Oakland Business Conditions Survey: Impact of Measure FF

July 2015 Survey

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Sepi Aghdaee, MPP/MBA Student
Carolyn Sherwood Call, Associate Dean & MBA Academic Director
Lorry I. Lokey School of Business and Public Policy, Mills College
oakbusinessconditionssurvey@gmail.com

Attachment 3

Executive Summary

The purpose of this report is to share the results of an online survey conducted to explore how Measure FF, Oakland's minimum wage law, has affected employment, business location, and prices in the context of the overall business environment in Oakland, whether such impacts are concentrated in specific industry sectors or geographic regions, and how the City of Oakland can better support businesses. The online survey of Oakland businesses was conducted in July 2015 resulting in 113 responses. The findings of the survey provide valuable insights, but they are limited by the number of respondents which does not represent the full array of Oakland businesses.

Recent Changes

- 70% (72/103) of respondents reported increases in their payroll costs between November 2014 and July 2015.
  - 24 (33%) of the 72 respondents with payroll increases cited the minimum wage as the reason.
  - 71% (51/72) of businesses with increased payroll, who provided a reason, cited higher wages as the reason.
  - Of the 8% (8/103) of respondents who reported decreased payroll costs, 75% (6/8) reported that their payroll had fallen due to a reduction in the number of employees or the number of hours.

- 51% (55/107) reported increases in prices between November 2014 and July 2015 with 30% reporting price increases of 5% or more.
  - Of 55 businesses with price increases 10 (18%) cited measure FF as the reason.

- 45% (47/ 105) answered yes when asked if they had made any changes as a result of the minimum wage law.
  - 34% (16/47) reported raising their prices.
  - 21% (10/47) reduced hours.
  - 13% (6/47) added paid sick leave.
  - 6% (3/47) made reductions to their staff.

- Within the pool of respondents food services industry reported making the most changes in response to the minimum wage increase.
  - 74% (20/27) made changes as compared with 30% (7/23) in retail trade and 36% (20/55) in all other industries.
  - 85% (23/27) of food service establishments reported increasing payroll costs between November 2014 and June 2015.
  - 59% (16/27) of respondents in the food services industries identified the minimum wage law as the reason their payroll costs have increased.
  - 78% (22/28) of respondents in the food services industry hiked prices as compared with 35% (8/23) in retail trade.
  - 39% (11/28) of respondents in the food industry cited the minimum wage increase as their reasoning for increasing prices, as compared to 2% (1/51) in all other industries and none in the retail trade.

- Responses to the minimum wage law did not appear to be concentrated in any particular neighborhoods within Oakland.

Business Environment

- 59% (66/111) of businesses plan to make changes in the next 6 months.
  - Of the 66 business that plan to make changes, 33% (22/66) plan to increase prices, 18% (12/66) plan to change the number of workers, and 15% (10/66) plan to increase wages.

- 47% (53/112) of respondents have considered either moving or expanding outside of Oakland. These businesses were asked an open-ended question about the changes they were considering, and of the 53 business that have considered moving or expanding outside of Oakland:
  - 30% (16/53) have considered expanding outside of Oakland.
  - 13% (7/53) cited the high cost of doing business in Oakland.
  - 9% (5/53) believe Oakland is not a business friendly city.
  - 9% (5/53) cited the high rents in Oakland.
  - 8% (4/53) cited the minimum wage increase.

- Businesses were asked to share open-ended responses identifying their biggest challenges. There were 154 responses as many businesses cited multiple challenges. The minimum wage was cited by 6% (9/154) of respondents. The most frequently cited challenges were:
  - Need for a more business friendly city, 12% (19/154)
  - Crime and safety, 11% (17/154)
  - Marketing and advertising, 8% (13/154)
  - Employee recruitment, training and retention, 8% (13/154)
  - High cost of rent , 8% (13/154)
  - High taxes, 7% (11/154)

City government services and support

- 21% (22/104) of respondents reported contacting the City or using city services (workshops, resources, customized business assistance) to respond to the new requirements of measure FF.

- When asked to rank eight specified city services in order of importance from, the results were as follows (1 was the lowest possible score, 8 was the highest possible score):
  - Public safety, score = 5.9
  - Blight abatement, score = 5.0
  - Commercial corridor streetscape, score = 4.7
  - Information about local rules and regulations, score = 4.6
  - Referrals for financing, score = 4.3
  - Business assistance and education programs, score = 4.1
  - Facade improvement grants, score = 4.0
  - Employee recruitment and training programs = 3.4

- Respondents were asked to share open-ended responses describing other ideas about how the city could support businesses.
  - 15% (13/88) of respondents identified safety and police presence as ways the city could better support businesses.
  - 8% (7/88) of participants asked for lower taxes, tax breaks or credits, 8% (7/88) of respondents identified increasing the overall support for businesses, 7% (6/88) identified parking-related issues, and 6% (5/88) suggested that the City engage local businesses before creating new laws or regulations.
  - Only 2% (2/88) suggested making changes to the minimum wage law

Introduction

In November 2014, Oakland voters overwhelmingly backed measure FF, which increased the City's minimum wage from $9 to $12.25 per hour, with over 80% of voters favoring the measure. On March 2, 2015 the law took effect, increasing Oakland's minimum wage by 36% in one step, with no phase-in or small-business exemption. In addition, the law required Oakland businesses to provide 1 hour of sick leave for every 30 hours worked[1].

Throughout the Bay Area there is a growing movement to increase the earnings of minimum wage workers. San Francisco voters approved a measure raising the city's minimum wage gradually to $15 per hour by 2018[2]. Berkeley will raise its minimum wage to $12.53 per hour by October 2015[3]. In June of 2015 the Emeryville City Council and Mayor approved a plan to raise wages in July 2015 to $12.25 (the same as Oakland) with additional increases to come yearly. Emeryville's minimum wage ordinance included a sick leave mandate similar to Oakland's law[4].

In Los Angeles the City Council and Mayor approved a plan to raise the minimum wage to $15 per hour by 2020, with the first increase due in 2016 to $10.25. Los Angeles is currently the biggest city to have approved a law intended to raise its minimum wage to $15 per hour[5]. In September 2015, New York approved a plan to raise the minimum wage for fast food workers, reaching $15 per hour by 2018 for workers in New York City, and by 2021 for workers in the rest of the state[6].

In addition, some employers are unilaterally increasing the wages that they pay to their workers. For example, in July 2015, University of California President Janet Napolitano announced a plan to increase wages to at least $15 an hour for all University of California workers by 2017[7]. In April, the insurance company Aetna announced that its lowest-paid workers would be paid at least $16 per hour[8].

In general, a minimum wage has the potential to affect economic activity through several mechanisms. The higher minimum could cause businesses to reduce employment or increase the prices they charge, it could cause more workers to seek employment, and if businesses charge higher prices (due to higher costs) consumers may buy less. When a community's minimum is higher than its neighbors', these effects can be amplified and, in addition, businesses may relocate to nearby communities with lower minimum wages. Measure FF increased Oakland's minimum wage by a large percentage in one step (with no phase-in period) and also created a significant differential between Oakland's minimum and those of nearby cities. However,

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[1] "Oakland's New Employment Law Took Effect March 2, 2015". Retrieved October 16, 2015 from http://www2.oaklandnet.com/Government/o/CityAdministration/d/MinimumWage/OAK051451

[2] "Minimum Wage Ordinance (MWO)". Retrieved October 16, 2015 from http://sfgsa.org/index.aspx?page=411

[3] "Minimum Wage Ordinance (MWO)". Retrieved October 16, 2015 from http://www.ci.berkeley.ca.us/MWO/

[4] "Minimum Wage Ordinance". Retrieved October 16, 2015 from http://www.ci.emeryville.ca.us/1024/Minimum-Wage-Ordinance

[5] "Citywide Minimum Wage Law". Retrieved October 16, 2015 from https://cityclerk.lacity.org/lacityclerkConnect /index.cfm?fa=ccfi.viewrecord&ncfms=&cfnumber=14-1371-S7

[6] "Minimum Wages". Retrieved October 16, 2015 from http://www.labor.ny.gov/workerprotection/Laborstandards /workprot/minwage.shtm

[7] "UC president announces $15/hour minimum wage". (July 22, 2015). Retrieved October 16, 2015 from http://universityofcalifornia.edu/press-room/uc-president-announces-15hour-minimum-wage

[8] "Aetna to improve wages and medical benefits for thousands of its employees". (January 12, 2015). Retrieved October 16, 2015 from https://news.aetna.com/aetna-improve-wages-medical-benefits-thousands-employees/

Emeryville, Berkeley, and San Francisco, are phasing in increases that will (and in some cases already have) eliminate the differential between Oakland and these cities.

This survey is a first step at gathering information about how Oakland's higher minimum wage is affecting Oakland businesses. We sought to find out how widespread the economic impacts (changes in employment, business location, and prices) are and whether the impacts are concentrated in specific industry sectors or geographic regions. Our findings suggest that there are economic impacts that the City may wish to address and that additional exploration of these issues may be useful.

The findings of the survey provide valuable insights, but they are limited by the number of respondents which does not represent the full array of Oakland businesses.

Survey Methodology

Distribution

The survey was conducted online using Survey Monkey. It was distributed via email and posted on Townsquared, an online social network platform connecting local businesses. Since the researchers did not have a comprehensive mailing list of Oakland businesses, the survey link was sent to contacts at the Oakland Chamber of Commerce, all Oakland Business Improvement Districts (BIDs), Community Benefit Districts (CBDs), and the Sustainable Business Alliance. The text of the email sent out with the survey is provided in Appendix 1. The survey was sent out to corresponding email lists by the Oakland Chamber, the Lakeshore/Lake Park BID, Koreatown/Northgate CBD, Downtown CBD, and Lake Merritt/Uptown CBD. The researchers monitored responses and, after the first week, noted that there were few responses from the Fruitvale and Temescal neighborhoods. Therefore, they used online resources to compile a supplemental email list with 94 businesses including 29 businesses in Fruitvale and 31 businesses in Temescal. The survey went online on July 1st, with the deadline of July 17th. It remained open and responses were collected until July 27th. 113 Oakland businesses responded to the survey.

Survey Design

The survey was designed to be easy for businesses to complete within 10 minutes. A small number of businesses participated in a pilot survey to verify ease of response and to provide input on survey methodology prior to wider distribution of the survey. Questions about general business conditions in Oakland preceded specific questions about the minimum wage hike in order to decrease bias regarding the minimum wage increase. The survey respondents were assured that their responses would be confidential and anonymous, so the results below are compiled in a way that preserves the anonymity of respondents.

The survey included 25 questions aimed at assessing the current and future condition for businesses in Oakland with focus on the minimum wage increase. Topics covered included:

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

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

Limitations

Conducting the survey online and distributing it via email was far less costly in both dollars and time than a phone or mail survey. However, an online survey excludes potential respondents who do not use email for communication, or whose owners/managers are less likely to connect online. We expect that the online nature of the survey reduced the response rate among some targeted businesses, but given the limited time frame and funds for this project, online surveying was the best option for this preliminary study.

With 113 responses, the survey responses clearly are not representative of all businesses in Oakland, and the results of this report are preliminary rather than conclusive. Nevertheless, the survey identifies some key challenges facing Oakland businesses and offers insights that could be useful as the City seeks to meet the needs of local businesses. Further study is needed to capture the comprehensive effect of the minimum wage increase on all businesses in Oakland.

Characteristics of Survey Respondents

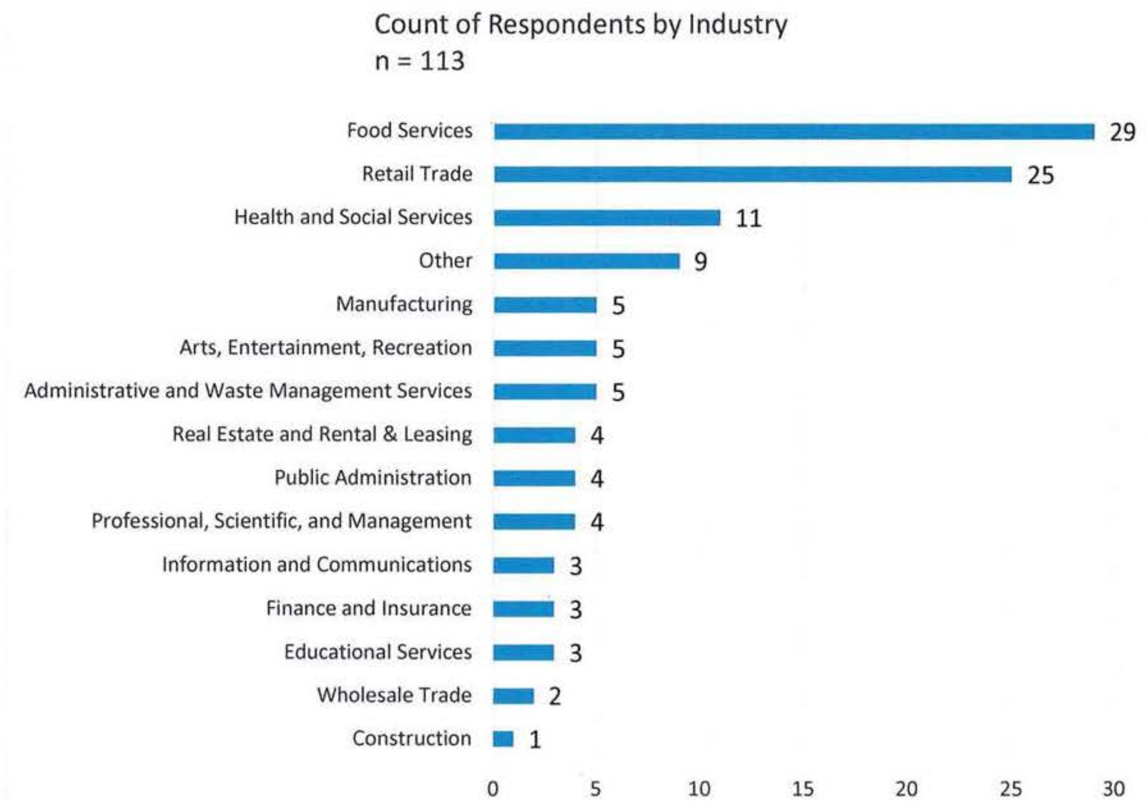
Industries Represented

The industries with the highest representation in the sample of respondents were food services making up 26% (29/113) and retail trade with 22% (25/113) of respondents as shown in figure 1a. Health and social services made up 10% (9/113) of the respondents while the remaining categories had fewer respondents ranging between 1% and 4%. The "other" category, which makes up 8% (11/113) of the total respondents, includes religious services, personal care, repair/ maintenance, design, childcare, and photography businesses. Figure 1b displays the number of respondents in each sector. Additionally 10% (11/113) of the total respondents reported that their organizations were nonprofits.

Figure 1a.

Industry	Count	Percentage
Food Services	29	25.7%
Retail Trade	25	22.1%
Health and Social Services	9	9.7%
Administrative and Waste Management Services	5	4.4%
Arts, Entertainment, Recreation	5	4.4%
Manufacturing	5	4.4%
Professional, Scientific, and Management	4	3.5%
Public Administration	4	3.5%
Real Estate and Rental & Leasing	4	3.5%
Educational Services	3	2.7%
Finance and Insurance	3	2.7%
Information and Communications	3	2.7%
Wholesale Trade	2	1.8%
Construction	1	0.9%
Other	11	8.0%
Total	113	100%

Figure 1b.



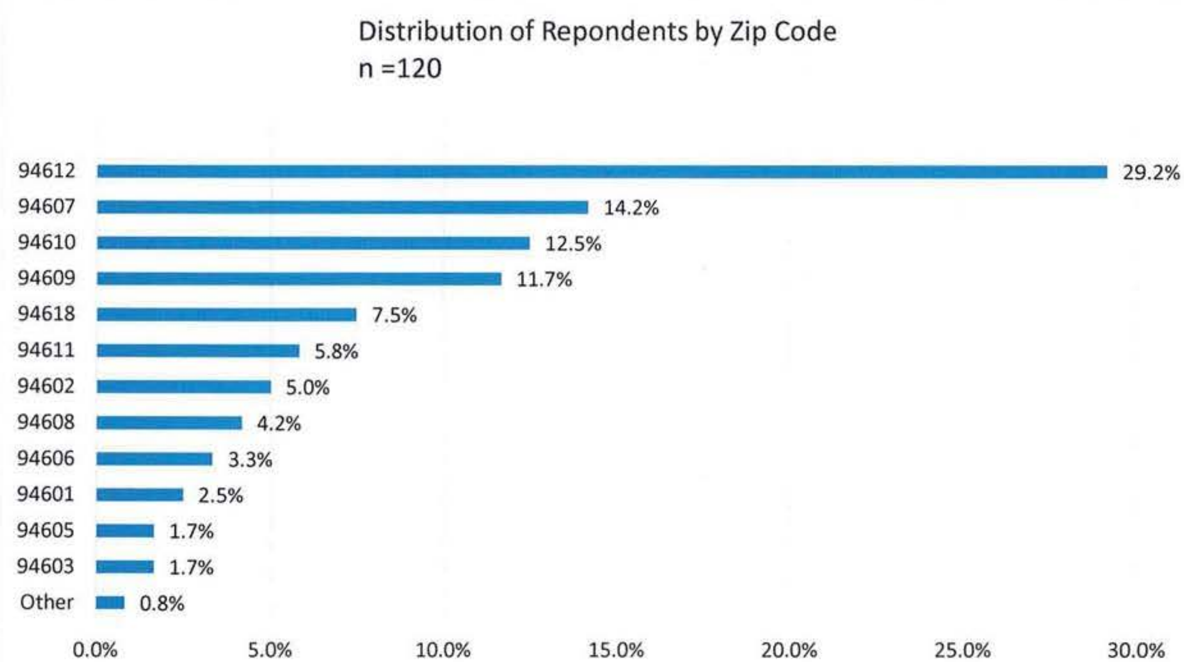
Geographical Distribution

The number of responses to the survey varied greatly based on zip code. As seen in figures 2a and 2b, downtown (94612) at 29% (35/120) is the zip code with the largest number of responses. This is consistent with downtown's large share of Oakland businesses. Oakland's West Oakland and Embarcadero neighborhoods (94607) follow at 14% (17/120). 94610 which represents Adams Point, Grand Avenue, and Lakeshore has 13% (15/120) of respondents. 12% (14/120) of responses came from 94609, which includes parts of North Oakland, Lower Rockridge, and Temescal. Zip codes representing the remaining neighborhoods account for between 1% and 8% of responses. A number of respondents reported locations in multiple zip codes, as such the sample size for zip codes is 120 which is greater than the total survey sample size of 113.

Figure 2a.

Zip Codes	Neighborhoods	Count	Percentage
94612	Downtown Oakland	35	29.2%
94607	West Oakland, Embarcadero	17	14.2%
94610	Adams Point, Grand Avenue, Lakeshore District, Northern Haddon Hill Trestle Glen, Crocker Highlands, Southern Piedmont	15	12.5%
94609	Southern Lower Rockridge, Temescal, North Oakland flats	14	11.7%
94618	Piedmont side of Montclair, Upper Rockridge, Claremont Northern Lower Rockridge	9	7.5%
94611	Montclair, Broadway Terrace, Piedmont Pines, City of Piedmont, Piedmont Avenue	7	5.8%
94602	Joaquin Miller, Oakmore, Laurel, Glenview, Upper Diamond	6	5.0%
94608	Golden Gate, Paradise Park	5	4.2%
94606	Clinton, Bella Vista	4	3.3%
94601	Fruitvale, Peralta Hacienda, Foothill, Patten, Fremont, Melrose	3	2.5%
94603	International Blvd, South Stonehurst, Elmhurst Park, Las Palmas	2	1.7%
94605	Oakknoll, Golflinks Road, Keller Avenue, King Estates, Millsmont, Eastmont, Sheffield Village	2	1.7%
Other		1	0.8%
Total		120	100%

Figure 2b.



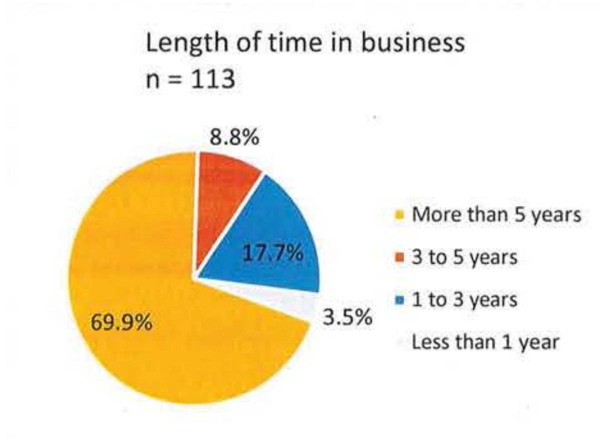
Length of Time in Business

Respondents were asked how long they have been in business and could choose between the answers listed in the first column of figure 3a. As shown in figure 3b, most of the business are well-established, with 70% (79/113) of respondents reporting that they have been in business for 5 years or longer.

Figure 3a.

How long in business?	Count	Percentage
More than 5 years	79	69.9%
3 to 5 years	10	8.8%
1 to 3 years	20	17.7%
Less than 1 year	4	3.5%
Total	113	100%

Figure 3b.



Findings Regarding General Business Conditions

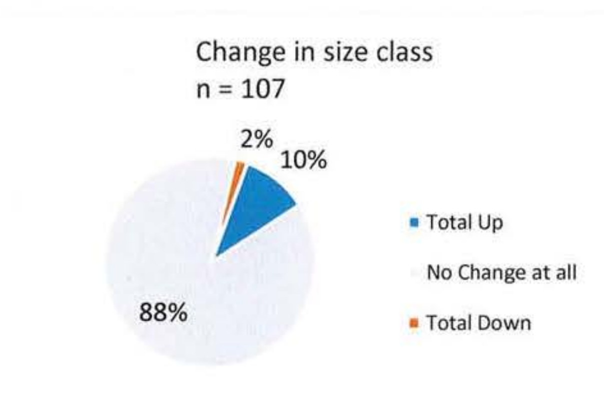
Number of employees

A majority of respondents employed 10 or fewer employees. The questions comparing size between November 2014 (before the Measure FF went into effect) and July 2015 (when the surveys were completed) were intended to determine whether there has been significant shrinkage or growth in size of businesses. As shown in the first column of figure 4a, the responses were recorded in size classes rather than specific numbers. As such, it is possible that respondents had experienced change in size within a given class that they reported as no change at all. Figure 4b illustrates that amongst the businesses surveyed there is evidence of growth as 10% moved to a larger size class while only 2% moved to a smaller size class.

Figure 4a.

Comparison of number of employees between November 2014 and July 2015	Count Previous	Count Current
0-10	68	62
10-20	16	17
20-50	14	17
50-100	4	3
100-300	4	5
300 or more	1	3
Total	107	107

Figure 4b.



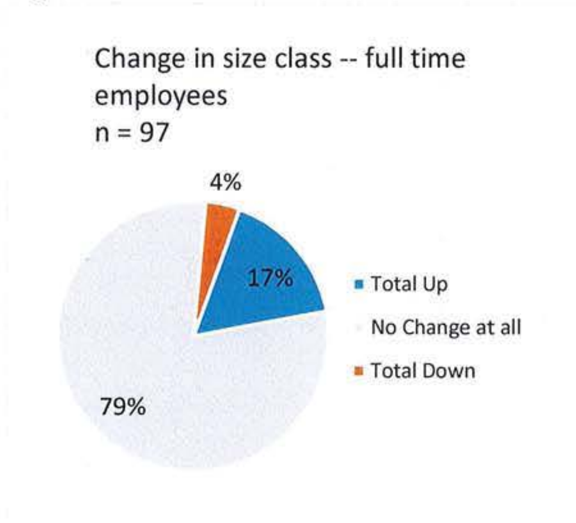
Changes in Full Time Employees by Size Class

Most respondents had 4 or fewer full-time workers (who worked 35 hours or more), as shown in figure 5a. Of the 97 respondents who answered this question, 17% reported that they moved into a larger size class between November 2014 and July 2015, while 4% reported moving to a smaller size class. The respondents were given the categories shown in the first column of figure 5a to choose from, so a business could have grown (for example, from 6 full-time workers to 8) but would remain in the same size class.

Figure 5a.

Comparison in full time employees by Size Class between November 2014 and July 2015	Count Previous	Count Current
0-4	68	65
5-9	9	11
10-14	8	7
15-19	2	1
20-24	2	5
25-29	2	2
30 or more	5	6
Total	97	97

Figure 5b.



Changes in Payroll Costs

70% (72/103) of respondents reported an increase in their payroll costs between November 2014 and July 2015 with 32% (33/103) reporting payroll increases of 10% or more. 30% (31/103) of respondents reported payroll increases between 2% and 10%. Figures 6a and 6b show the count and corresponding percentages of respondents who increased, decreased or made no change to their payroll. The first column in figure 6a lists the categories provided for the answer to this question.

97 of the 103 respondents who reported on their payroll changes also chose an answer indicating the component of the change from a list shown in the first column of figure 7a. As shown in figure 7a, of those who reported payroll increases 70.8% (51/72) chose "change in hourly pay". Figure 7b shows that for 50% (4/8) of respondents who reported decreases in their payroll, "change in the number workers" resulted in payroll changes.

Respondents were given space to provide open-ended responses explaining the reason for the change in their payroll costs. As shown in figure 7c, 33% (24/72) of respondents who reported their payroll costs increasing, cited the new minimum wage law as the reason. 18% (13/72) of respondents cited raises (not mentioning minimum wage) as the reason for their payroll costs increasing. 1 respondent (out of 8) who reported a decrease in payroll, cited laying off employees due to the minimum wage increase.

Figure 6a.

Payroll Comparison between November 2014 and July 2015	Count	Percentage
Up more than 10%	33	32%
Up 5-10%	18	17%
Up 2-5%	13	13%
Up 0-2%	8	8%
No Change at all	23	22%
Down 2-5%	1	1%
Down 5-10%	4	4%
Down more than 10%	3	3%
Total	103	100%

Figure 6b.

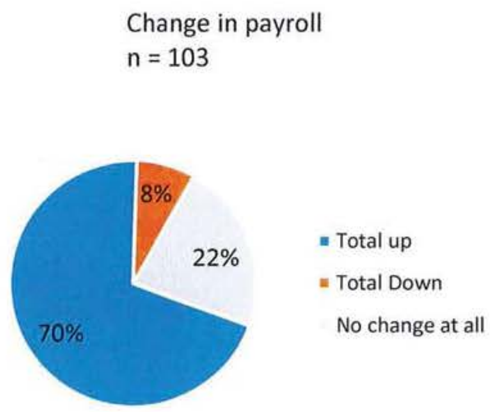


Figure 7a.

Components of Payroll Increase	Count	Percentage
Change in hourly pay	51	70.8%
Change in number of workers	17	23.6%
Change in hours per worker	2	2.8%
Payroll costs have not changed in the past 6 months	0	0.0%
No response	2	2.8%
Total- Increased Payroll	72	100%

Figure 7b.

Components of Payroll Decrease	Count	Percentage
Change in hourly pay	1	12.5%
Change in number of workers	4	50.0%
Change in hours per worker	2	25.0%
Payroll costs have not changed in the past 6 months	0	0.0%
No response	1	12.5%
Total- Decreased Payroll	8	100%

Figure 7c.

Reasons for Payroll Increase	Count	Percentage
Minimum Wage Increase	24	33%
Employee Raises	13	18%
Additional Employees	10	14%
No Response	25	35%
Total- Increased Payroll	72	100%

Figure 7d.

Reasons for Payroll Decrease	Count	Percentage
Minimum Wage Increase	1	12.5%
Less overtime	1	12.5%
Fewer Employees	3	37.5%
No Response	3	37.5%
Total- Decreased Payroll	8	100%

Changes in Price

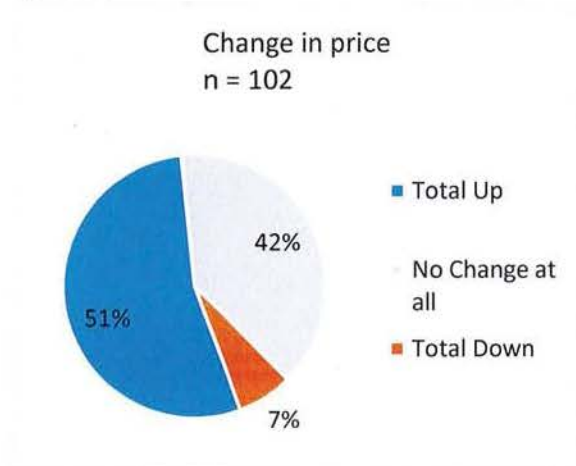
51% (55/107) of respondents reported an increase in their prices since November with 30% reporting price increases of 5% or more. 42% of respondents reported no changes in prices. By way of comparison, the San Francisco Area Consumer Price Index increased by 2.6% during the year from August 2014 to August 2015. Figures 8a and 8b show results for price changes[9].

Businesses that increased their prices were asked an open-ended question about the reasons for the increase. Of the 55 businesses with price increases 18% (10/55) cited the new minimum wage law in the comments as their reasoning. Figure 9a lists all of the reasons businesses gave for raising their prices. 51% (28/55) of those who reported raising their prices did not specify the reason.

Figure 8a.

Price Comparison between November 2014 and July 2015	Count	percentage
Up more than 10%	12	11%
Up 5-10%	20	19%
Up 2-5%	10	9%
Up 0-2%	13	12%
No Change at all	45	42%
Down 0-2%	1	1%
Down 2-5%	2	2%
Down 5-10%	2	2%
Down more than 10%	2	2%
Total	107	100%

Figure 8b.



[9] "Consumer Price Index, San Francisco Area — August 2015". Retrieved October 16, 2015 from http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm

Figure 9a.

Reasons for Price Increase	Count	Percentage
Minimum Wage Increase	10	18%
Increase in overall costs of business	6	11%
Keep up with going rate	4	7%
Due for a price increase after a few years	3	5%
Wholesale Prices Have Increased	2	4%
Rent	2	4%
No Response	28	51%
Total- Increased Prices	55	100%

Anticipated Future Changes

When asked if respondents expected to make changes in their prices, employment, or wages during the next six months, 59% (66/111) answered yes. Respondents were asked to provide open-ended answers providing explanation for anticipated future changes. Of those who plan to make changes, 33% (22/66) cited price increase as the change they will be making. 18% (12/66) reported plans to change their number of employees and 15% (10/66) plan to raise wages. Of the 12 businesses who stated they expect to be changing their number of employees, 10 plan to hire more, while 2 plan to make staffing reductions. Figures 10a, 10b, and 10c summarize these results.

Figure 10a.

Expected Future Changes in employment, wages, or prices	Count	Percentage
Yes	66	59%
No	45	41%
Total	111	100%

Figure 10b.

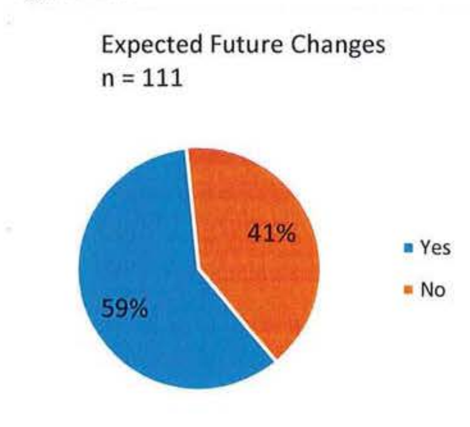


Figure 10c.

Explanation if Yes	Count	Percentage
Price Increase	22	33%
Change in number of workers	12	18%
Wage Increase	10	15%
Change in hour per worker	3	5%
No Response	19	29%
Total- Yes	66	100%

Future Move or Expansion outside Oakland

47% (53/112) of respondents stated that they had considered either moving or expanding outside of Oakland. The question did not distinguish between those who wanted to leave Oakland and those who wanted to establish additional locations outside of Oakland. 30% (16/53) of those who said yes (to either moving or expanding) indicated expansion in their open-ended comments as their reasoning for a possible future location outside of Oakland. 13% (7/53) would consider moving due to the high cost of doing business, and 9% (5/53) believe Oakland is not a business friendly city. Additionally 9% (5/53) cited the high rents in Oakland as their reason for considering a move. 8% (4/53) of respondents cited the minimum wage increase as the reason for a potential move or expansion outside of Oakland. Figures 11a, 11b, and 11c display these results.

Figure 11a.

Expected Move or Expansion	Count	Percentage
Yes	53	47%
No	59	53%
Total	112	100%

Figure 11b.

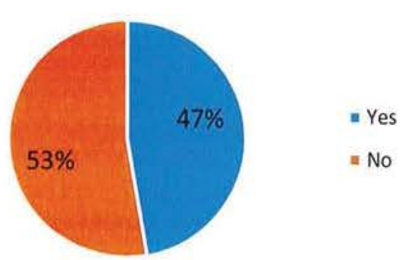


Figure 11c.

Explanation if Yes	Count	Percentage
Expansion	16	30%
High Cost of doing business	7	13%
Oakland Not Business Friendly	5	9%
Increasing cost of rent	5	9%
Minimum wage increase	4	8%
Crime	2	4%
High Taxes on businesses	2	4%
No Response	12	23%
Total (Yes)	53	100%

Ranking of Government Services

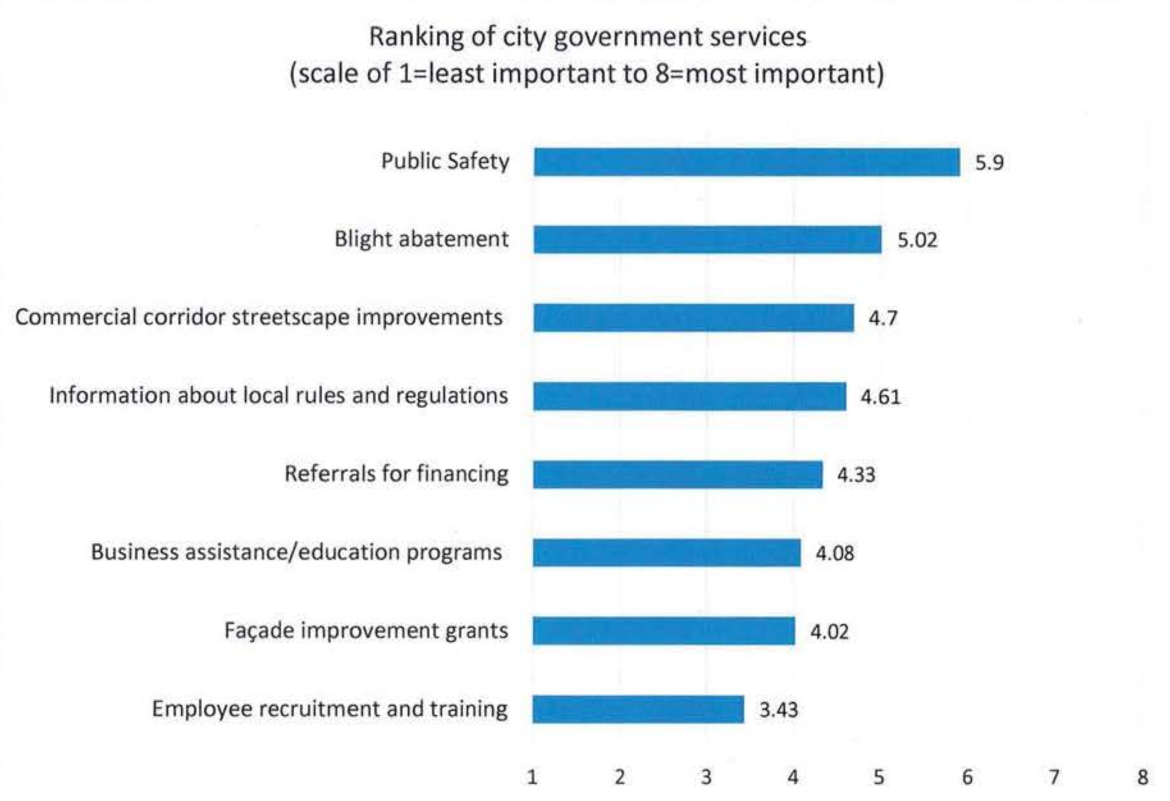
Respondents were asked to rank eight city services in order of importance. Figure 12a lists these services and their corresponding score based on rankings of participants. Scores are weighted based on number of respondents and ranking. If all respondents rate a particular service "most important" its score would be 8, whereas if all respondents rate a service "least important" its score would be 1. The categories in figure 12b, appeared on the survey as they are listed in the first column of the table.

Respondents ranked public safety and blight abatement as the most important city services. The range of scores for the different services is relatively narrow, with all services scoring between 3.4 and 5.9 on a scale of 1 to 8. While employee recruitment and training programs received the lowest score in terms of city services, employee recruitment and training was identified as a major challenge by respondents as shown in figure 13. A possible explanation for this inconsistency is that some respondents may not see government as the entity to address the challenge of recruiting and training employees.

Figure 12a.

City Government Services	Score (scale of 1= least important to 8=most important)
Public Safety	5.90
Blight abatement	5.02
Commercial corridor streetscape improvements	4.70
Information about local rules and regulations	4.61
Referrals for financing	4.33
Business assistance/education programs	4.08
Façade improvement grants	4.02
Employee recruitment and training programs	3.43

Figure 12b.



Challenges Facing Oakland Businesses

Respondents were asked to provide open-ended responses describing their biggest challenges. Need for a more business friendly city and crime and safety were cited as top challenges. Marketing and advertising, employee recruitment, training and retention, increasing cost of rent, and high taxes were other top challenges. Figure 13 lists challenges categorized based on the responses received. The total number of responses to this question exceeds the sample size of the survey as many participants cited more than one challenge in their answer. Only 6% (9/154) of responses cited minimum wage as the biggest challenge.

Figure 13.

Biggest Challenge	Count	Percentage
Need for a more business friendly city	19	12%
Crime and safety	17	11%
Marketing and advertising	13	8%
Employee recruitment, training and retention	13	8%
Increasing cost of rent	13	8%
High Taxes	11	7%
Minimum wage increase	9	6%
Homelessness	8	5%
Increasing competition	7	5%
Rising cost of doing business	7	5%
Oakland's poor reputation	7	5%
Street façade, graffiti, trash and blight	7	5%
Inconsistent sales/ profits	6	4%
Parking	4	3%
Increasing utility costs	3	2%
Lack of access to capital	3	2%
Inconsistent pedestrian traffic	3	2%
Health insurance costs	2	1%
Lack of business connections	2	1%
Total	154	100%

Ideas for Support from the City

Respondents' ideas for support from the City of Oakland are shown in Figure 14. 15% (13/88) of respondents identified increased safety and police presence as ways the city could support businesses. 8% (7/88) participants asked for lower taxes, tax breaks or credits and 7% (7/88) respondents identified increasing support for businesses. Parking was also identified as an area where the city could be more supportive with 7% (6/88) of respondents suggesting more short term parking meters, lowering parking tickets and increasing the availability of free parking in dense business areas. Many ideas were listed by only one respondent. These responses are shown as "other" in Figure 14 and all 31 ideas are shown in Appendix 3.

Figure 14.

How City Can Help Businesses	Count	Percentage
Make Oakland more safe/ more police	13	15%
Lower taxes/ tax breaks or credits	7	8%
More supportive of businesses	7	8%
parking- eliminate short term parking meters and high parking tickets, more free parking	6	7%
Engage businesses before creating new laws or regulations	5	6%
Marketing of Oakland and its shopping neighborhoods	4	5%
Façade improvement	4	5%
Effectively deal with homelessness	3	3%
Connect merchants through networking meetings	2	2%
Lower city payroll	2	2%
Make it easy to understand laws and regulations	2	2%
Free buses or shuttles to shopping areas such as Temescal or grand Ave	2	2%
Other	31	35%
Total	88	100%

Findings Regarding Minimum Wage (Measure FF)

After asking general questions about business conditions and city government services and support, respondents were asked specifically about the impact of Measure FF on their businesses.

Changes Made in Response to Minimum Wage Law

As shown in figures 15a and 15b, 45% (47/105) of respondents answered yes when asked if they had made any changes as a result of the minimum wage hike. 34% (16/47) reported raising their prices, 21% (10/47) reduced their hours of operation, 13% (6/47) added paid sick leave and 6% (3/47) made reductions to their staff. The categories listed in the first column of figure 15c are based on open-ended answers by respondents.

Figure 15a.

Made Changes?	Count	Percentage
No	58	55%
Yes	47	45%
Total	105	100%

Figure 15b.

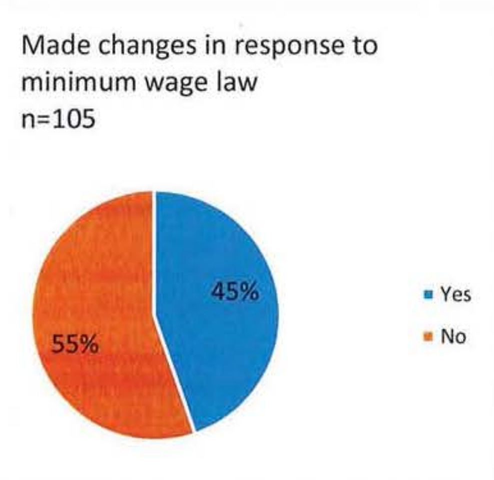


Figure 15c.

Explanation if "yes" to making changes	Count	Percentage
Raised Prices	16	34.0%
Reduced Hours	10	21.3%
Added paid sick leave	6	12.8%
Staff reduction	3	6.4%
Pay freeze or reduction for Managers	2	4.3%
Bought less inventory	1	2.1%
Increased training and set higher performance standards	1	2.1%
No Response	8	17.0%
Total- Yes	47	100%

Reactions to the Minimum Wage Law

Recognizing that the minimum wage can be an emotionally charged issue, we asked respondents about their response to the minimum wage hike in addition to asking questions about how the minimum wage hike has affected their business decisions.

A majority (53%, or 25/47) of those who indicated they had made changes in response to the minimum wage increase expressed a negative reaction to the law. 32% (15/47) of respondents who made changes, expressed a mixed response. Some stated that the increase was significant and sudden, thus raising their costs significantly. Others would have liked more engagement and discussion with the business community. Businesses expressed worry over customer reaction to raised prices and its effect on their profits.

Respondents with mixed reactions expressed personal views that are aligned with higher wages for employees, however they also expressed great concern for the health of their business. Two respondents expressed a neutral reaction, even though they reported making changes due to the law.

Amongst those who did said no to having made any changes in response to the law, 52% (30/58) expressed a positive reaction to the higher minimum wage requirement. These respondents expressed their approval of the change at a time of rising rents and living expenses in Oakland. Others expressed their own personal belief that employees should be earning higher than the old minimum wage. Figures 16a and 16b summarize these results.

Figure 16a.

"yes" to making changes	Count	Percentage
Positive Reaction	4	9%
Negative Reaction	25	53%
Mixed Reaction	15	32%
Neutral	2	4%
No Response	1	2%
Total- Yes	47	100%

Figure 16b.

"no" to making changes	Count	Percentage
Positive Reaction	30	52%
Negative Reaction	7	12%
Mixed	6	10%
Neutral	14	24%
No response	1	2%
Total- No	58	100%

Contacted/ Used City Services in Response to the Minimum Wage Law

21% (22/104) of respondents reported contacting the city or using city services (workshops, resources, customized business assistance) to respond to the new minimum wage requirements. 15 of the 22 participants who answered yes also gave explanations, which are listed in figure 18a. 6 respondents who did not contact or use city services expressed their belief that such services are not useful to businesses, while 5 reported not knowing about any services or points of contact. These results are shown below.

Figure 17a.

Contacted/ Used City Services	Count	Percentage
No	82	79%
Yes	22	21%
Total	104	100%

Figure 17b.

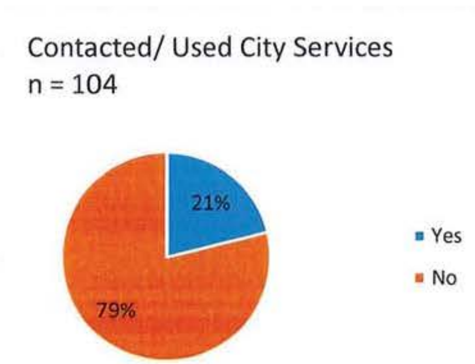


Figure 18a.

Explanation if "yes" to contacting/ using City services	Count
Attended workshops	5
Little or no information at first	2
Used City Website	2
Used Oakland business assistance center	2
Talked to Councilmember	1
Got involved with Community networks	1
Obtained rules on sick leave	1
Got an answer to question via email	1
No Response	7
Total- Yes	22

Figure 18b.

Explanation if "no" to contacting/ using City services	Count
City services are not useful to businesses	6
Did not know of any services or who to contact	5
No need	3
No response	68
Total- No	82

Minimum Wage Increase Findings by Industry:

In this section, survey results on the minimum wage increase are analyzed by industry. Retail trade and food services are fairly well represented in the sample of respondents as compared to other industries. As such these two industries are compared to all others, which are combined into one category called "other industries".

Changes in Payroll Costs

Figure 19 provides comparison of payroll changes amongst food services, retail trade and other industries. Businesses in the food services industry were most likely to experience an increase in payroll costs. 85% (23/27) of food service respondents reported increases in their payroll costs between November 2014 and July 2015, as compared with 75% (18/24) of retail trade businesses. 59% (16/27) of respondents in the food services industry identified the minimum wage law as the reason their payroll had increased as compared with 21% (5/24) in retail trade and 12% (6/52) in other industries.

Figure 19.

Food Services - Payroll Changes	Count	Percentage	Retail Trade- Payroll Changes	Count	Percentage	Other Industries - Payroll Changes	Count	Percentage
Total Up	23	85%	Total Up	18	75%	Total Up	31	60%
Total Down	1	4%	Total Down	1	4%	Total Down	6	12%
No Change	3	11%	No Change	5	21%	No Change	15	29%
Total	27	100%	Total	24	100%	Total	52	100%

Changes in Price

Figure 20 compares price changes amongst the given three categories of industry. 78% (22/28) of respondents in the food services industry increased their prices as compared with 49% (25/51) in other industries and 35% (8/23) in retail trade. 39% (11/28) of those in the food industry cited the minimum wage increase as their reasoning for increasing prices, as compared to 2% (1/51) in the other industries category and none in the retail trade group.

Figure 20.

Food Services- Price Changes	Count	Percentage	Retail Trade- Price Changes	Count	Percentage	Other Industries - Price Changes	Count	Percentage
Total Up	22	78%	Total Up	8	35%	Total Up	25	49%
Total Down	3	11%	Total Down	1	4%	Total Down	3	6%
No Change	3	11%	No Change	14	61%	No Change	23	45%
Total	28	100%	Total	23	100%	Total	51	100%

Response to Minimum Wage Law

Figure 21 compares the number of businesses in the three given industry groups that made changes in response to measure FF. It is shown that businesses in the food services industry made the most changes in response to the minimum wage hike, specifically 74% (20/27) reported making a change as compared with 36% (20/55) in other industries and 30% (7/23) in retail trade.

Figure 21.

Food Services-Made Changes?	**Count**	**Percentage**	**Retail Trade-Made Changes?**	**Count**	**Percentage**	**Other Industries-Made Changes?**	**Count**	**Percentage**
Yes	20	74%	Yes	7	30%	Yes	20	36%
No	7	26%	No	16	70%	No	35	64%
Grand Total	27	100%	Grand Total	23	100%	Total	55	100%

'Minimum Wage Increase Findings by Zip Code:

This section presents the minimum wage law focused survey responses organized by zip code. As previously mentioned not all zip codes were well represented in the sample. For this analysis, zip codes with 10 or more respondents were compared with two groups made up of combined zip codes based on geographical proximity. Figure 22 displays the geographical distribution of survey respondents, as well as the two groups used for this analysis.

Figure 22.

Zip Codes	**Count**
Zip codes with 10 or more respondents	
94612	35
94607	17
94610	15
94609	14
Group 1	
94618	9
94611	7
94608	5
Group 2	
94602	6
94606	4
94601	3
94603	2
94605	2
other	1
Total	120

Changes in Payroll Costs

Figure 23 shows the percentage and count (in parenthesis) of changes in payroll costs (from November 2014 to July 2015) across the given zip code groups. Businesses in zip codes 94612, group 1 and group 2 show larger increases in payroll costs than other zip codes. More than half of respondents in all geographical groups reported increases in payroll costs.

Figure 23.

Percentage of Payroll Changes- Count shown in parenthesis	94612	94607	94610	94609	94601, 94602, 94603, 94605, 94606 and other	94608, 94611, and 94618
Total Up	72% (23)	55% (11)	58% (7)	58% (7)	82% (14)	70% (14)
Total Down	0% (0)	0% (0)	0% (0)	17% (2)	12% (2)	10% (2)
No Change at all	28% (9)	45% (9)	42% (5)	25% (3)	6% (1)	20% (4)
Total	100% (32)	100% (20)	100% (12)	100% (12)	100% (17)	100% (20)

Changes in Price

Figure 24 shows the comparison of percentage and count of businesses amongst the given zip code groups that have made changes to their prices since November 2014. 77% (10/13) of respondents in zip code 94609 reported raising their prices, followed by 69% (9/13) in zip code 94610. 45% (15/33) of businesses in zip code 94612 which represents downtown Oakland reported raising their prices.

Figure 24.

Percentage of Price Changes- Count shown in parenthesis	94612	94607	94610	94609	94601, 94602, 94603, 94605, 94606 and other	94608, 94611, and 94618
Total Up	45% (15)	56% (9)	69% (9)	77% (10)	56% (9)	53% (9)
Total Down	6% (2)	13% (2)	0% (0)	0% (0)	13% (2)	12% (2)
No Change at all	48% (16)	31% (5)	31% (4)	23% (3)	31% (5)	35% (6)
Total	100% (33)	100% (16)	100% (13)	100% (13)	100% (16)	100% (17)

Response to Minimum Wage Law

The majority of respondents in zip codes 94612 (59%), 94610 (60%), 94609 (67%), and group 2 (63%) did not make changes in response to the minimum wage law. Figure 25 compares the percentage and corresponding count of businesses in each geographical group based on whether they made changes in responses to measure FF or not.

Figure 25.

Percentage of Made Changes- Count shown in parenthesis	94612	94607	94610	94609	94601, 94602, 94603, 94605, 94606 and other	94608, 94611, and 94618
No	59% (19)	44% (7)	60% (9)	67% (8)	35% (6)	63% (12)
Yes	41% (13)	56% (9)	40% (6)	33% (4)	65% (11)	37% (7)
Total	100% (32)	100% (16)	100% (15)	100% (12)	100% (17)	100% (19)

Conclusions

The survey results suggest that between November 2014 and July 2015 many Oakland businesses have increased prices, and have experienced increased payroll costs. 70% of respondents reported increased payroll costs, and of those 71% cited higher wages as the reason. Of the 8% of respondents who reported decreased payroll costs, 75% reported that their payroll costs had fallen due to a reduction in the number of employees or the number of hours. The minimum wage hike appears to have been a significant factor in driving these changes. When specifically asked whether they had made changes as a result of the minimum wage hike, 45% of respondents answered yes. These changes have been particularly prevalent in the food services industry. Our results provide no evidence of greater impacts in some neighborhoods than in others.

At the same time, when Oakland businesses were asked about the greatest challenges that they face, they cited other challenges more frequently than the city's minimum wage. The general business environment and crime & safety were the most frequently cited challenges. Non-labor costs, such as rents and taxes, were cited by many respondents as well. Nearly half of respondents (47%) have considered moving or expanding outside of Oakland. When asked how the City of Oakland can help businesses, respondents provided a broad array of suggestions with safety and policing at the top of the list. Only two respondents suggested that the City should make changes in the minimum wage law.

Appendix 1. Text of Email Sent Out to Distribute Survey

Dear Oakland Business:

We are asking for your help in completing a survey to assess current and future conditions for businesses operating in Oakland. All feedback is greatly valued and will be used to identify the main challenges facing business owners and inform city officials about the overall business environment in Oakland. The results of this survey are intended to inform the city's efforts in supporting Oakland businesses.

The survey should take about 5-10 minutes to complete. All responses will be kept confidential and anonymous.

Please take a few minutes to participate here:
https://www.surveymonkey.com/r/GYRDKM2

Please complete the survey no later than Friday July 17th. We are distributing the survey through multiple organization, as such we apologize if you have received duplicates of this message.

Thank you!

Sepi Aghdaee, MPP/MBA Student, Department of Public Policy and Lorry I. Lokey Graduate School of Business, Mills College (saghdaee@mills.edu)

Carolyn Sherwood Call, Associate Dean & MBA Academic Director, Lorry I. Lokey Graduate School of Business, Mills College (csherwoodcall@mills.edu)

Appendix 2. Text of Survey

This survey is being conducted to assess current and future conditions for businesses operating in Oakland. All feedback is greatly valued and will be used to identify the main challenges facing business owners and inform city officials about the overall business environment in Oakland. The results of this survey will guide the city's efforts in supporting Oakland businesses.

1. What is the name of your business/organization?

2. What is the street address of your business/ organization?

3. What zip code is your business/organization located in? Please check all that apply.

   Answer choices:
   - 94601
   - 94602
   - 94603
   - 94605
   - 94606
   - 94607
   - 94608
   - 94609
   - 94610
   - 94611
   - 94612
   - 94613
   - 94618
   - 94705

4. Is your business/organization a nonprofit?

   Answer choices:
   - Yes
   - No

5. Please select the industry that best fits your business. If none of the categories apply, choose "other" and explain.

   Answer choices:
   - Agriculture, Forestry, Fishing, Hunting, and Mining
   - Construction
   - Manufacturing
   - Wholesale Trade
   - Retail Trade
   - Transportation, Warehousing, and Utilities
   - Information and Communications
   - Finance and Insurance
   - Real Estate and Rental & Leasing
   - Professional, Scientific, and Management

- Administrative and Waste Management Services
- Educational Services
- Health and Social Services
- Arts, Entertainment, Recreation
- Accommodations
- Food Services
- Public Administration

6. How long have you been in business?

   Answer choices:
   - Less than 1 year
   - 1 to 3 years
   - 3 to 5 years
   - More than 5 years

7. How many workers do you currently employ (as of June 1, 2015)?

   Answer choices:
   - Up to 10
   - 10-20
   - 20-50
   - 50-100
   - 100-300
   - 300 or more

8. Approximately how many of your current employees worked 35 hours or more a week?

9. How many workers did you employ on November 1, 2014?

   Answer choices:
   - Up to 10
   - 10-20
   - 20-50
   - 50-100
   - 100-300
   - 300 or more

10. Approximately how many of these employees (November 1, 2014) worked 35 hours or more a week?

11. How does your current total payroll cost compare with the total payroll cost on November 1, 2014?

    Answer choices:
    - Down more than 10%
    - Down 5-10%
    - Down 2-5%
    - Down 0-2%
    - No Change at all
    - Up 0-2%

- Up 2-5%
- Up 5-10%
- Up more than 10%
- Please Explain:

12. If your payroll costs have changed since November 1, 2014 what are the reasons?

    Answer choices:
    - Change in number of workers
    - Change in hours per worker
    - Change in hourly pay
    - Payroll costs have not changed in the past 6 months
    - Please Explain:

13. If you have changed your prices since November 1, 2014, by how much?

    Answer choices:
    - Down more than 10%
    - Down 5-10%
    - Down 2-5%
    - Down 0-2%
    - No Change at all
    - Up 0-2%
    - Up 2-5%
    - Up 5-10%
    - Up more than 10%
    - Please explain the reasons:

14. Do you expect to make changes in your prices, employment, or wages during the next six months?

    Answer choices:
    - Yes
    - No
    - If yes, describe what changes you expect to make:

15. Have you considered moving or expanding your business/organization outside of Oakland?

    Answer choices:
    - Yes
    - No
    - Please explain the reasons:

16. As a business owner in Oakland, what do you see as your biggest challenge(s)?

17. Please rank the following city government services 1 to 8 in order of importance to your business:

    Answer choices:
    - Blight abatement
    - Business assistance/education programs

- Commercial corridor streetscape improvements (bike lanes, banners)
- Employee recruitment and training programs
- Façade improvement grants
- Information about local rules and regulations affecting businesses
- Public Safety
- Referrals for financing, i.e. small business loans

18. Do you have any other ideas for how the City of Oakland can help businesses such as yours?

The Minimum Wage in Oakland rose to $12.25 this year through a voter-approved initiative, which also included paid sick leave and service charge requirements.

19. When you found out that Oakland was raising its minimum wage, what was your reaction?

20. Have you made any changes to your business in response to the new minimum wage and benefits?

    Answer choices:
    - Yes
    - No
    - Please Explain:

21. Have you contacted the City of Oakland or made use of any city services (workshops, resources, customized business assistance) to help your business respond to the new requirements?

    Answer choices:
    - Yes
    - No
    - Please Explain:

22. May we contact you if we have any questions regarding your survey responses?

    Answer choices:
    - Yes
    - No

If Answered Yes to Question 22:

23. Please enter your name:

24. What is the best number to contact you?

25. Please enter your email address:

Oakland Minimum Wage Resources:
http://www2.oaklandnet.com/Government/o/CityAdministration/d/MinimumWage/OAK051451
Minimum wage hotline (510) 238-6258
email minwageinfo@oaklandnet.com

Appendix 3. Responses categorized as "other" to the question "Do you have any other ideas for how the City of Oakland can help businesses such as yours?"

How City Can Help Businesses	Count
Term out Councilmembers	1
Negotiate more effectively with unions	1
Prevent coal shipment	1
Adequate staffing of City departments charged with permitting	1
Increase enforcement of illegal dumping laws	1
Connect local shoppers, retailers and manufacturers	1
Provide basic services	1
Deal with panhandlers	1
Exempt small businesses from minimum wage law	1
More opportunities for young people	1
Keep national chains out	1
Support local manufacturers	1
Improve City procurement registration procedure	1
Partner to promote regional banks as a resource for deposit services and financing	1
Eliminate rent adjustment	1
Eliminate bureaucracy	1
Rent control for businesses	1
Support women of color entrepreneurs	1
Provide incentives and recognition for good business practices	1
put up iron shutters in from of their storefront windows in downtown Oakland	1
Keep 4 lanes on Grand Ave	1
Healing arts corridor on Grand Ave	1
More attention and resources to local BIDs	1
Keep costs of business down compared to other cities such as SF	1
Revise and update the City Master Plan for zoning to increase housing supply	1
More hotels	1
Tip credit above federal minimum wage	1
The process for starting a business should be more streamlined and cost less	1
Reduce permit fees	1
Make the rules and regulations uniform for all	1
Support and collaborate with local business development organizations such as Oakland Grown, Build It Green, Uptima Business Bootcamp	1
Total	31