondents said their payroll increased by more than 5%. Twenty-three percent of businesses reported no change at all in their business payroll. Nine percent saw their payroll costs decrease by 5% or more, while the payroll expenditures of 8% of the participants went down by anywhere between 1-5% since June 2017.

Respondents were asked to state the reasons they experienced payroll increases, and the following sections analyze some of the categorical responses received. However, some qualitative responses shed additional light on the issue. For example, managers pointed out that minimum “wage increases also cause the payroll taxes and worker’s comp expenses to go up” while others pointed out they unfortunately have fewer employees compared to a year ago but the “payroll costs still went up despite the lower employee headcount.” Several managers used very strong language pointing to the fact that “**Minimum wage laws have been totally disruptive**” to their businesses.

Figure 9. Changes in Payroll Cost 2017-2018



Reasons Stated for Increase in Payroll Costs

Among the 61 establishments who experienced an increase in payroll costs, 54 participants said it was due to higher wages since June 2017. Ten business owners were of the opinion that the increased payroll costs were as a result of the increase in the number of employees, while 5 participants linked the payroll hike to an increase in work hours. Please note that business owners/managers could select multiple categories that were responsible for changes in payroll. The following figure shows the overall count of businesses in our sample that attribute the payroll increase to various categories and degree of overlap between the response categories (See Figure 10A). We could also look at percentages of the overall sample reporting particular sources of payroll increase (See Figure 10B).

Figure 10A. Reasons for Payroll Cost Increase

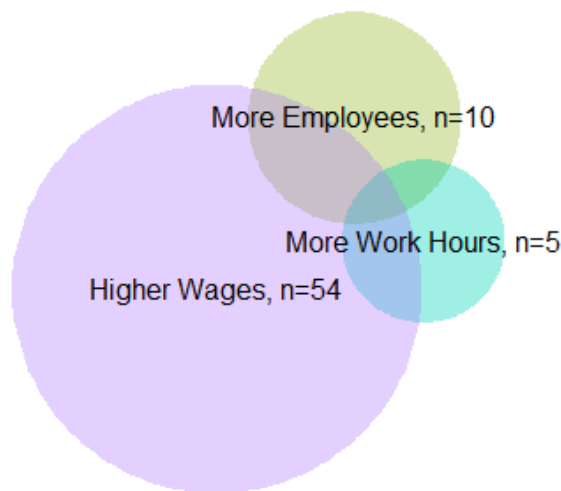
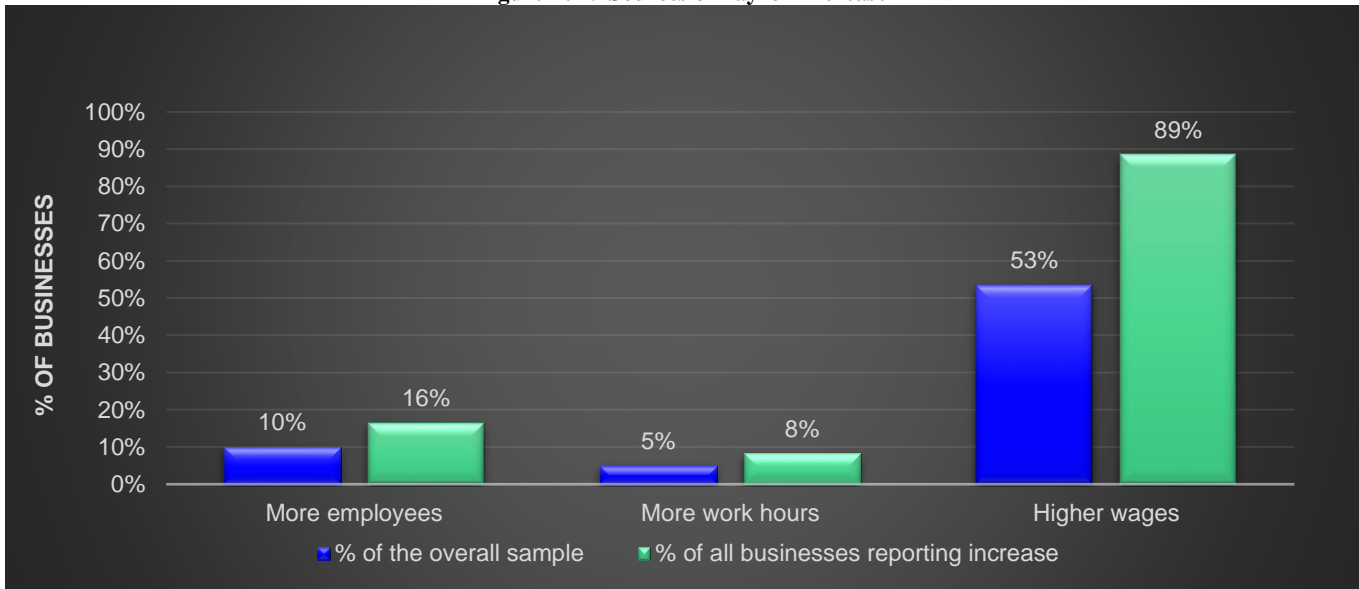


Figure 10B. Sources of Payroll Increase



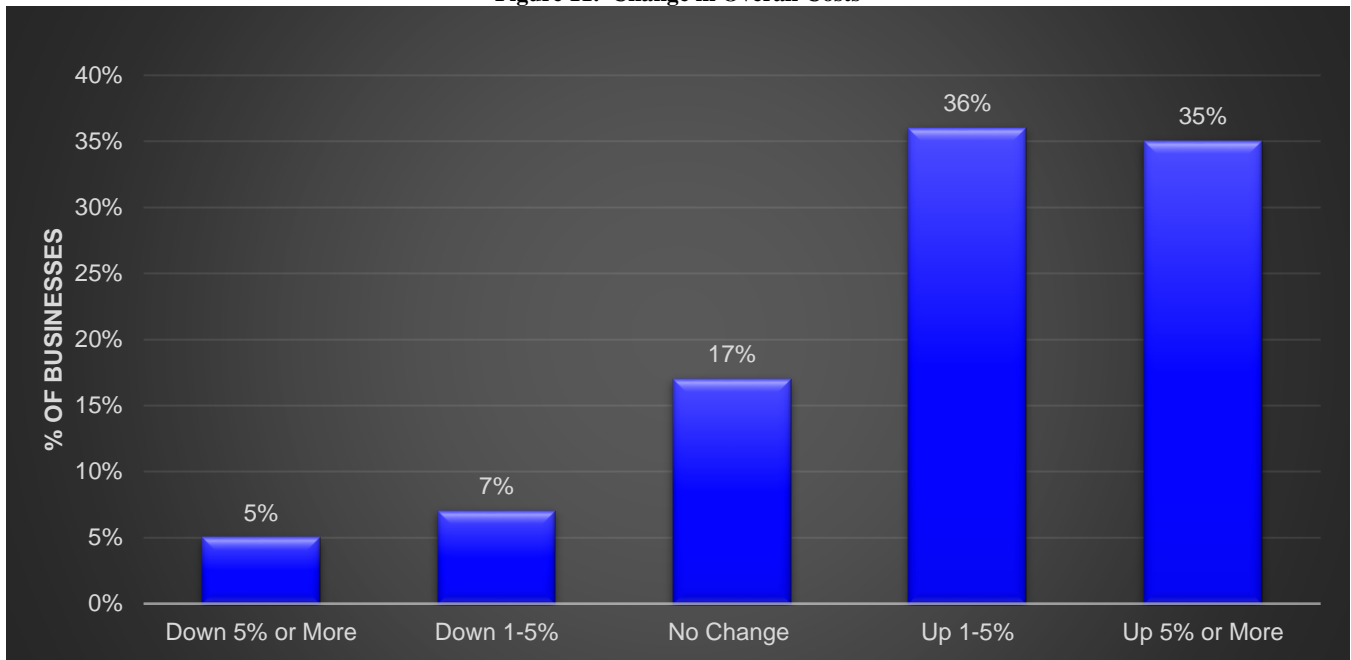
Reasons for Decreased Payroll Costs

Among the small proportion of businesses reporting decreased payroll costs (i.e., 17%), the major reason for the decrease were fewer employees and fewer work hours. An additional analysis shows that these are the businesses that feel they are adversely impacted by regulations (especially the Minimum Wage ordinance).

3.2 Changes in Overall Costs since 2017

Emeryville business owners reported substantive changes in the overall costs of running their businesses since 2017. Thirty-six percent saw an increase between 1-5% in their businesses' overall costs. Another 35% experienced a cost increase of 5% or more. On the other hand, 17% businesses reported no change at all in their overall costs. Further, 7% respondents experienced their business costs go down anywhere between 1-5%, and 5% of the respondents saw a dip of 5% or more in their overall business costs.

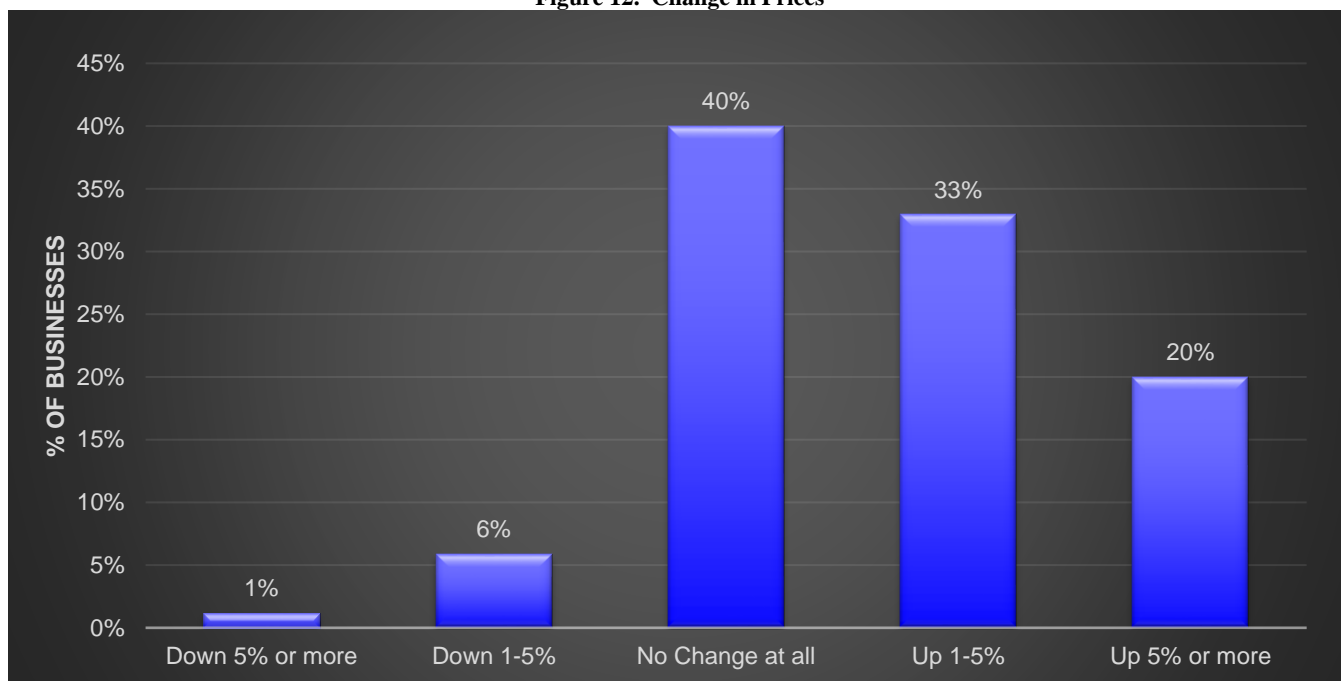
Figure 11. Change in Overall Costs



3.3 Changes in Prices since June 2017

Even with a reported increase in overall costs and payroll increase, a majority of participants (40%) said they did not increase their prices. However, 33% said their prices had increased between 1-5% since 2017, and another 20% reported having increased their prices by 5% or more. On the other hand, there were a few businesses (6%) that managed to reduce prices anywhere between 1-5%, while 1% of the owners said their prices were down by 5% or more.

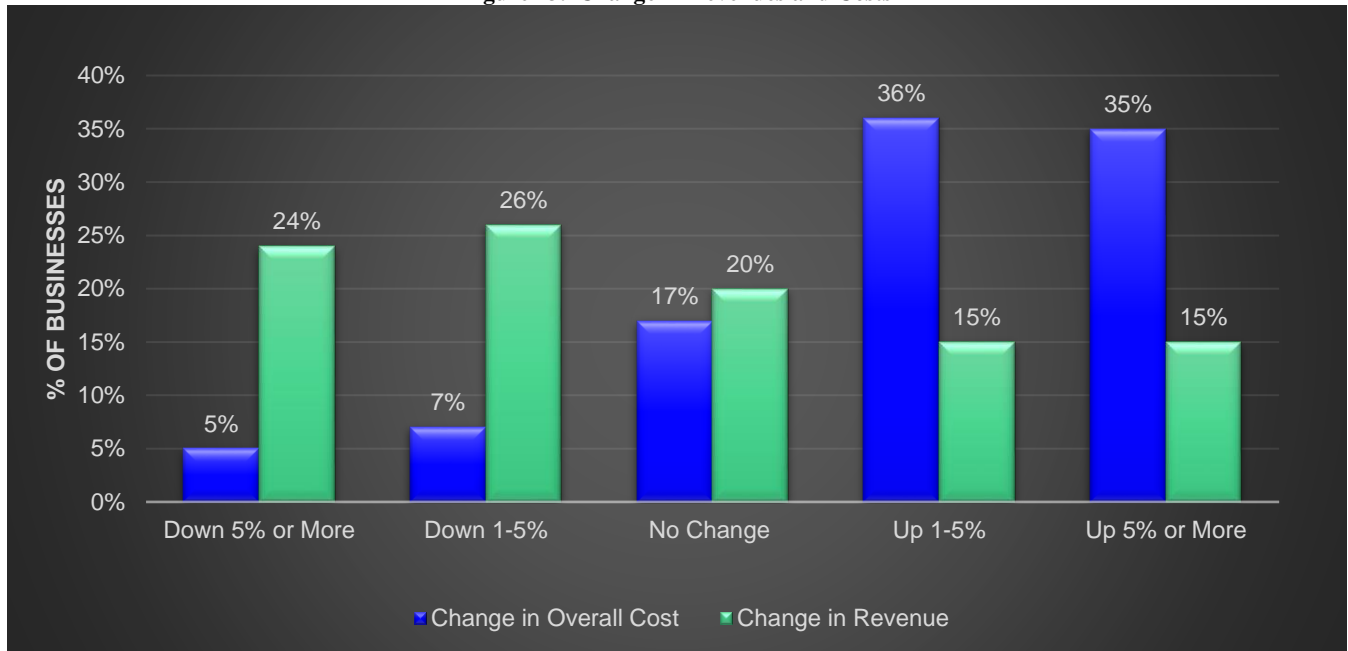
Figure 12. Change in Prices



3.4 Changes in Business Revenues since June 2017

In order to evaluate overall business health, participants were asked to share the changes in revenue that they experienced since 2017. A majority (26%) of the participants said that their revenues were down by 1-5%. Another 24% said they saw a dip of 5% or more in their revenues. Twenty percent reported no change at all, while an equal 15% said their revenues were up between 1-5% and 5% or more respectively. We think that it is helpful to examine the overall revenue increase data side-by-side with the changes in cost data. It is easy to see that revenues fails to keep up with rapid cost escalation.

Figure 13. Change in Revenues and Costs



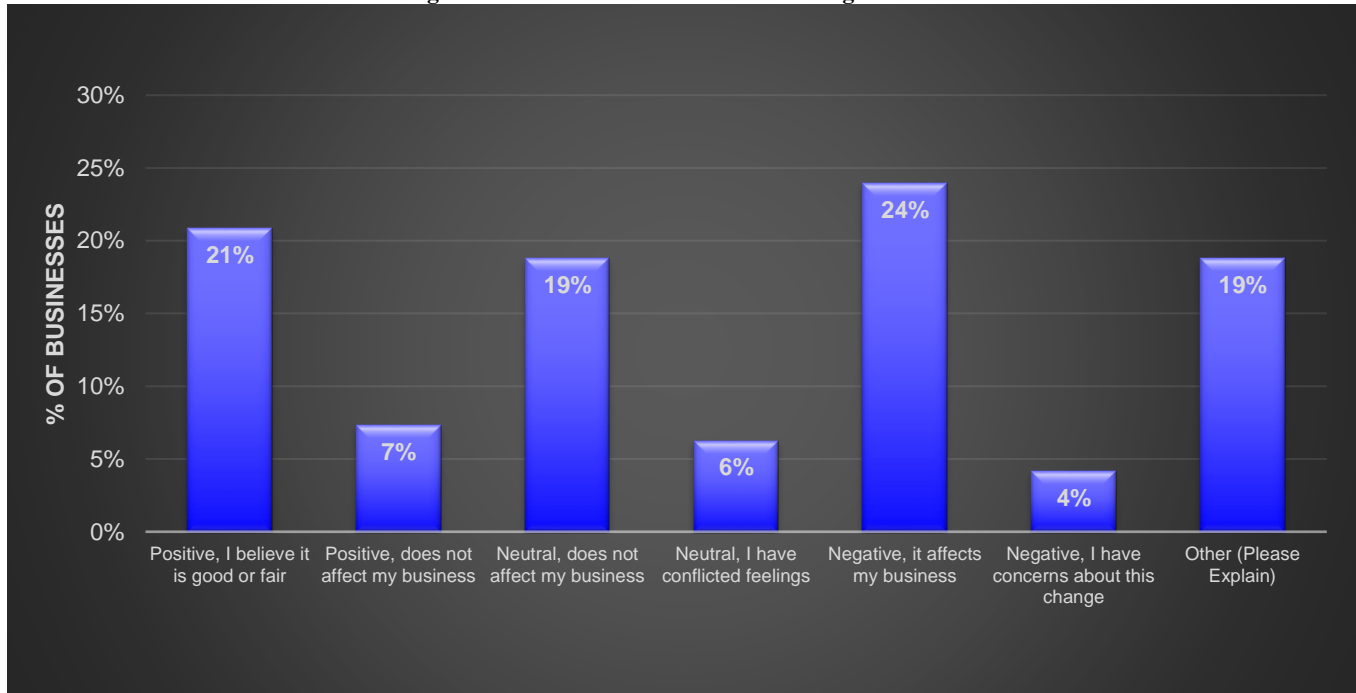
3.5 Reactions to July 1, 2018 Minimum Wage Increase

Effective July 1, 2018, businesses in Emeryville were expected to increase the minimum wage offered to employees as follows:

- Small Businesses (55 or fewer Employees): \$15.00 per hour
- Large Businesses (56 or more Employees): \$15.69 per hour

Figure 14 shows a scaled breakdown of how businesses reacted to the increase.

Figure 14. Reaction to 2018 Minimum Wage Increase



While on one hand 21% of businesses viewed the increase as a positive since they believe it to be good or fair and 7% believe it is positive and does not affect their business, the majority (24%) saw the minimum wage increase as a negative component that affects their business. Another 4% also felt negative about the increase and said they have concerns about the change. Nineteen percent of the respondents are neutral about the increase since it does not affect their business, while another 6% were neutral and have conflicted feelings about the July 2018 minimum wage increase. Once we classified ‘Other’ responses (see next section) according to their sentiment, once again, we have to report that the opposition to the minimum wage ordinance is growing compared to the original survey.

Open-Ended Responses to July 2018 Minimum Wage Increase

The open-ended responses received by participants who selected ‘other’ were coded broadly as positive and negative comments in addition to a category for mixed reactions. A majority (64%) of open-ended responses in the ‘other’ category could be classified as negative. People used this opportunity to highlight specific challenges when it comes to Minimum Wage increase. Below is an example of a negative response received:

Around 14% of the comments received were positive with participants commenting, *“Pay the people what they need*

“I have concerns. This is the reason I am not hiring or growing my business. It is very expensive to hire and train inexperienced people. I am less likely to invest in someone with no experience. It is not affecting my business because I’ve decided not to grow the business. I don’t want to go through hassles. I lose money while a new employee is under training. Takes a couple of years before they are productive.”

to live!! The Bay Area is getting less and less affordable and Emeryville is contributing to that!! Treat your workers like human beings or don’t own a business at all.” Another 14% had mixed reactions such as, *“we do support minimum wage changes, but at the same time our sales have tremendously dropped.”*⁸

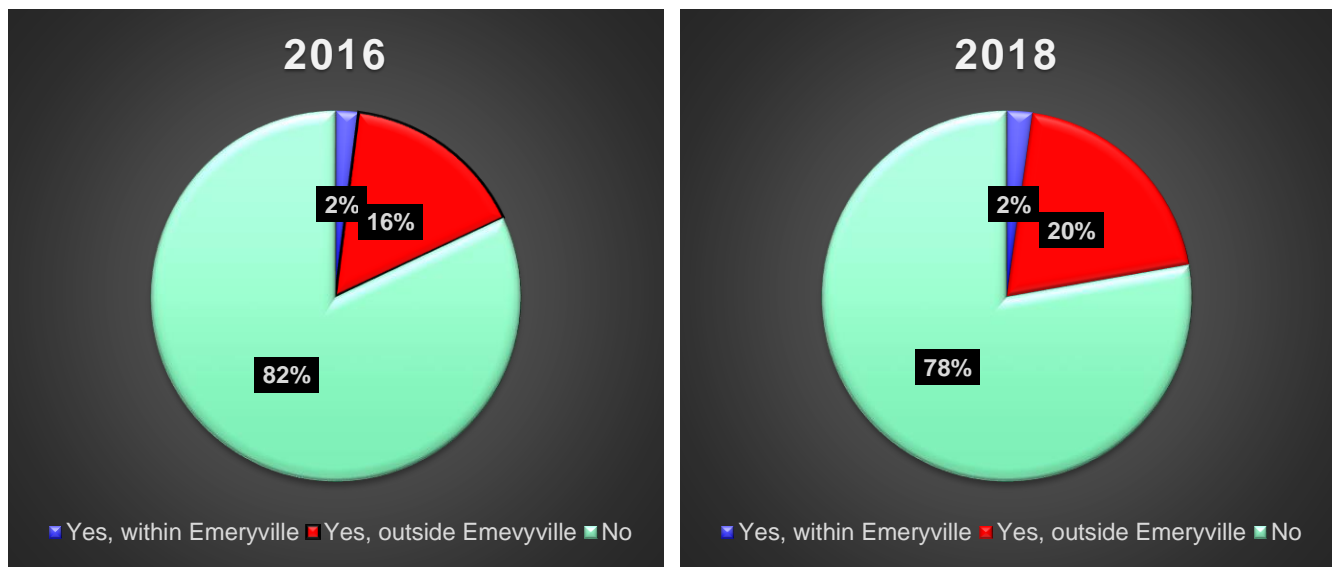
⁸ All the open ended responses received, along with coding are available upon request.

3.6 Thinking Ahead

Businesses' Thoughts on Continued Existence in Emeryville, Anticipated Challenges to Business, and Support from the City of Emeryville

When asked if the businesses were considering shifting base to a new location, 78% of the participants responded that they are not. Around 20% said they are thinking about relocating their business outside Emeryville (for comparison, during the last round of surveying back in 2016, 16% of businesses indicated their desire to move). Two percent of businesses are considering moving from their present location to another within the City of Emeryville itself, which is consistent with previous year estimate.

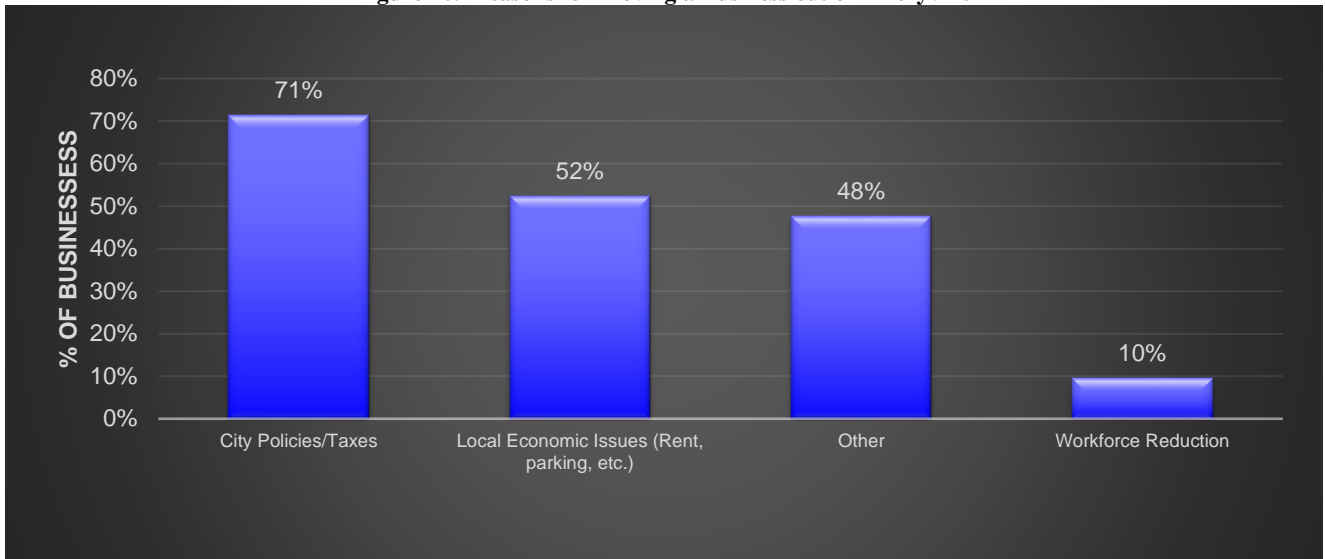
Figure 15. Are You Considering Moving Your Business to a New Location?



Reasons for Considering Moving Business to a New Location

Among the 20% who were considering moving from Emeryville, 71% said they were doing so as a result of city policies or taxes, or lack of support from City Hall. Fifty-two percent attributed their consideration to the local economic issues such as rent, parking, etc.; 10% were doing so with the objective of workforce reduction; and 48% had other reasons such as the slowdown in Bay Street traffic, requiring more space, poor property management, or general high cost of living. Please note that participants could choose multiple reasons, therefore percentages in Figure 16 do not sum up to 100.

Figure 16. Reasons for Moving a Business out of Emeryville



3.7 Challenges Anticipated by Businesses in the Near Future

Table 2 presents the ratings of major challenges facing Emeryville businesses. Please note that we rounded some estimates, creating a situation where some rows do not sum up to a perfect 100 percent, e.g., 11.5% where respondents rated Accessing Customers as “major challenge, but managing” and “critical challenge.” Since both values are rounded to 12%, one will get 101% when summing up the row values.

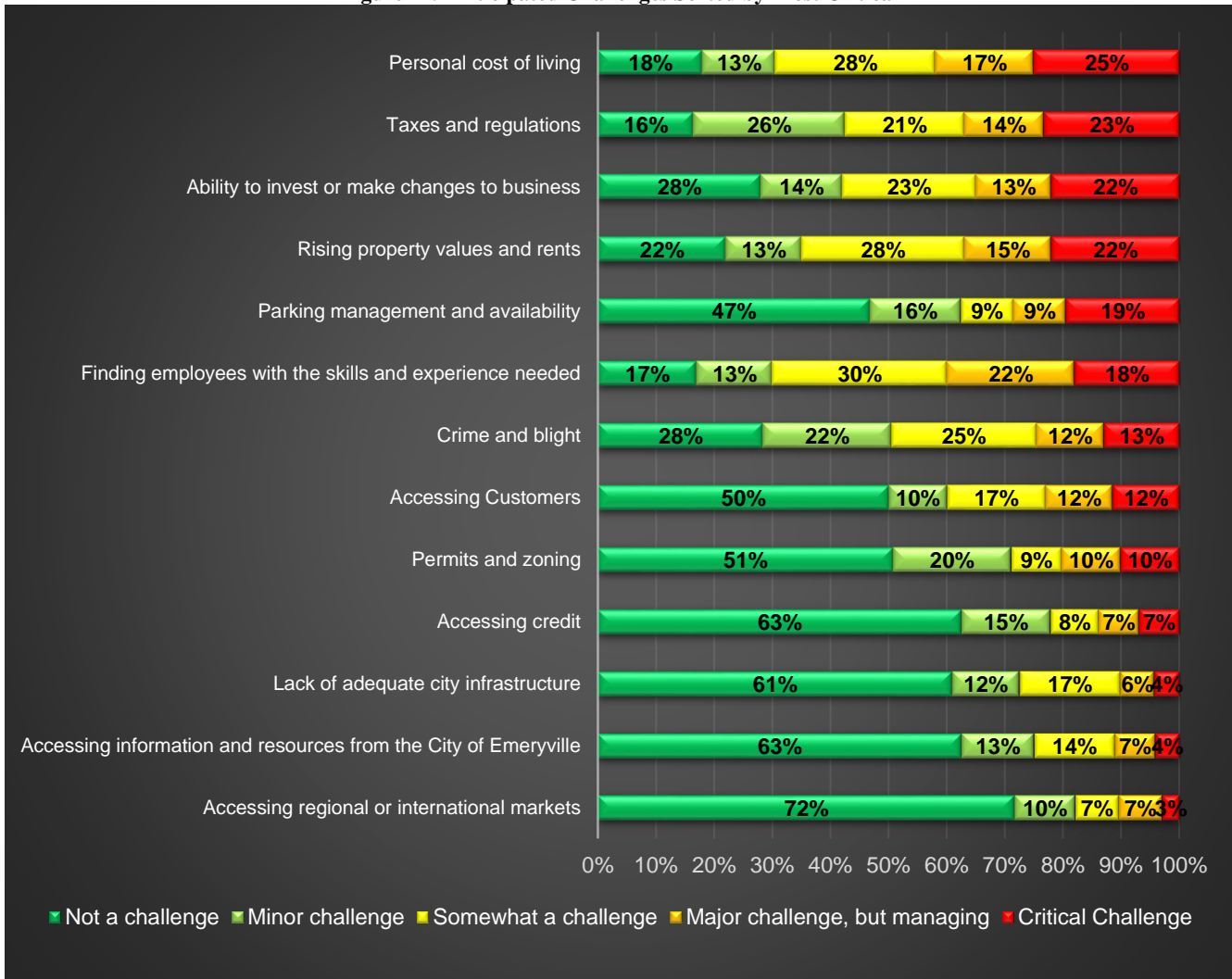
Table 2. Rating of Anticipated Challenges

| Business Challenges | Not a challenge | Minor challenge | Somewhat a challenge | Major challenge, but managing | Critical Challenge |
|---|------------------------|------------------------|-----------------------------|--------------------------------------|---------------------------|
| Accessing Customers | 50% | 10% | 17% | 12% | 12% |
| Finding employees with the skills and experience needed | 17% | 13% | 30% | 22% | 18% |
| Rising property values and rents | 22% | 13% | 28% | 15% | 22% |
| Personal cost of living | 18% | 13% | 28% | 17% | 25% |
| Ability to invest or make changes to business | 28% | 14% | 23% | 13% | 22% |
| Crime and blight | 28% | 22% | 25% | 12% | 13% |
| Taxes and regulations | 16% | 26% | 21% | 14% | 23% |
| Permits and zoning | 51% | 20% | 9% | 10% | 10% |
| Lack of adequate city infrastructure | 61% | 12% | 17% | 6% | 4% |
| Accessing credit | 63% | 15% | 8% | 7% | 7% |
| Accessing regional or international markets | 72% | 10% | 7% | 7% | 3% |
| Accessing information and resources from the City of Emeryville | 63% | 13% | 14% | 7% | 4% |
| Parking management and availability | 47% | 16% | 9% | 9% | 19% |

Two years ago the top concern was finding employees with the skills and experience needed, followed by rising property values and rents, and personal cost of living. In 2018, the concern about finding qualified employees paled in comparison to financial pressures on local business owners and managers: in particular, personal cost of living took center stage, followed by taxes and regulations, raising property values/rents, and inability to invest and make changes to business. It is clear that business are experiencing more financial pressures compared to two years ago. Taxes and regulations are also being perceived as more challenging. During the last round of data collection this item did not make it into the top 5 of major concerns, while this year it took the second spot.

Figure 17 presents challenges sorted by the highest percentage of respondents identifying it as critical. We believe that this information is pertinent to future strategic planning efforts.

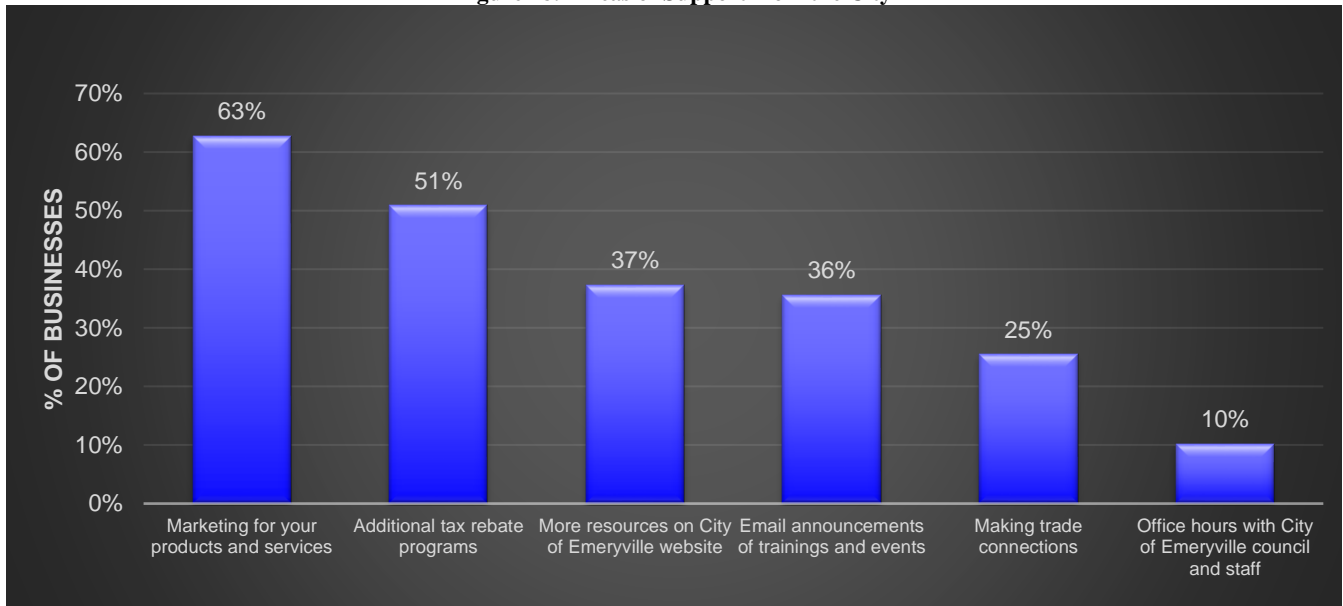
Figure 17. Anticipated Challenges Sorted by Most Critical



Requested Areas of Support from the City of Emeryville

Support from the City was requested by businesses in a number of areas. Maximum support (61%) was requested in marketing of the respective business products and services, which is consistent with the statistics indicating severe pressures on revenue growth. A large portion of respondents (51%) indicated that additional tax rebate programs would be helpful in support of their businesses. Thirty-seven percent would like to see the City make more resources available on its website. Around 36% of businesses requested email announcements of trainings and events from the City. One quarter of the respondents felt the City could help businesses in making trade connections, while 10% thought of offices hours with the City of Emeryville Council and staff as being helpful for the businesses to thrive.

Figure 18. Areas of Support from the City



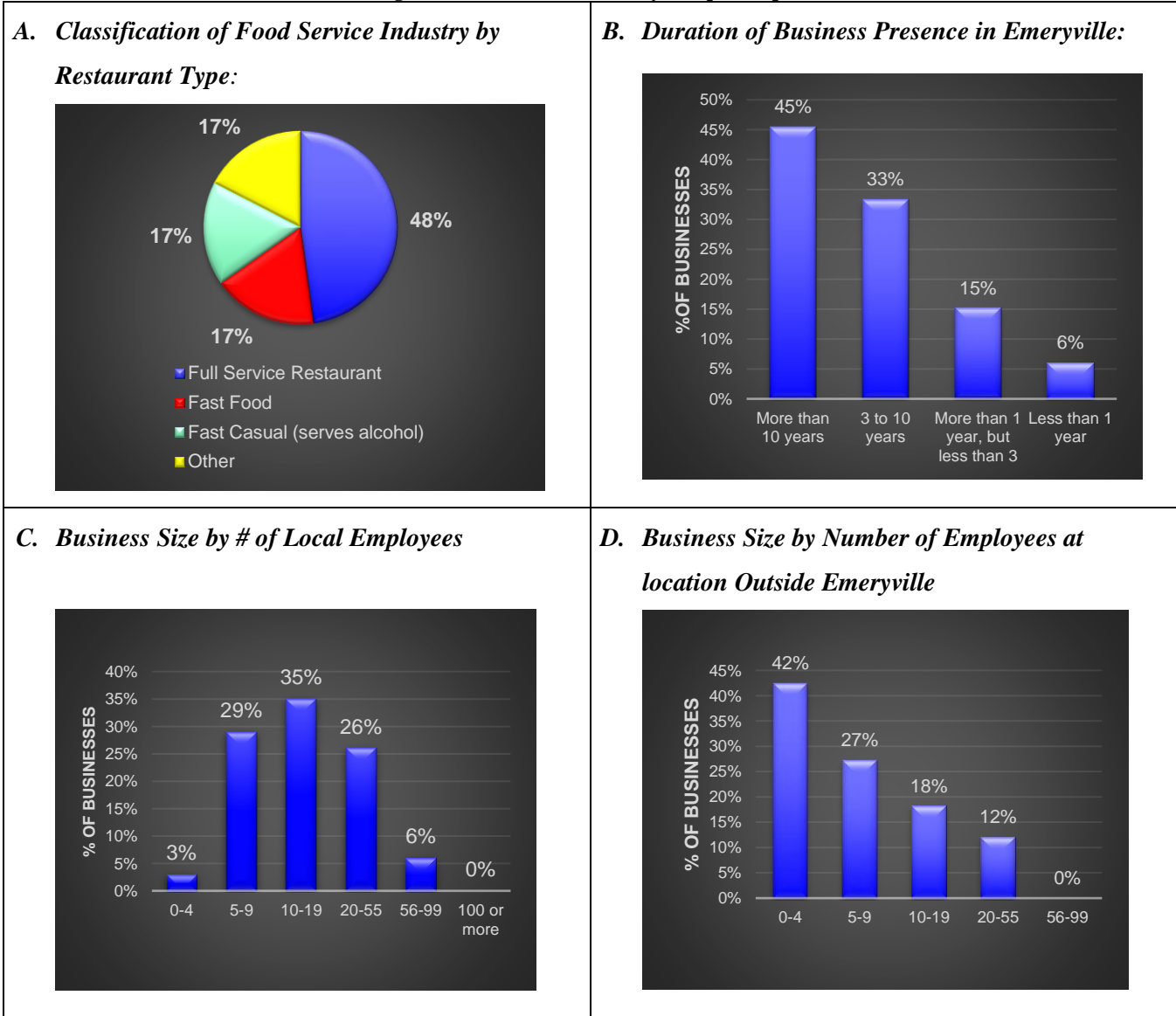
Section 4. Key Findings for the Food Service Industry

During our previous round of data collection in 2016, the food industry was identified as the industry that was most impacted by the City’s labor ordinances. Since the new Fair Workweek ordinance applies to the food industry and retail trade sector, we took a closer look at these two sectors. This section of the report highlights the impacts of city ordinances and labor regulations specifically on the food service businesses established in Emeryville, while Section 5 focuses on the retail trade industry. These two industries made up the majority of the survey participants.

4.1 Characteristics of the Food Service Businesses Surveyed

The majority (48%) of food industry respondents were characterized as Full Service Restaurants, with 17% being Fast Food, 17% being Fast Casual (serves alcohol), and 17% identifying as ‘Other.’ Forty-five percent of food service businesses had been in business in Emeryville for more than 10 years, with only 6% being in business for less than 1 year. The majority (64%) of food service respondents had 5-19 employees, with the fewest respondents having 0-4 employees (3%) or 56-99 employees (6%), and none having over 100 employees. The majority (69%) had 0-9 employees outside of Emeryville, with only 12% having 20-55 employees outside of Emeryville and none having over 56 employees outside of Emeryville.

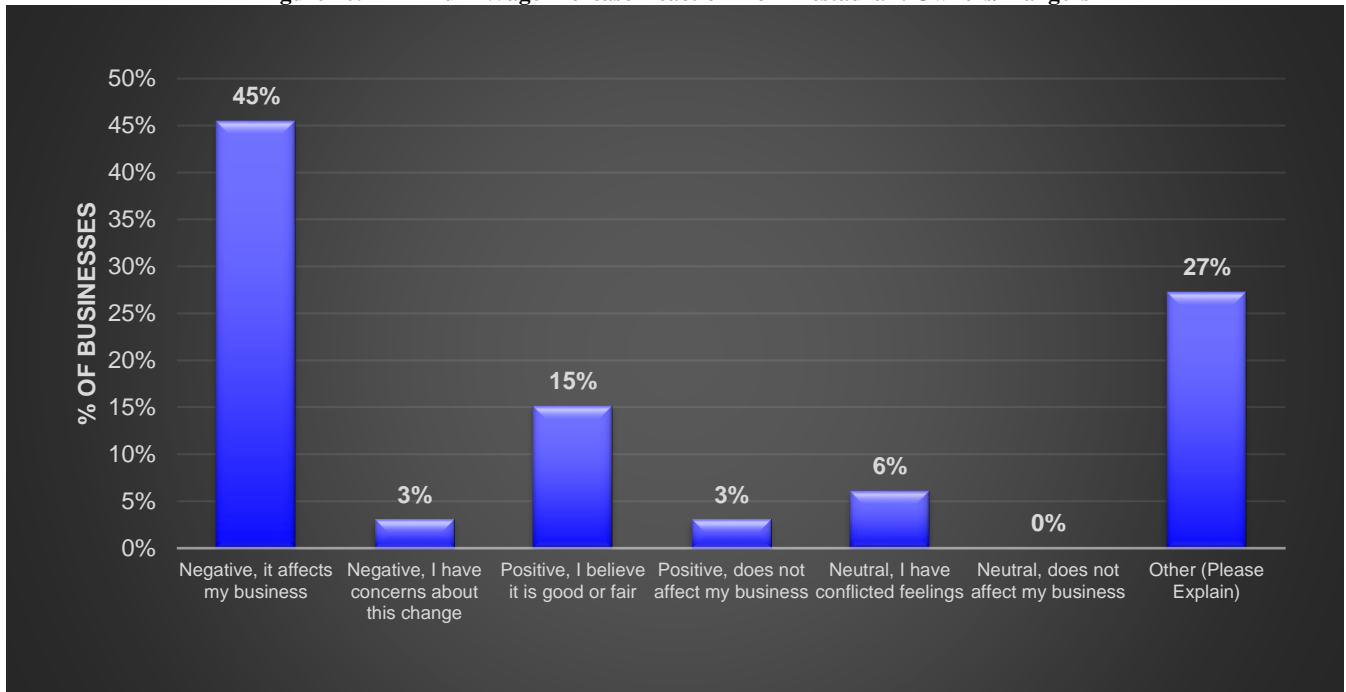
Figure 19 (A-D). Food Industry Sample Snapshot



4.2 Food Industry Reactions toward the 2018 Minimum Wage Increase

A majority of the food industry participants (45%) had a negative opinion about the July 2018 minimum wage increase, as they felt it adversely impacts their business. Another 3% of the participants were similarly negative and said they have concerns about the change. In addition, 6% of the participants were neutral toward the change and said they have conflicted feelings about the increase. On the other hand, 15% saw the change as positive on the grounds that they believed it is good or fair, while another 3% felt positively as it does not impact their business. Among the 27% of restaurant owners that checked ‘other’, respondents shared their unique experiences with the ordinance. For instance, they provided insightful comments on how the ordinance is very generous to those in tipped positions, which creates inequity between employees. Others spoke about newer businesses being better able to cope with the ordinance as their business model take higher labor costs into account from the start.

Figure 20. Minimum Wage Increase Reaction from Restaurant Owners/Managers



Comparison of Reactions between Franchise and Non-Franchise Restaurants

After we performed careful content analysis to classify ‘Other’ responses from restaurant owners/managers, we concluded that **67% of all independent restaurant owners feel the 2018 minimum wage increase negatively impacts their business.** The following quote is representative of the general feelings of the independent restaurant owners that are negatively impacted by the Minimum Wage hikes:

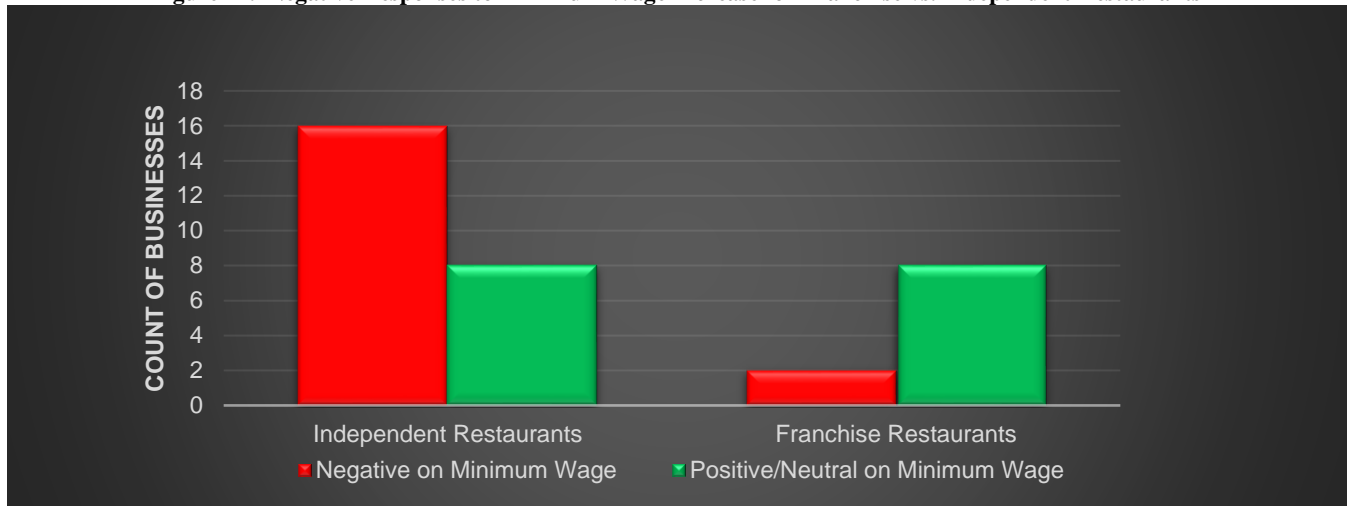
In order to further understand the kind of restaurants that had negative reactions toward the proposed minimum wage

“Running a restaurant in Emeryville is extremely difficult. The rapid minimum wage rise, coupled with the high rents in the city, have severely impacted the bottom line. We are unable to pay ourselves for our hard work for our business, and there is very little profit. We have been forced to raise prices considerably since the beginning of 2016. Prices, however, cannot rise as fast as the minimum wage, and with the minimum wage set to continue increasing, the pressure on us will only increase. We make every effort to minimize worker hours, and are seriously considering moving to a fully automated point of sale environment. The City's wage and hour policies are not sustainable for small businesses. The City's desire to be a laboratory for labor policy does not adequately take into account the on-the-ground consequences for businesses.”

increase, we combined the two groups where people were negative about minimum wage because it hurts their business and those who felt negative about because they had specific concerns about the ordinance. We then

compared people who had negative feelings about the ordinance and belonged to major franchises against independent restaurants surveyed.

Figure 21. Negative Responses to Minimum Wage Increase for Franchise vs. Independent Restaurants



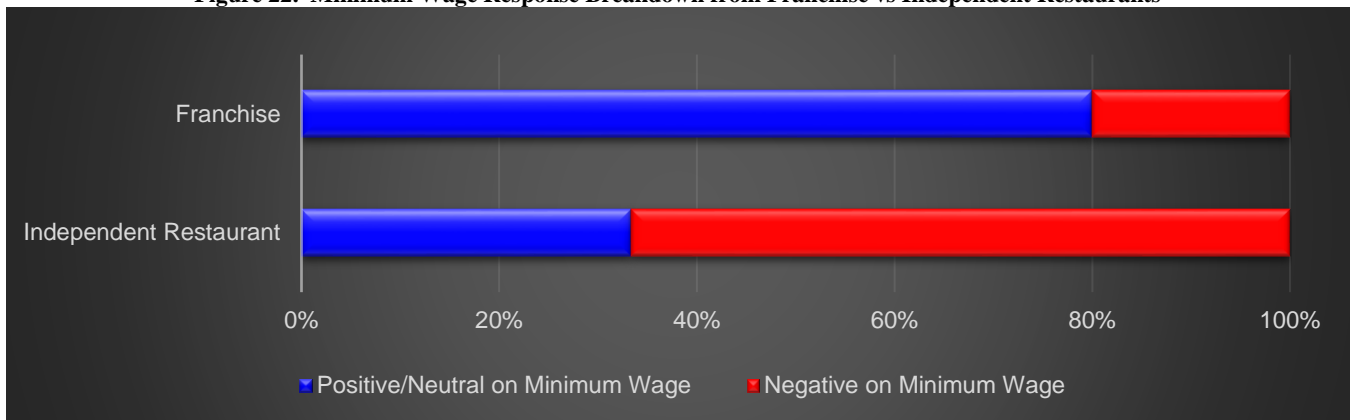
Franchises and Non-Franchises Negative toward Minimum Wage Increase

As can be seen in Figure 21 on the previous page, and Figure 22 and Table 3 below, while the franchise managers are overwhelmingly in support of the ordinance, the independent restaurant owners and managers exhibit very strong opposition to the minimum wage ordinance. Currently, 67% of all independent restaurant owners oppose the measure compared to 20% of franchise managers. The differences between the franchise and non-franchise support levels are significant at 95% confidence level (p-value associated with the Exact Fisher’s test is <.05). Qualitative comments shed some light on the reasons for such negative opinion. Restaurant owners feel that the hikes are taking place too rapidly and not giving businesses a chance to adjust to the new levels. Even if they raise prices, these increases are countered by increased raw material costs and skyrocketing rents. They do not feel that raising prices even more is realistic without losing their current clientele.

Table 3. % of Negative vs Positive/Neutral Minimum Wage Responses from Independent vs Franchise Restaurants

| | | Independent Restaurant | Franchise | |
|----------------------------------|-------|------------------------|--------------|--------|
| Positive/Neutral on Minimum Wage | Count | 8 | 8 | 16 |
| | % | 33.3% | 80.0% | 47.1% |
| Negative on Minimum Wage | Count | 16 | 2 | 18 |
| | % | 66.7% | 20.0% | 52.9% |
| Total Count | | 24 | 10 | 34 |
| Total % | | 100.0% | 100.0% | 100.0% |

Figure 22. Minimum Wage Response Breakdown from Franchise vs Independent Restaurants



Number of Years in Business and Reactions toward the Minimum Wage Increase

Next we looked at differences in the reactions toward the minimum wage increase associated with the age of business. It appears (See Figure 23) that younger and older businesses have an equal split in opinion while businesses in the mid-range are starkly against the measure.

We found some support for why the younger business are more likely to be OK with the minimum wage ordinance. Qualitative data suggests that the establishments “knew the rules before entering the game.” Their business model reflects higher labor costs with corresponding price points and levels of labor intensity.

Figure 23. Minimum Wage Response by Years in Business

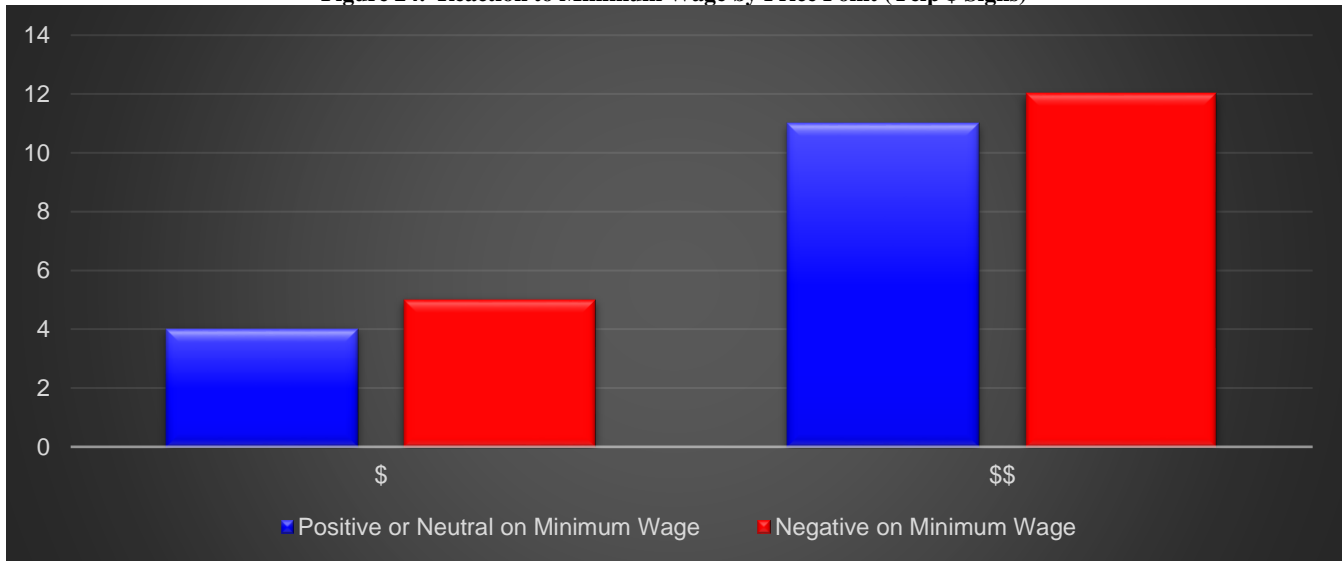


However, when we added the information about whether or not the restaurant is a franchise, we noticed the results for more established restaurants are driven by the previously mentioned differences between franchise and non-franchise establishments. If we look at independently owned restaurants, it is clear that only the new restaurants are faring OK in this environment.



We further added pricing and quality considerations to our analysis by merging Yelp Data with our survey data (see Figure 24).

Figure 24. Reaction to Minimum Wage by Price Point (Yelp \$ Signs)



There were no significant differences in how restaurants in different price categories responded to minimum wage. We could not evaluate the entire range of price points since all the restaurants in the sample were categorized as either 1 or 2 dollar signs on Yelp. Slightly more than 50% of the respondents in both groups were negative on minimum wage.

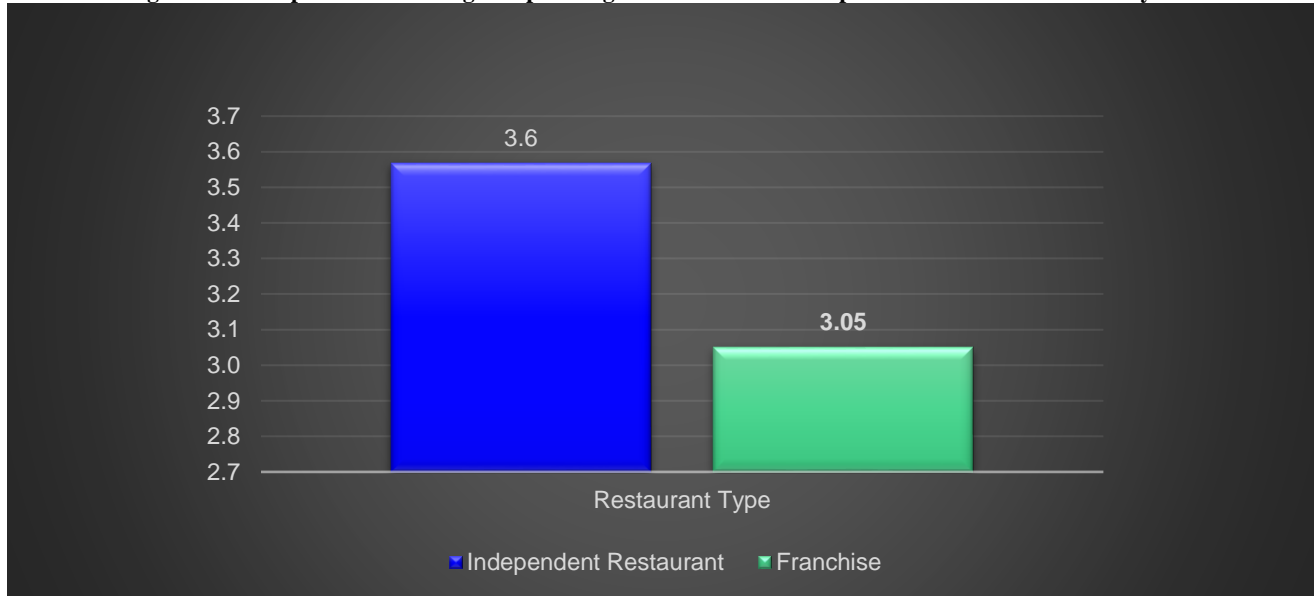
We next looked at the number of stars customers assign to restaurants that fall in to different ends of the spectrum according to the opinions about the Minimum Wage ordinance. Our analysis indicates that consumer assessments of restaurants that are negative on minimum wage are actually higher (3.47 vs 3.33) but this difference is not significant. It is interesting that none of the ratings of 2 stars or below were associated with restaurants opposing minimum wage, with all lower quality franchise establishments supporting the ordinance.

Table 4. Average Yelp! Rating by Response to Minimum Wage Response Cross-Tabulation

| Attitude Toward Minimum Wage | Mean | Std. Deviation | Number of Responses Received |
|------------------------------|------|----------------|------------------------------|
| Positive or Neutral | 3.33 | .90 | 15 |
| Negative | 3.47 | .48 | 17 |
| Total | 3.41 | .70 | 32 |

We see that the restaurants that struggle with minimum wage ordinance are not inferior in terms of quality; they are quality establishments that are struggling to adjust their business models to the changing environment. Whether or not the restaurant is a franchise impacted the ratings, i.e., their customers rate them marginally lower ($p=.05$) than independent restaurants, the difference is about half a star, as shown in Figure 25.

Figure 25. Comparison of Average Yelp Rating for Franchise vs Independent Restaurants in Emeryville



4.3 Impact of 2017 Minimum Wage Increase: Food Industry’s Shift to Automation and Impact on Business

With the increasing pressure on the independent restaurants including substantial payroll increases (see Figure 28 on following page), it is not surprising that we find a strong push toward automation in this sector as well as the pressure to increase prices in our restaurant sub-sample. In particular, 40% of restaurants report having already introduced automated services in response to the increase in minimum wage, and 76% report an increase in prices compared to one year ago.

Figure 26. Move to Automation in Response to Minimum Wage Increase

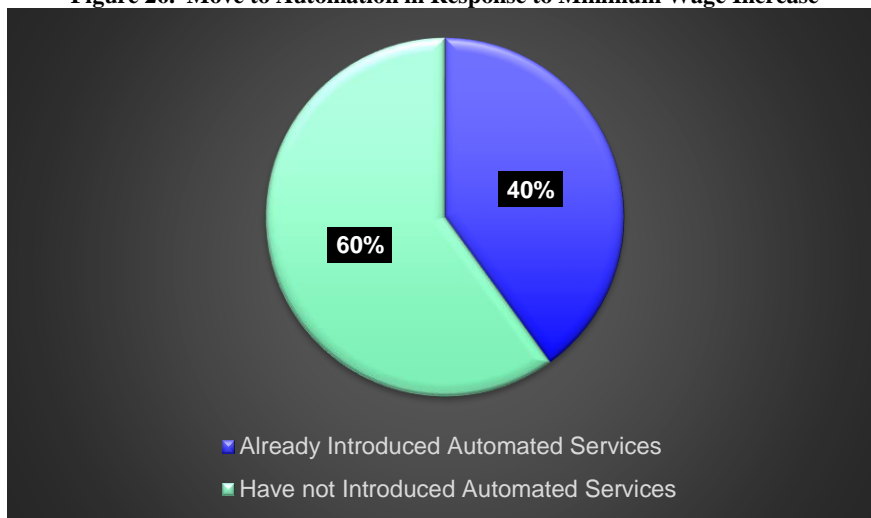


Figure 27. Restaurant Changes Compared to One Year Ago

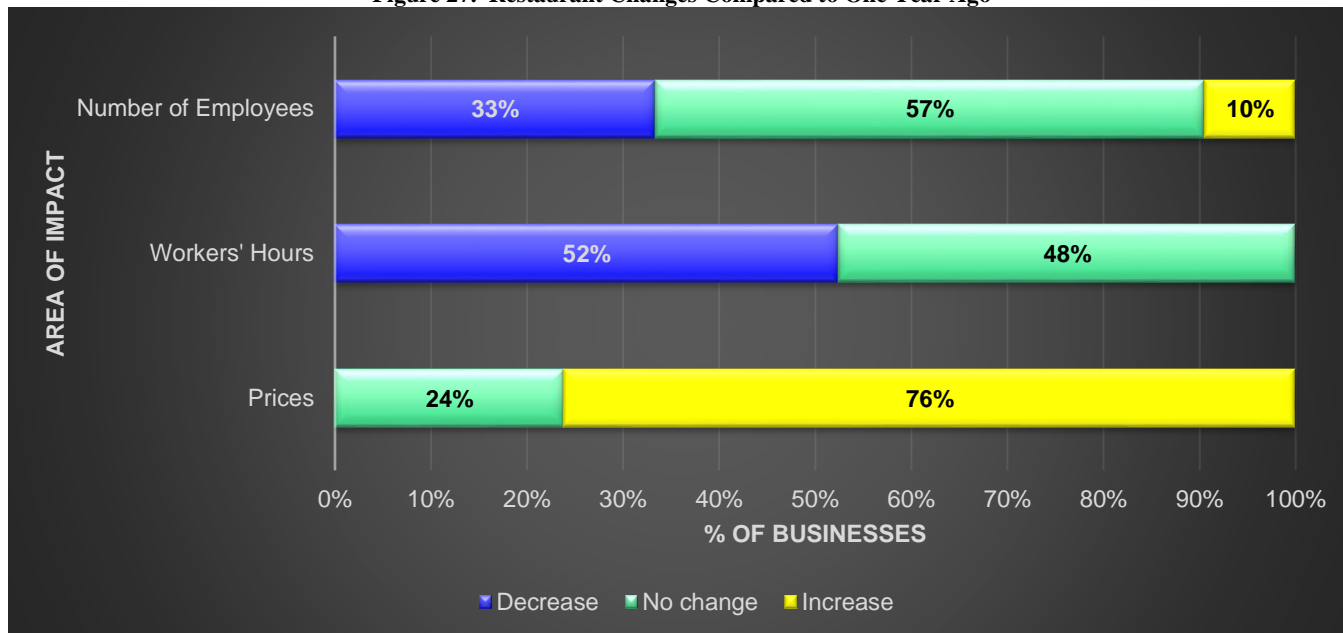


Figure 28. Changes in Payroll Costs [Food Industry]

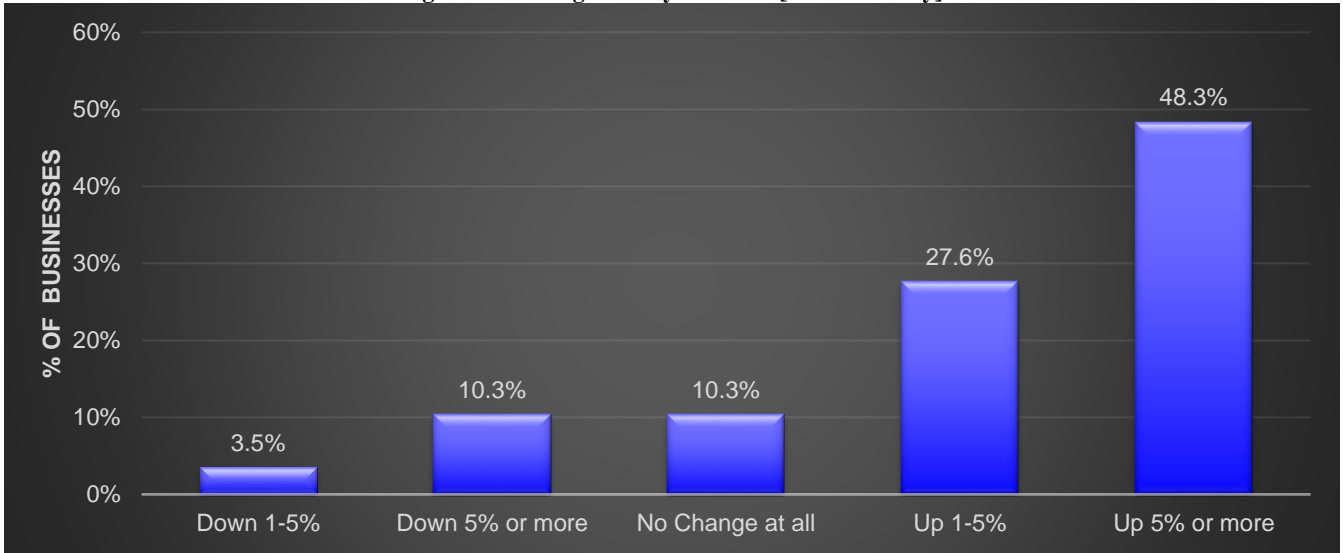
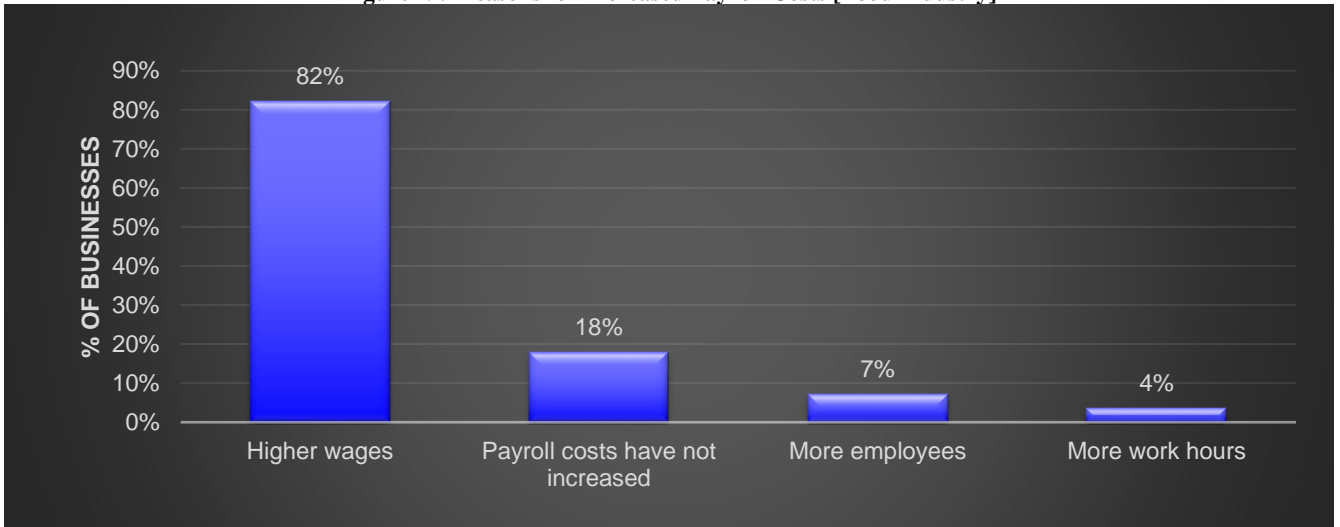


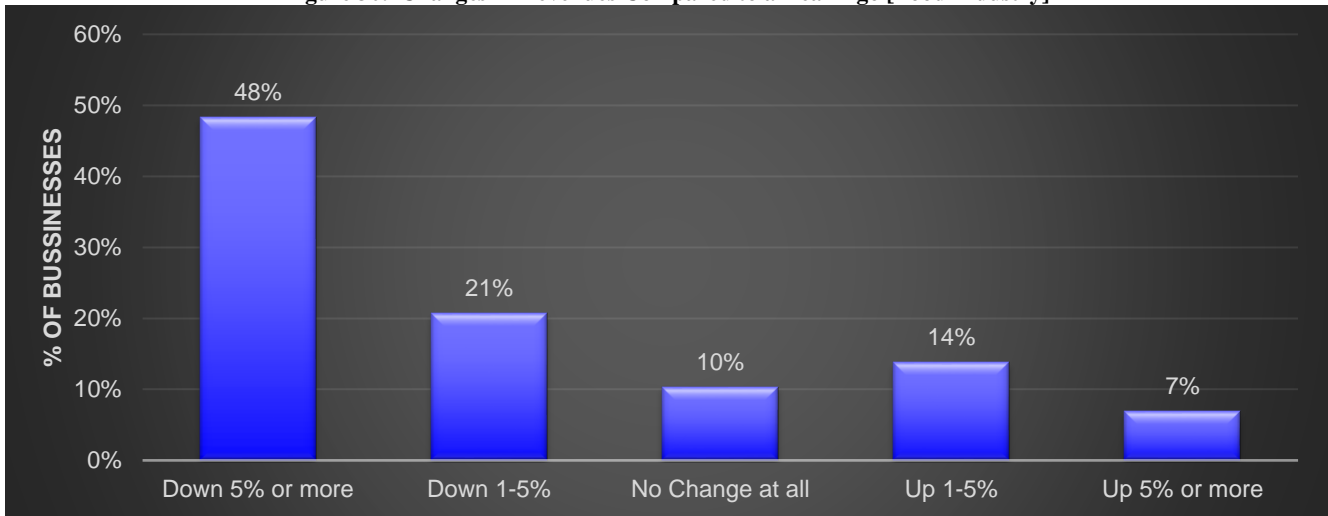
Figure 29. Reasons for Increased Payroll Costs [Food Industry]



Figures 27 and 28 show that almost 76% of restaurants reported increases in payroll costs, with 48% of restaurants showing payroll cost increases of more than 5%. The increases are mostly attributed to higher wages, as can be seen in Figure 29. Please note that participants could choose multiple reasons, therefore percentages in the chart below do not sum up to 100.

The restaurant industry also shows the most drastic drop in revenues, with almost half of the restaurants reporting a drop in revenues of 5 percent or more, and almost 70% of restaurants reporting a downward trend in revenues (Figure 30).

Figure 30. Changes in Revenues Compared to a Year Ago [Food Industry]



Within the restaurant industry, we have a higher proportion of businesses indicating their desire to move in the near future, i.e., 23% of business indicating desire to move locations compared to the 20% average for the overall sample. Three quarters of these businesses cite city policies and taxes as their reasons for considering the move, whereas local economic issues such as rent and parking have been cited by half the businesses in our sample.

Figure 31. Plans to Move Business [Food Industry]

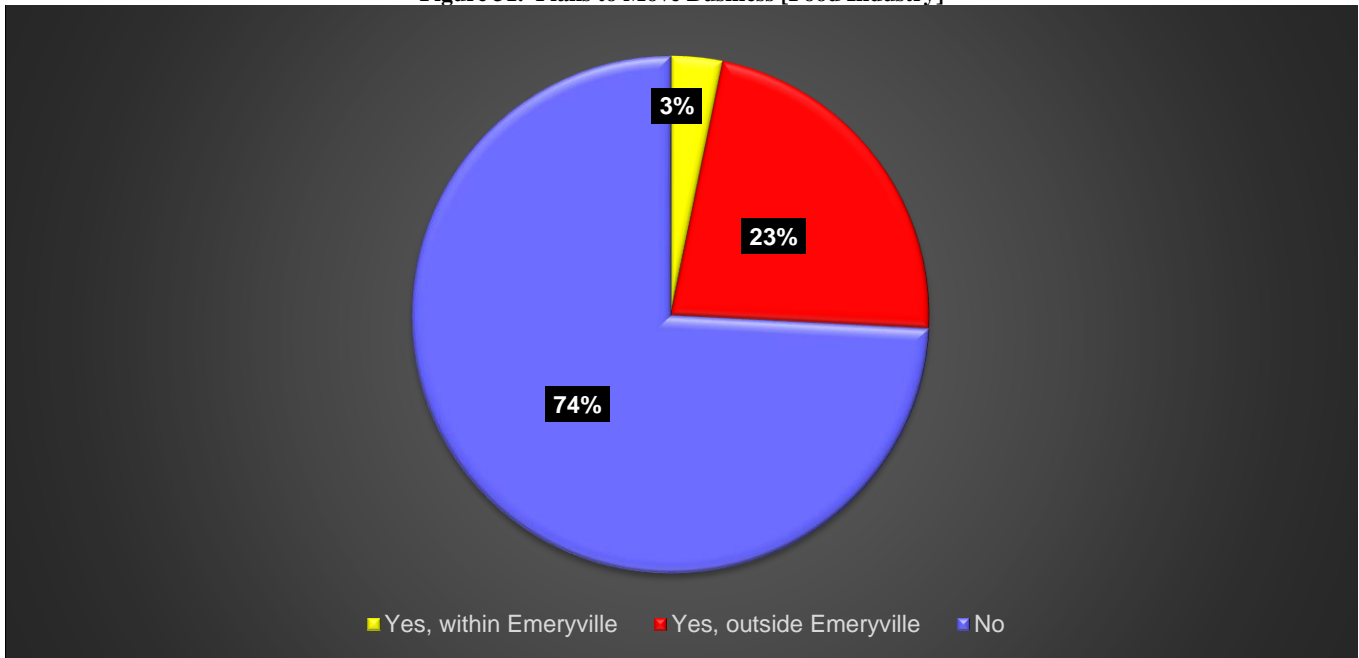
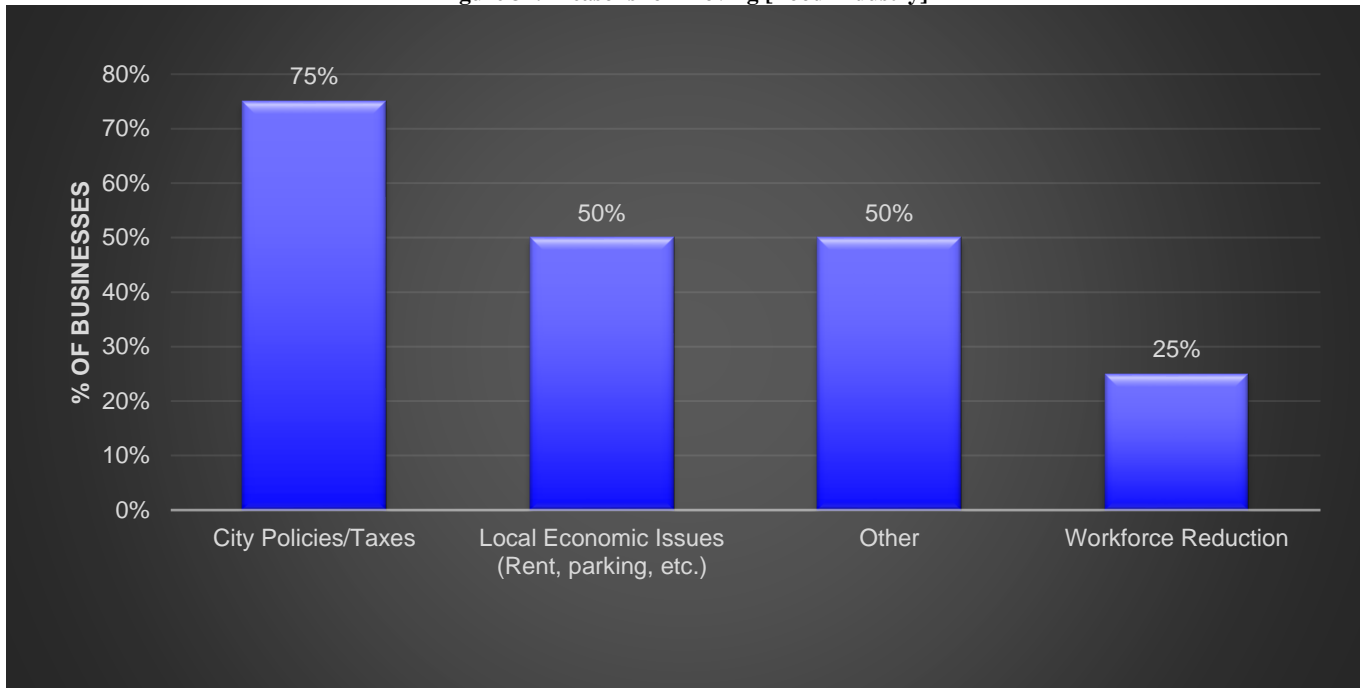


Figure 32. Reasons for Moving [Food Industry]



Next we examined the areas of major concern for the restaurant managers (Figure 33). Parking management and taxes and regulations come up as two top areas of concern for the restaurant owners and managers while the traditionally important issue of finding qualified employees drops to the bottom of the list. In particular, 42% of businesses in the food industry cite parking management and availability as a critical challenge, and 41% find taxes and regulations to be a critical area of concern.

Figure 33. Top Areas of Concern for Food Industry Managers/Owners

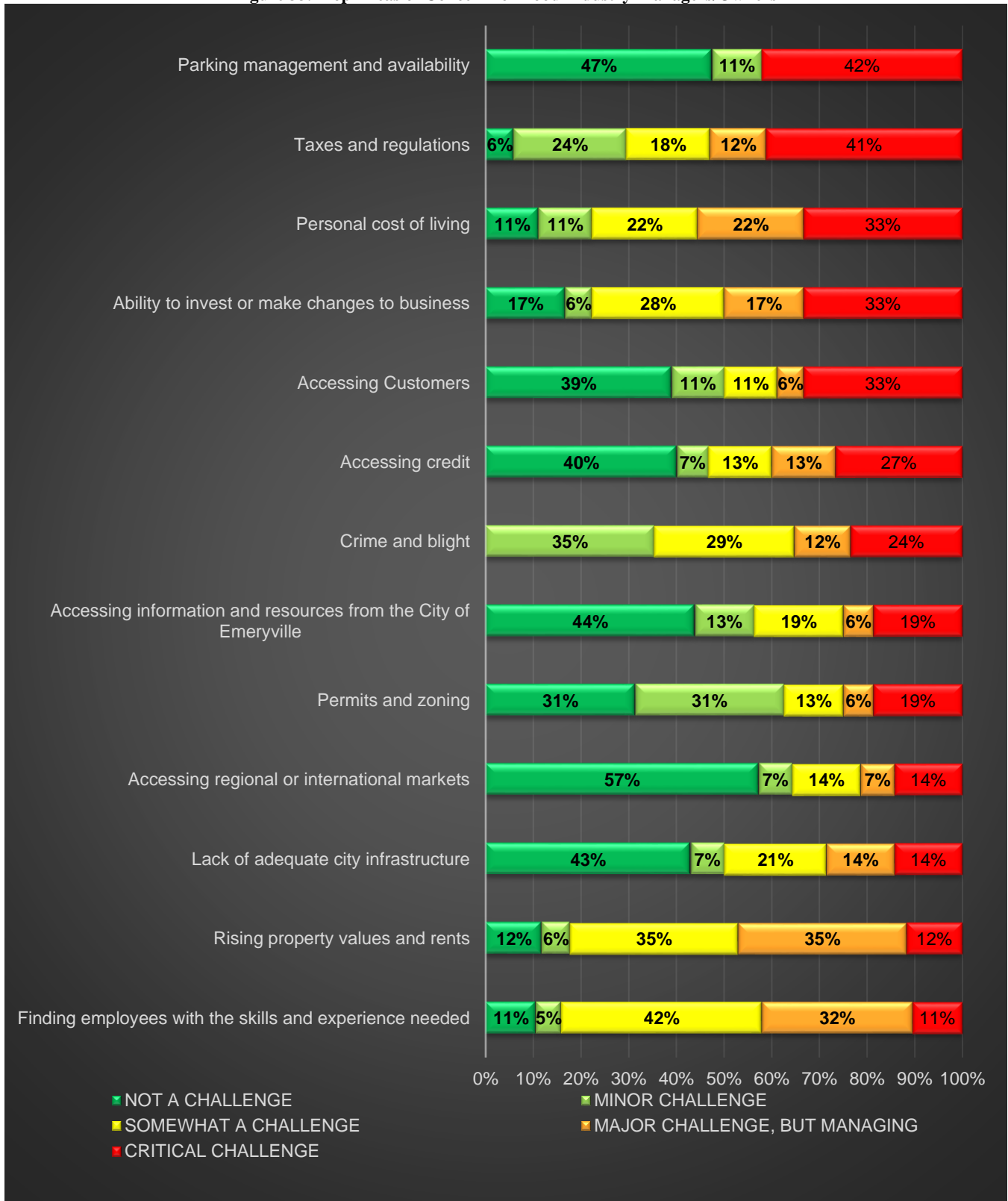
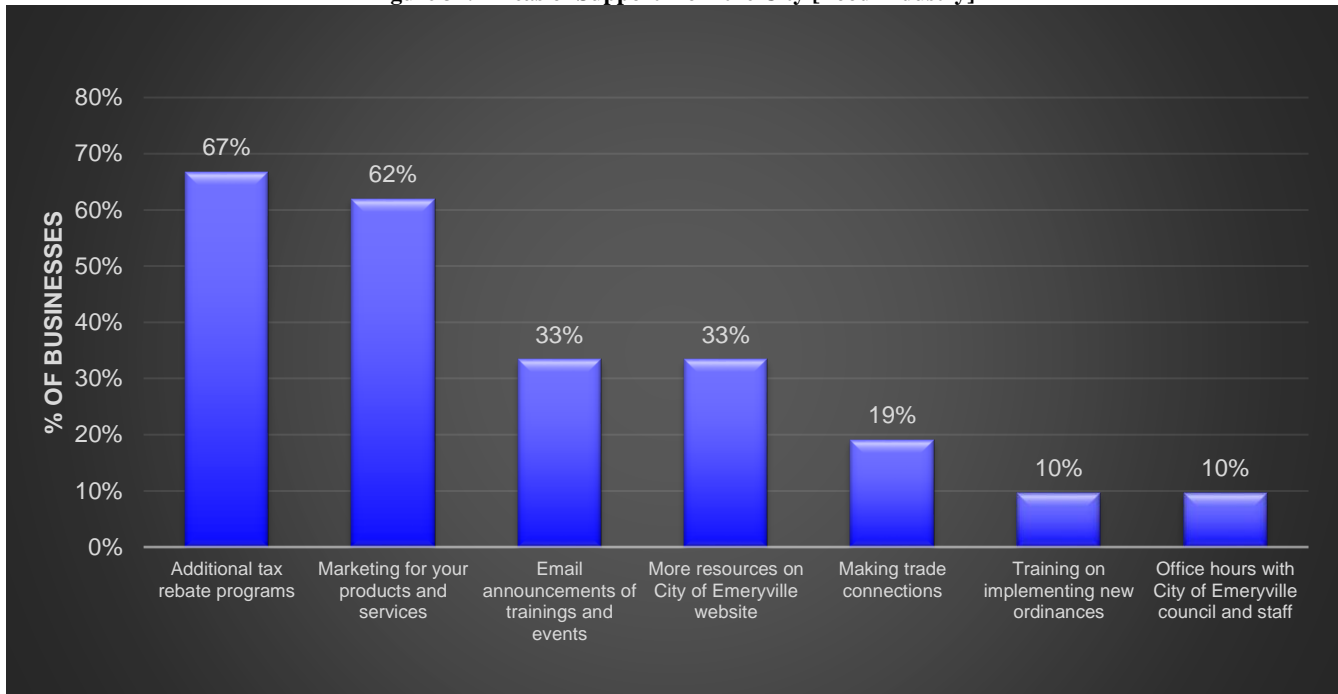


Figure 34. Areas of Support from the City [Food Industry]



The vast majority of food service businesses suggested that additional tax rebate programs would be vital areas of support from the City. Sixty-two percent also felt that they could use the City’s help in marketing for products and services, while 33% of the food businesses that participated requested email announcements of trainings and events, and an equal number also felt that more resources on the Emeryville website would be helpful. Mills College can work with the City on extracting contact information for these business, given that they expressed their willingness to be contacted by city management.

Section 5. Key Findings for the Retail Trade Industry

Our next area of inquiry was the retail trade industry since it is well represented in the City and is also subject to the FWW ordinance.

5.1 Characteristics of the Emeryville Retail Trade Businesses Surveyed

The retail trade industry in Emeryville is represented by well-established companies, with over half of the companies having franchise locations outside of the city limits. Thirty-six percent of the retail businesses report having 100 or more employees at their Emeryville location, and 48% have been in business for more than 10 years. Fifty-five percent of the retailers indicated that they had franchise locations with over 100 employees outside of Emeryville.

Figure 35. Number of Employees at Emeryville Location [Retail Industry]

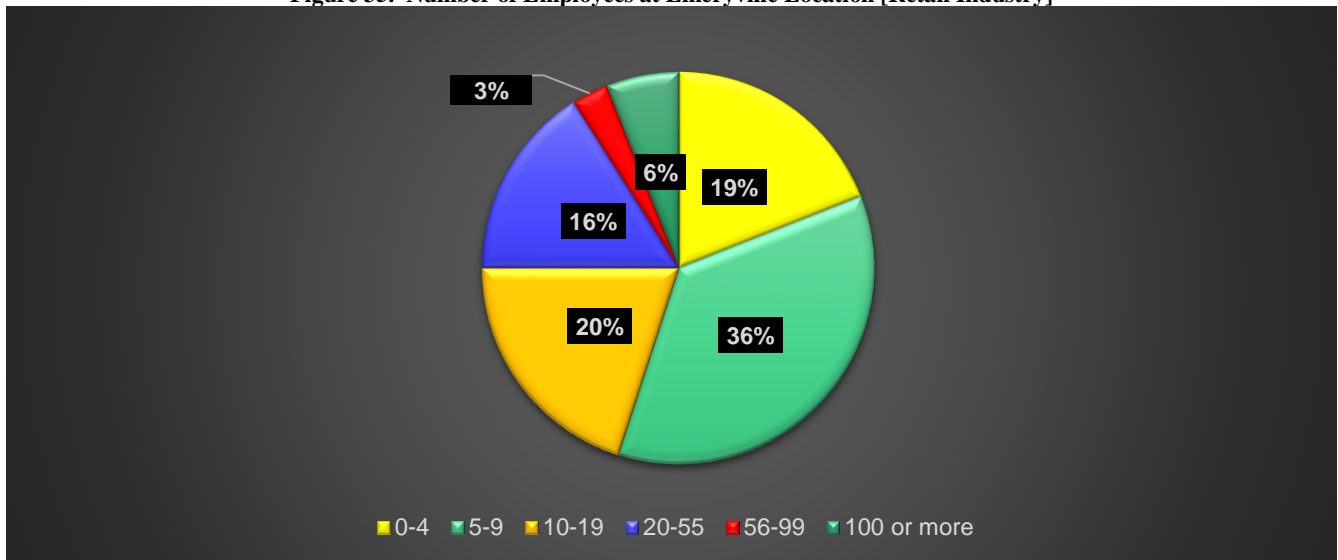


Figure 36. Years in Business [Retail Industry]

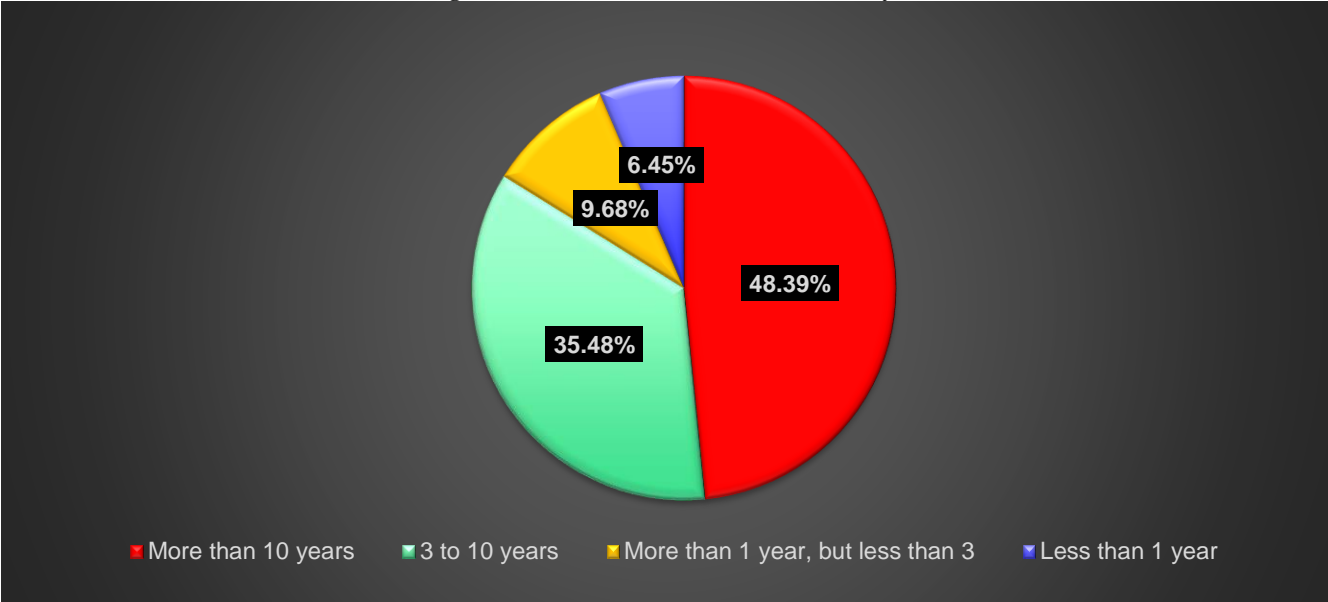
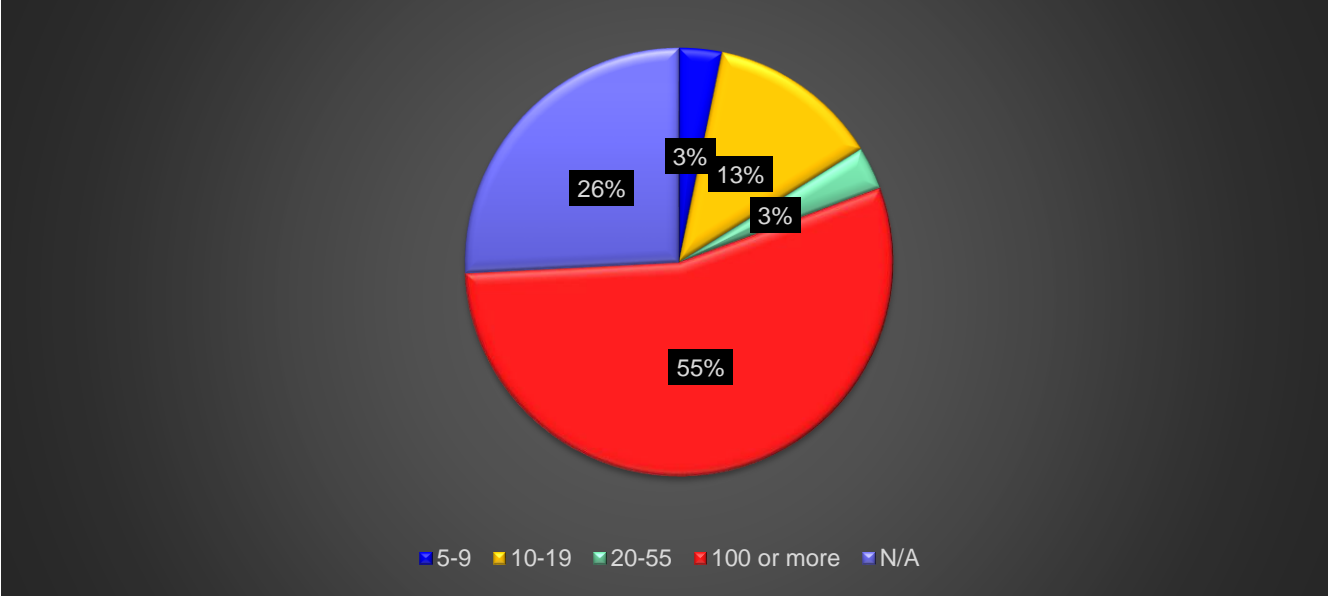


Figure 37. Number of Employees at Business Locations outside Emeryville [Retail Industry]



5.2 Reactions of Retail Trade Businesses to Minimum Wage Increase

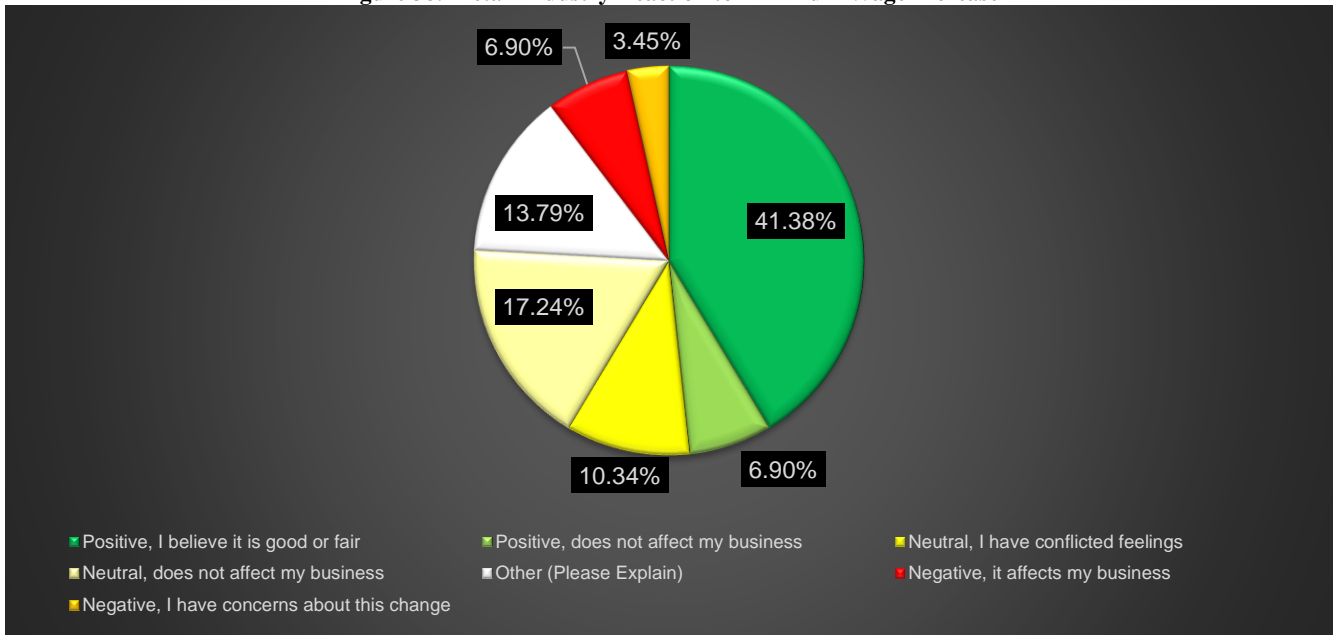
The Emeryville retail industry overall, which is dominated by franchise establishments and sees less of a gap between declines in revenues vs. costs compared to restaurants, experiences a much more favorable response to the minimum wage ordinance, and generally positive or neutral feelings about other city ordinances. Overall, about 22% of the retail managers have negative feelings about the Minimum Wage ordinance, while 47% report support for the ordinance. This is more favorable than the trends observed in the overall sample, where 38% of respondents displayed negative feelings about the Minimum Wage ordinance while 26% showed support for the ordinance (see Table 1). Looking at the fair workweek ordinance, only 7% of retail establishments report negative feelings about it, while 38% view it as favorable.

Table 5. Retail Industry Reaction to the Next Minimum Wage Increase

| | Negative, it affected my business | Negative, I have general concerns about the policy | Neutral, does not affect my business | Neutral, I have conflicted feelings | Positive, does not affect my business | Positive, I believe it is good or fair | Does not apply to me |
|------------------------------------|-----------------------------------|--|--------------------------------------|-------------------------------------|---------------------------------------|--|----------------------|
| Minimum Wage Increase | 18% | 4% | 18% | 7% | 11% | 36% | 7% |
| Fair Workweek | 0% | 7% | 28% | 7% | 14% | 24% | 21% |
| Paid Sick Leave | 7% | 7% | 14% | 7% | 11% | 43% | 11% |
| Business license tax rebate | 0% | 0% | 25% | 7% | 4% | 21% | 43% |
| Fire inspection tax rebate | 3% | 0% | 21% | 3% | 3% | 17% | 52% |
| Hospitality Service Charge | 3% | 0% | 14% | 7% | 0% | 10% | 66% |

Moreover, when asked about the next minimum wage hike, the managers were very optimistic with only roughly 10% (6.9% + 3.45%) reporting reservations (See Figure 38).

Figure 38. Retail Industry Reaction to Minimum Wage Increase

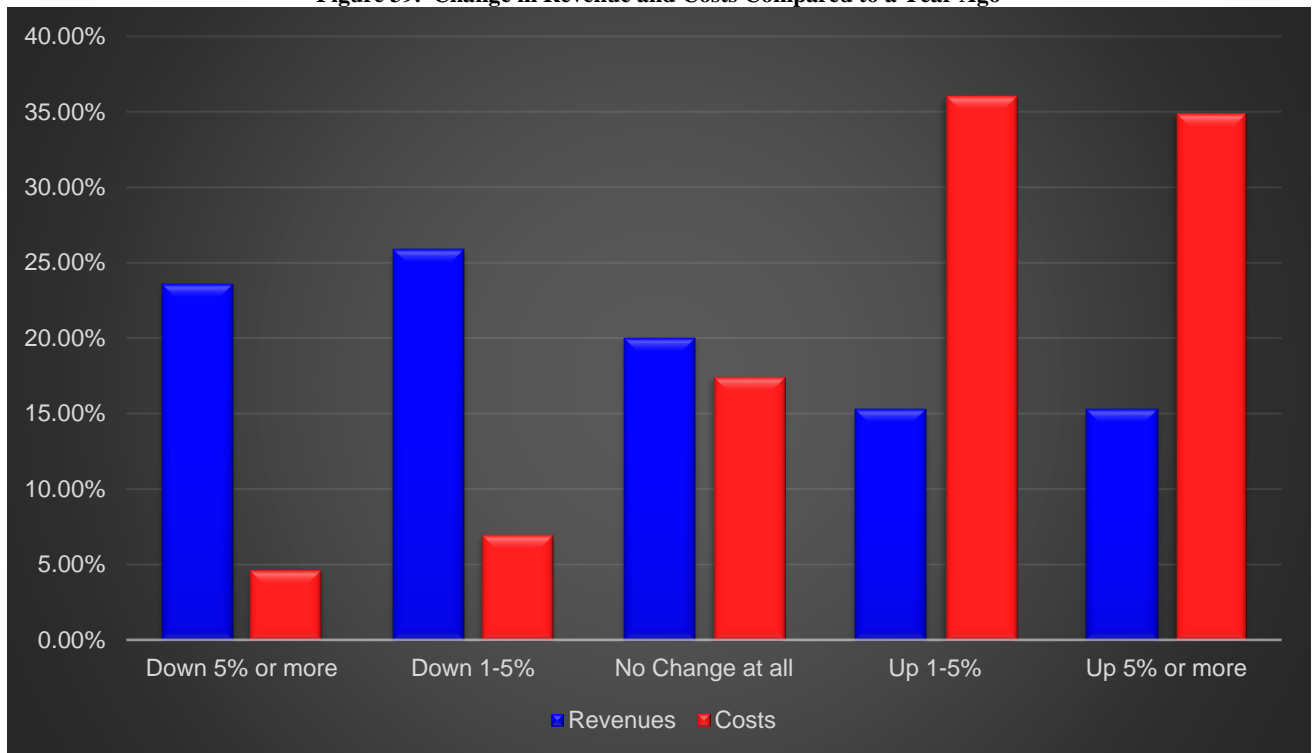


The majority of the retail businesses in our sample are franchise locations, but further analysis revealed no significant differences in the attitudes toward minimum wage between the two different types of establishments (p-value associated with the Fischer's exact test =.31).

5.3 Changes and Challenges Experienced by the Retail Trade Industry since June 2017

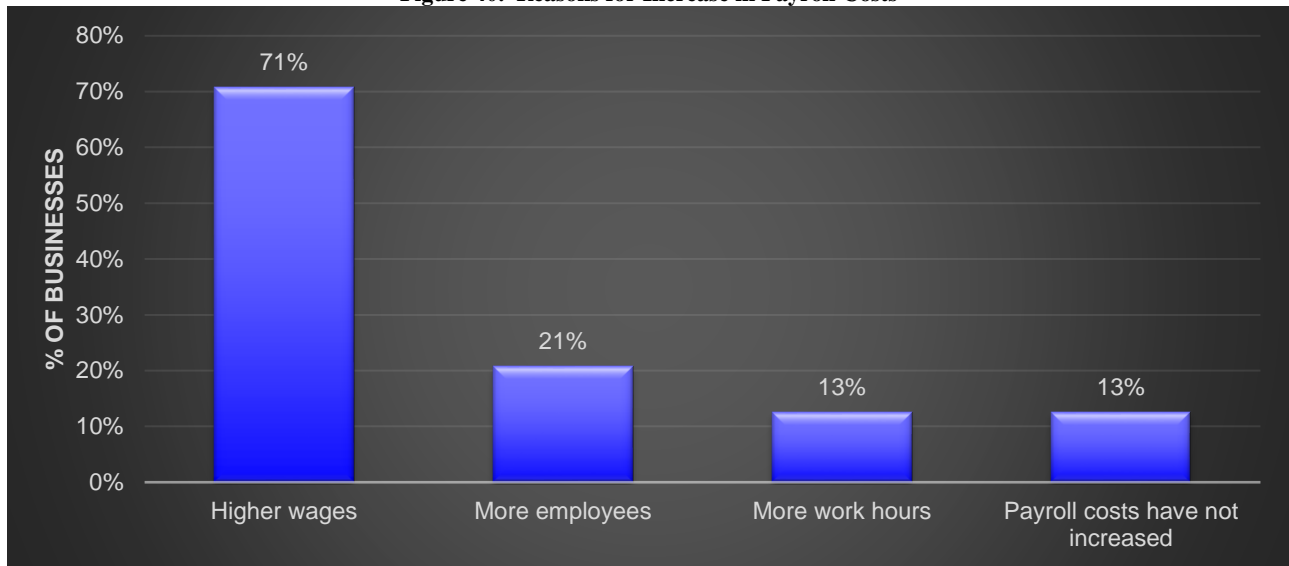
The retail industry is also exhibiting barriers to growth, but overall, a lot of Emeryville businesses belong to large successful franchises and report that their organizations are faring much better than restaurants when it comes to implementing labor ordinances. Similar to the restaurant industry, retail businesses are experiencing payroll cost increases, with 61% of businesses reporting payroll increases. However, if we look at the overall changes in costs vs. revenues (Figure 39) we see that close to half of the companies have stable revenues or are growing. It seems like the more stable business conditions make the companies more capable to comply with labor ordinances.

Figure 39. Change in Revenue and Costs Compared to a Year Ago



It is not surprising that similarly to the food industry, retail establishments attribute the increase in payroll costs to higher wages, with 71% of the retail businesses reporting that higher wages were behind the increase in payroll costs.

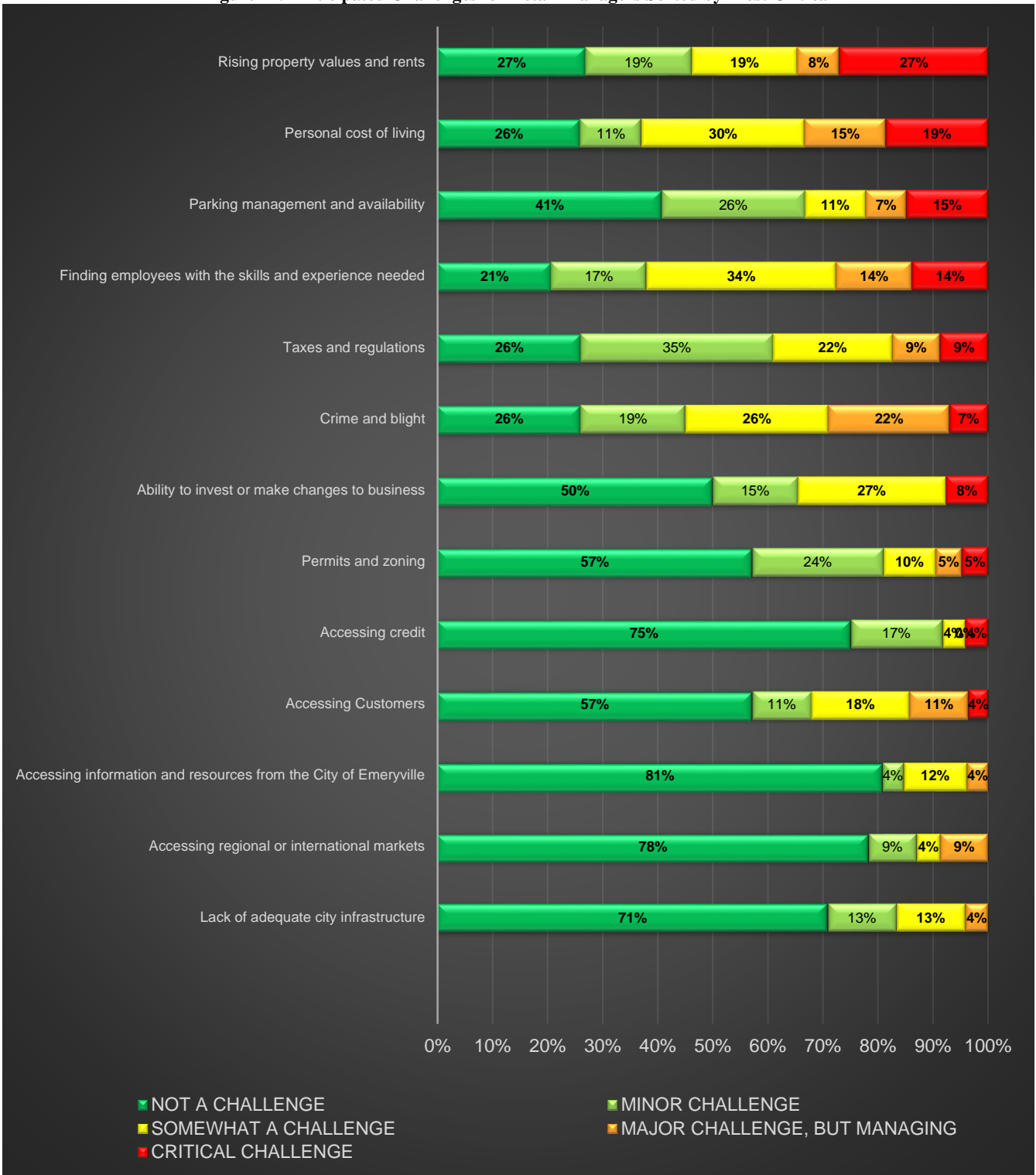
Figure 40. Reasons for Increase in Payroll Costs



If we look at the issues of the greatest importance for the retail managers, we see that the picture is dominated by escalated property values and rents, cost of living, and concerns about parking issues.

If we compare Figure 41 to Figure 33, we can see that the areas of concern for the retail managers are quite similar to those of restaurant managers. In particular, personal cost of living and parking management/availability appear in the top three critical challenges for both industries.

Figure 41. Anticipated Challenges for Retail Managers Sorted by Most Critical



Conclusions

This report summarizes the results of the Emeryville Business Conditions study, carried out over the summer of 2018. The report finds a large degree of heterogeneity in how different industries are able to adapt to various labor ordinances. While there is a growing criticism toward the Minimum Wage ordinance, we find that the retail industry is a lot more positive toward this ordinance compared to the food industry. We also find that areas of anticipated challenges vary vastly by the industry surveyed. We hope that the results of this study will help the City in its strategic planning process and make the City more responsive to the needs of individual industries.

Appendix 1-

Emeryville Business Conditions Survey Questionnaire

Dear Emeryville Business Owner/Manager,

Thank you for participating in this study to provide information about general business conditions in Emeryville and impacts of Emeryville Labor Standards.

The survey benefits Emeryville businesses and residents by providing information about the issues that Emeryville businesses face. Local government and organizations can use this information to target specific business needs through policies and services.

You can participate by filling out this web-based survey that takes approximate 10-15 minutes to complete. Please allow enough time to complete the survey in one sitting.

PARTICIPATION GUIDELINES

You must be at least 18 years of age and must own or represent a business located in in Emeryville to participate in the survey. The survey is voluntary, and you can discontinue participation at any time by closing the link without completing the survey. Completing and submitting the survey indicates your consent to participate in the study.

Your answers will be kept confidential and your responses are anonymous. The report will provide group responses only and will not reveal responses of individual businesses. If you wish to receive the results of the survey, please provide your contact information at the end of the survey so that the survey report can be sent to you when it becomes available.

INFORMED CONSENT

By clicking 'next,' I verify that I am 18 years or older and an owner or representative of an Emeryville business, and hereby give my consent to participate in the Emeryville Business Conditions Survey. I understand that my participation is confidential and anonymous. I understand that I may withdraw from the study at any time. I understand that I may request the general results of this study and that I will not receive information about my individual answers. I understand that I can participate only one time in this study.

RESEARCHER CONTACT INFORMATION

If you have any questions or concerns about this research, please contact Kate Karniouchina at this address:

Lorry I. Lokey School of Business and Public Policy, Mills College
5000 MacArthur Boulevard Oakland, California 94613
businessconditions@mills.edu

1. Please enter information about your business:

| | | |
|-------------------|--------|-----------|
| Business Name: | | |
| Business Address: | | |
| City/Town: | State: | Zip Code: |

2. Please select the industry that best fits your business. If none apply, choose "other" and explain:

- | | |
|---|--|
| <input type="checkbox"/> Construction | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Food Service: Fast Food | <input type="checkbox"/> Retail Trade |
| <input type="checkbox"/> Food Service: Restaurants, Cafes, Bars | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Health and Social Services | _____ |

3. How many locations does your business have?

Within Emeryville: _____

Outside Emeryville: _____

4. How many employees are currently employed at your Emeryville location(s)?

- | | |
|------------------------------|--------------------------------|
| <input type="checkbox"/> 0-4 | <input type="checkbox"/> 20-55 |
| <input type="checkbox"/> 5-9 | <input type="checkbox"/> 56-99 |

- 10-19 100 or more

5. If your business has additional locations outside of Emeryville, approximately how many total employees are employed by your business?

- 0-4 20-55 N/A
 5-9 56-99
 10-19 100 or more

6. Approximately how many of your current employees in Emeryville work 35 hours or more per week?

- 0-4 20-55
 5-9 56-99
 10-19 100 or more

7. What best describes how long you have been in business in Emeryville?

- Less than 1 year
 More than 1 year, but less than 3
 3 – 10 years
 More than 10 years

Below are three workplace ordinances passed by the city in recent years:

- **Fair Workweek Ordinance:** Provides standards for work schedule for employees in retail and fast food (offer of hours, advance notice of schedule, etc.)
- **Paid Sick Leave:** Requiring employers contribute a minimum of 48 PSL hours for small businesses and 72 hours for large businesses
- **Minimum Wage:** Requiring employers to pay the set minimum wage rate as set forth each July 1 according to CPI.

In July 2017, the Minimum Wage in Emeryville rose to \$14.00 for small businesses and \$15.20 for large businesses. This ordinance also included paid sick leave requirements for both full and part time employees. These questions pertain to how your business has been impacted by this ordinance and what changes your business has made in response.

8. In your opinion, what impact do the above ordinances have on your business:

| | Fair Workweek Ordinance | Paid Sick Leave | Minimum Wage | N/A |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Increased productivity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Decreased productivity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Morale is higher | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Morale is lower | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| More job applications | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Business is better | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Business is worse | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other (please specify): | <hr/> | | | |

9. Effective July 1st, 2018, the minimum wage rate will increase to \$15.00 for small businesses and \$15.69 for large businesses. What best describes how you feel about this change?

- Negative, it affects my business
- Negative, I have concerns about this change
- Neutral, does not affect my business
- Neutral, I have conflicted feelings
- Positive, does not affect my business
- Positive, I believe it is good or fair

Please explain:

10. How do you feel about these city policies now?

| | Negative, it affected my business | Negative, I have general concerns about the policy | Neutral, does not affect my business | Neutral, I have conflicted feelings | Positive, does not affect my business | Positive, I believe it is good or fair | Does not apply to me |
|-----------------------------|---|---|---|--|--|---|-------------------------------|
| Minimum Wage Increase | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Fair Workweek | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Paid Sick Leave | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Business license tax rebate | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Fire inspection tax rebate | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Hospitality Service Charge | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

11. Approximately how many employees did you employ one year ago?

- 0-4 20-55
- 5-9 56-99
- 10-19 100 or more

12. How does your current total payroll cost compare with the total payroll cost one year ago?

- Down 5% or more Down 1-5% No Change at all Up 1-5% Up 5% or more

13. If your payroll costs have INCREASED during the past year, what were the reasons?

- More employees Payroll costs have not increased
- More work hours Other (please specify):
- Higher wages _____

14. If your payroll costs have DECREASED during the past year, what were the reasons?

- Fewer employees Payroll costs have not decreased
- Fewer work hours Other (please specify):
- Lower wages _____

15. How does your current overall costs compare with your overall costs one year ago?

- Down 5% or more Down 1-5% No Change at all Up 1-5% Up 5% or more

16. How does your current overall revenue compare with your overall revenue one year ago?

- Down 5% or more Down 1-5% No Change at all Up 1-5% Up 5% or more

17. If you have changed your prices since a year ago, by how much have they changed?

- Down 5% or more
 Down 1-5%
 No Change at all
 Up 1-5%
 Up 5% or more

Please explain: _____

18. Do you expect to make changes in these categories during the next six months?

| | Not sure | No changes | Yes, minor changes | Yes, moderate changes | Yes, major changes |
|------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Prices | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Employment | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Wages | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

If you plan to make changes in any of these categories, explain below:

19. Are you considering moving your business to a new location?

- Yes, within Emeryville
 Yes, outside Emeryville
 No

20. If you are considering moving your business to a new location, why?

- Local Economic Issues (Rent, parking, etc.)
 City Policies/Taxes
 Workforce Reduction
 Other (please explain):
- _____

21. Moving forward, please rate how much each of the following will be immediate challenges for your business in the next year.

| | Not a challenge | Minor Challenge | Somewhat a challenge | Major challenge, but managing | Critical Challenge |
|---|--------------------------|--------------------------|----------------------------|--|--------------------------|
| Accessing Customers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Finding Employees with the skills and experience needed | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Rising property values and rents | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Personal cost of living | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Ability to invest or make changes to business | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Crime and blight | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Taxes and regulations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Permits and zoning | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Lack of adequate city infrastructure | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Accessing credit | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Accessing regional or international markets | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Accessing information and resources from the City of Emeryville | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Parking management and availability | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other (please specify): | <hr/> | | | | |

22. Please identify areas where you could use support from the City of Emeryville:

- Marketing for your products and services
 - Training on implementing new ordinances
 - Making trade connections
 - Email announcements of trainings and events
 - More resources on City of Emeryville website
 - Office hours with City of Emeryville council and staff
 - Additional tax rebate programs
 - Other (please specify):
-

23. What city resources have been helpful for your business since the labor ordinances have been adopted? Mark all that apply:

- Accessing information on the City's website
 - Providing posters with information
 - Translated materials
 - On-site visits from City of Emeryville representatives
 - Educational workshops
 - Public meetings/forums
 - Other (please specify):
-

24. Please provide any feedback on how the City of Emeryville can improve its outreach efforts to businesses:

25. May we, Mills College, contact you if we have any questions regarding your survey responses?

Yes No

26. May we contact you for future annual surveys?

Yes No

27. Would you like a copy of the final report?

Yes No

28. If answered yes to either 40, 41, or 42, please enter your name:

29. If answered yes to either 40, 41, or 42, please enter your email address. This email address will be used ONLY to contact you with future annual surveys or questions about your survey responses. It will not be shared with other organizations or used for any other purpose.

30. May the City of Emeryville contact you in response to this survey?

Yes No

For Businesses Affected by Fair Workweek

The Fair Workweek Ordinance became effective July 1st, 2017. These questions pertain to the impact the ordinance has had on your business. If your businesses falls under the Fair Workweek Ordinance, you are required to fill out this portion of the survey. If your business does not fall under the Fair Workweek Ordinance, please skip this section.

1. How well do you understand the rules and regulations of the Fair Workweek Ordinance?

- Don't understand at all
- Mostly don't understand
- No opinion
- Somewhat understand
- Fully understand

2. What resources, provided by the city, have you utilized to better understand the Fair Workweek Ordinance:

- Open Forums (took place over the summer 2017)
- Employer workshops (took place in Fall 2017/Winter 2018)
- Contacted city staff and/or city consultants for further individual technical support
- FAQ document
- I didn't use any resources
- Other (please specify): _____

3. How else can the Mills College team and the City of Emeryville further support your business in following the Fair Workweek Ordinance effectively?

4. Following the Fair Workweek Ordinance and paying Predictability Pay has made total payroll costs go:

- Down 5% or more
- Down 1-5%
- No Change at all
- Up 1-5%
- Up 5% or more

For Restaurant Owners/Managers

If your business is a restaurant, please fill out this portion of the survey.

1. What type of restaurant best describes your business?

- Fast Food
- Fast Casual (serves alcohol)
- Full Service Restaurant
- Other (please specify): _____

In July 2017, the minimum wage in Emeryville rose to \$14.00 for small businesses and \$15.20 for large businesses.

2. As a result of Emeryville’s increased minimum wage, which of the following have been impacted?

| | Decrease | No Change | Increase |
|-------------------------|-----------------------|-----------------------|-----------------------|
| Prices | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Number of Employees | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Working Hours | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Other (Please explain): | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

3. Has your business moved towards more automated services in response to the minimum wage increase?

- Yes
- No
- Other (please specify): _____

4. Is your business considering moving towards more automated services as a result of the minimum wage increase?

Yes

No

Other (please specify): _____

5. How can the city help the restaurant industry in Emeryville?

QUALITATIVE ANSWERS AND COMMENTS FOR RETAIL INDUSTRY

What resources, provided by the city, have you utilized to better understand the Fair Workweek Ordinance: Other (please specify)

HR training

Online docs

Posters provided by City of Emeryville

Reps came around with information, posters and answered questions

How else can the Mills College team and the City of Emeryville further support your business in following the Fair Workweek Ordinance effectively?

Continue to provide FAQ documents

I think it is pretty easy to follow

Stopping by at the location and introducing themselves to store managers. Build a good relation[ship]

When explaining changes in Pricing, Employment, and Wages. If you plan to make changes in any of these categories, explain below:

Inflation, always have employee turnover, min wage increase

Price increases may be reflected in our design service category.

Prices are raised by corporate 1 time per year

Prices fluctuate weekly based on the market. Need to hire a few more employees

To comply with new minimum wage in July 2018

Please identify areas where you could use support from the City of Emeryville. Other (please specify)

Increased police presence

Law to increase wage for all employees, not just starting wages

New Ordinances... Emeryville needs to team up with Oakland and fix their Homeless situation. They are blocking street, sidewalks, and alleyways. WE NEED A SOLUTION ASAP!

Please do not over govern

They can't do anything for our business and never have.

Please provide any feedback on how the City of Emeryville can improve its outreach efforts to businesses:

Continue sending in-person reps

Do not over govern

I think you guys are doing fantastic!

It is such a small city that someone could actually come to a business and talk to the owner. In the nearly 10 years we had a brick and mortar storefront in Emeryville, no one ever came out to talk to us about anything. We have since closed our store and will be moving to Southern California.

More in person introductions.

Notify us immediately about policy changes. Thank you

Provide Emeryville firms with contact in for business opportunities.

Would love updates on how the homeless problem is being addressed.

General comment following the question regarding major challenges:

Our business makes target consistently (+ 5% over LY annually) but because accommodation costs and depreciation we are not profitable.

How did these ordinances affect your business?

Other (please specify)

Higher minimum wage means less payroll hours, less people in the store to visit customers

I am my only employee, but my morale is higher knowing that people are getting a fair wage, and if I do hire someone I would be happy to comply with these ordinances

I share employees with other Emeryville retailers who are non-compliant to the fair work week ordinance, makes scheduling difficult

Paid sick leave in excess of company/state sick leave has caused terrible ABUSE.

Really don't feel it has truly affected productivity or morale - at all - that is company/leadership of store owned.

We as a company had a lot of the ordinance in place before this came to Emeryville. We always paid fair for our type of business

We have been offering a starting wage higher than the 15.20 for 4 years. We also follow SF sick leave laws and have since 2014. We're ahead of the game!

Optional explanation for minimum wage response:

MARKED: "Neutral, I have conflicted feelings" COMMENTED: "It makes it harder to protect profits & expense control."

MARKED: Neutral, I have conflicted feelings" and COMMENTED: "It's good for myself & my team. I just hope my company increases our payroll allowance so we aren't overworked"

My location is the highest in the nation for minimum wage for [REDACTED]. My concern is that some of my staff think they are making a lot of money when really they are not. Cause wages go up, rent/housing goes up, and no one is putting their money back into Emeryville. Getting 95% of applications from Oakland. Emeryville needs to let the neighboring cities catch up to our minimum before raising it more.

Next year, Emeryville's minimum wage will be a \$16 an hour. This is going to create some sort of a stale mate because no one would want to move up, better themselves (go to college) etc. In a way this increase would cause some people to get too comfortable in what they make. All this does for retail is offer less hours to their associates. Someone can make \$16 a hour but be given 8 to 12 a week due to payroll % for small business. Emeryville needs to help its own city retain local small businesses to secure its future. Retail as we all know is struggling with online retail.

Respondent selected NEUTRAL, I HAVE CONFLICTED FEELINGS and COMMENTED: an increase in minimum wage is to be expected but tends to have a negative impact on those who receive a merit increase and are NOT effected by minimum wage increase - this creates bitterness and allows for unproductive behavior.

QUALITATIVE ANSWERS AND COMMENTS FOR FOOD INDUSTRY

Additional Comments following a question regarding attitude toward minimum wage questions, Other (Please Explain)

CHECKED BOTH POSITIVE RESPONSES Pay the people what they need to live!! The Bay Area is getting less and less affordable and Emeryville is contributing to that!! Treat your workers like human beings or don't own a business at all.

Checked Both: "Negative, it affects my business" & "Negative, I have concerns about this change"
Continued price increases are lowering guest counts/sales as a result of the minimum wage increase

Difficult to find reliable workers even though the pay is already so high

Does not affect us as we opened restaurant after ordinance was in place

Marked: "Negative, I have concerns about this change" commented: Increase in minimum wage brings in who do the minimum for a high minimum wage because they know they can come to Emeryville and get paid more for nothing."

Respondent selected NEUTRAL, I HAVE CONFLICTED FEELINGS and commented: an increase in minimum wage is to be expected but tends to have a negative impact on those who receive a merit increase and are NOT effected by minimum wage increase - this creates bitterness and allows for unproductive behavior

We do support minimum wage changes, but at the same time our sales have tremendously dropped.

We have to increase the menu price which effects our customers. More expensive food = less frequency to eat out at the restaurant :(

Additional reasons for considering moving the business outside the city:

Bad property management

Difficulties with the property owner

Emeryville is bad for business

High costs of doing business in Emeryville and a lack of support from the City for small business owners.

Other challenges:

Mall charge for parking, customers don't like it.

More inclusion in city meetings. More contact w/ city manager & city officials. Parking - space for bikes.

Small city needs new city identity.

Parking charges will affect our business

Please provide any feedback on how the City of Emeryville can improve its outreach efforts to businesses:

Go f***k themselves

I understand the increase of current living cost increase but we, as a small business, shouldn't be the victim of this change. None of my employees is living in Emeryville, we all have to find a more affordable housing outside but commutable (30mins) to work in the neighbor cities.

Management of crime. A lot of the customer vehicles are broken into. A lot of homeless people

More information on the City's website for business managers and owners

More marketing support, be a partner and come to businesses not just having business owners attend council meetings. More conversations

Need more poster info about Public Market

Police the property management to actually market their properties to bring in actual business

Small businesses and restaurants need more support. It costs a lot more to run a full service restaurant than a food truck and we are competing with them for customers

Some more information on ordinances

The City should conduct a study before applying any ordinance

There is practically no outreach, so anything would be an improvement

Unfortunately I do not feel the city of Emeryville could help with outreach efforts

Other resources that have been or would be helpful in complying with regulations:

Company e-mails w/ regulations

EDAC

Thai language material[s]

Other Changes Following Minimum Wage Increase:

If an employee leaves we do not hire a new employee to replace them. Instead, the owner works 7 days a week. Customers are very sensitive about price increases but we have had to increase our prices.

Increase in insurance and payroll tax

Prices have increased to keep up w/ rising minimum wage

We have to restrict on OT employees, cut down the long hours and have more employees work only one shift per day

We've always strived to provide ALL our workers with a living wage. Which means well above min wage. Even though Emeryville is still to[o] expensive for our workers to live in

How can the city help the restaurant industry in Emeryville?

Apply the tips (gratuity) towards hourly wage. There is a huge difference between the front of the house and kitchen staff.

Bring more traffic (customers) to Hollis street

Do not tack on more employee compensation wages that make the business pay unnecessary taxes

Events

Financial support for small businesses and restaurants, more tax rebate programs, perhaps instituting a service charge to offset the cost of increased wages. Higher minimum wage in Emeryville means there is very little difference in pay scale between a dishwasher and sushi chef. It is hard for more experienced chefs and servers as well as business owners. As a business owner, I feel like I have less power than my employees. I have no power to negotiate, I make less money than them because I work so many hours and often don't take a paycheck opting instead to cover business costs with that money. We are strongly considering leaving Emeryville because it has become too difficult to run a business here.

Help Promoting small restaurants inside the Public Market. 85% of ppl work[ing] in the area know n[o]thing about Public Market. Parking instruction was confusing.

Learn from customers, more exposure, Street festivals, magazine features, more accessibility

Marketing

Need funding for business because we cannot get low interest rate. [Be]cause the business go down.

Promote more foot traffic on Hollis Street. Allow businesses to use more visual signage. Provide more support to small businesses/restaurants. Limit the number of food trucks and where they can park and serve customers.

Provide incentives and work with state and county for reducing health permit and payroll. Provide more parking (short-term metered parking)

Running a restaurant in Emeryville is extremely difficult. The rapid minimum wage rise, coupled with the high rents in the city, have severely impacted the bottom line. We are unable to pay ourselves for our hard work for our business, and there is very little profit. We have been forced to raise prices considerably since the beginning of 2016. Prices, however, cannot rise as fast as the minimum wage, and with the minimum wage set to continue increasing, the pressure on us will only increase. We make every effort to minimize worker hours, and are seriously considering moving to a fully automated point of sale environment. The City's wage and hour policies are not sustainable for small businesses. The City's desire to be a laboratory for labor policy does not adequately take into account the on-the-ground consequences for businesses.

Tax rebates, reduction in the price of food would help us keep our prices reasonable.

The city continues to move towards higher wages and stricter labor laws, all of which does not help the industry. After attending many council sessions, I do not believe the city actually cares to support retail and restaurant businesses within its borders. Instead, focusing solely on "helping" the 3% of unsatisfied employees as detailed from a survey given to Emeryville workers prior to FWW and giving the floor to labor unions that represent workers from Richmond and other cities outside of Emeryville.

They can't. They already f█████d it up