

To City Council and the Mayor's office city of Berkeley

September 15, 2015

On behalf of the Elmwood Business District

Tonight a series of proposals are being submitted for consideration regarding the existing Minimum Wage ordinance. The increases proposed are astronomical but any increases only a year after enacting the present ordinance should be tabled until the ordinance is given a chance to prove itself reasonable. No person on the council or the commission has the crystal ball to predict the general economic health of the nation let alone Berkeley. Nor can anyone predict how small businesses will fare under the present increases.

Besides the wage increases there are two other proposals.

1) A separate ordinance embodying the already existing State law regarding sick leave. Doing this would leave that ordinance up for another PROPOSAL down the road to alter it much as the attempt to drastically alter the Wage proposal now

2) All existing benefits such as parking, commuting, medical contributions and commissions offered now will be enforced in perpetuity regardless of the increase in wages. At what point does the viability of businesses in this city come into consideration. Small businesses gamble with their hopes and dreams as well as putting their resources on the line. In some cases everything is on the line in resources and hours put in far beyond the ordinary worker. In searching for the living wage one cannot overlook the realities of the small businesses where the owner/gambler may have to accept that for all their efforts and energy they must be willing to make less than the hourly employees who bear no such commitment in proportion to that small business owner.

The issues that we businesses all feel are not being taken into consideration are the same ones not taken into consideration last year before this was forced upon us without proper input.

Increased rent costs which have increased since the two year hiatus during the worst of the crash for 2009 -2011.

Failure to research the increases in gross income small businesses like ours have had over the last 6 years which according to the businesses we have canvassed in the Elmwood and elsewhere has been less than hoped for and not consistent in increase year to year with some years experiencing a decline though not to the depths of 2009/2010.

Failure to take into account the attendant costs of increased wages such as Workers Comp etc. which could be as much as another 20%+ to the hourly cost of doing business.

The graphs and other bits of information going into their staff recommendation to Council on these proposals offered comparisons to other city ordinances have failed to show much closer local municipalities such as Albany, El Cerrito, Hayward, Orinda, Lafayette, Walnut Creek, Alameda. Instead, they reference Mountain View, San Jose, Sunnyvale, and San Francisco.

They do also reference Oakland which seems fair to compare but it also references Emeryville. One of our Elmwood businesses used to be in the Emeryville Bay Street Mall and were one of only two independent small retailers in the entire area, not just in that mall. So, to use Emeryville as a comparison is ridiculous. The same can be said for the other cities in the comparison which brings us to the next issue not being determined by either the commission or the City staff/council. The percentage of small businesses comprising the overall number of businesses operating in the city compared to not only the cities that are now being referenced but to the closer cities that should also be including as stated above.

Here in the Elmwood alone, over 85% of the businesses are small independent or family owned businesses.

In 2014 the labor commission referred extensively to Seattle but only on the wage issue. The Seattle reference was actually a poor choice because that was enacted after years of meetings with labor, large businesses, small businesses and City officials. It was conducted by professionals (whereas this commission has been spearheaded by two University undergrad students) and the final paperwork on the study was the thickness of two Bibles. It included many provisions for exceptions where it might be onerous on particular types of businesses and provided for review and adjustments down the road after implementation as the authors and the City Manager stated very clearly that despite the depth of analysis the end result was still unknown and would need to be further analyzed for years to come. I suggest everyone look at this website to see how different this progressive city with this vast research behind their decision is from the almost bizarre proposals our much smaller and small business oriented city is considering....<http://www.seattle.gov/civilrights/labor-standards/minimum-wage>

As of April 1, 2015, the minimum wage in Seattle is **\$11/hour** and will gradually increase to **\$15/hour**.

For Large Employers (501 or more employees)

- Pay **\$11/hour**.
- Beginning 2016, pay a reduced hourly rate if the employer makes payments toward an employee's medical benefits plan.

Large employers will reach **\$15/hour** in 3 to 4 years.

- **More Information** - [English](#) | [Spanish](#)
- **Fact Sheet** - [English](#) | [Spanish](#)

For Small Employers (500 or fewer employees)

- Pay **\$11/hour**.
- Or pay **\$10/hour** and make up the **\$1/hour** balance with employee tips and/or payments toward an employee's medical benefits plan.

Small employers will reach **\$15/hour** in 5 to 7 years.

In summary, once again there has been little or no input from the business or residential communities on this. Certainly, after the vehement behavior of the labor commission and proponents in attendance at the hearings etc. toward anyone who had opposing views there were probably few or none who would venture into that arena again and the city offered no suggestions on how it could be conducted in a fair and less acrimonious atmosphere. We need to avoid any acceptance of the proposals being offered tonight and the city needs to create an appropriate way to get proper information. Further, the city should wait until more time has passed under the present ordinance to see the net cumulative effect on the businesses and the employees here. The former head of the Commission, Sam Frankel, sent out an apologetic letter after the previous round of hearings. It was an apology to the small business community for not making greater effort to bring them into the deliberations or offer a more amenable setting for that input. A copy of that letter can be supplied

upon request if the council does not already have that. Are we to simply turn a blind eye to that flaw in the process or just choose to repeat it.

John Pulaska of Comal and the Advocate sent the council a very appropriate letter concerning the lack of process here and quoted the council itself on what tasks the council set before the Commission: The referral from the council came specifically from D. Moore and L Maio and nowhere does this referral ask for any alterations to the MWO as enacted in 2104. This was even more brought to light when the members of the Community Development Project declared this as an “Unsolicited” group of proposals

We have heard that perhaps the City will consider a new ordinance based on the San Francisco model. There can be little comparison between Berkeley and San Francisco and no changes should be made until the cause and effect of what already exists is determined and the city does its job of creating a new form of commissions and hearings to establish a sensible approach to the issues. Has there ever been any discussion of a “Business Commission”. At the end of this evenings council meeting on this subject the Mayor and the council need to refer all matters not only to the Commission and Staff for further study but create the avenues for full input referenced above.

Berkeley has a chance to become a model for progressive thinking on issues like this but most do so from an informed and intelligent process, and not one that will most certainly result in universal ridicule and lead to financial devastation.