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MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

July 15, 2015

To: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Sachi A. Hamai
Interim Chief Executive Officer

USE OF COUNTY RESOURCES TO SUPPORT AND ASSIST SMALL BUSINESSES DURING THEIR TRANSITION TO AN INCREASED MINIMUM WAGE (ITEM NO. 11, AGENDA OF JUNE 23, 2015)

On June 23, 2015, on a motion by Supervisors Hilda Solis and Don Knabe, the Board instructed the Interim Chief Executive Office (CEO), the Director of the Department of Consumer and Business Affairs (DCBA), and the Director of Community and Senior Services (DCSS), to report back in 21 days with a proposed plan for using County resources to support and assist small businesses in unincorporated areas of Los Angeles County (County) in the transition to an increased minimum wage, if such an increase is approved by the Board. In addition, the CEO was instructed to report back within 21 days on the format and content of an annual report evaluating the impact of a minimum wage increase on small businesses in unincorporated areas of the County and on the overall health of the regional economy.

Enclosed is the final report that includes the proposed plan as developed by Halsey Consulting under the direction of the CEO, DCBA, and CSS. The report recommends the creation of a Small Business Initiative that will review and report on the feasibility and fiscal impact of implementing various ideas put forth by small businesses to assist in the transition to a proposed increase in the minimum wage.

In regards to the second part of the motion, and as discussed with each Board office, we will be providing our response by September 15, 2015 on the format and content of an annual report that monitors the impact of the minimum wage on small businesses in unincorporated areas.

Should you have any questions or need additional information, please contact Cynthia Banks, Director of Community and Senior Services, at (213) 637-0798, or Brian Stiger, Director of Consumer and Business Affairs, at (213) 974-9750.

SAH:JJ:SK
GS/DS:bm/dc

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Community and Senior Services
Consumer and Business Affairs

DCBA_CSS Small Business Motion

A Report to the Los Angeles County Board of Supervisors

Containing

Information and Recommendations

On

County Resources to Assist Small Businesses with Transition to an Increased Minimum Wage

Submitted on July 15, 2015

Prepared by Halsey Consulting
Barbara Halsey, Principal
In cooperation with
The County Chief Executive Office
Community and Senior Services
and
The Department of Consumer and Business Affairs

Halsey
CONSULTING

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Acknowledgements

The expedited time frame associated with the development of this report required extraordinary effort on the part of many individuals and organizations. The Department of Consumer and Business Affairs and Community and Senior Services along with Halsey Consulting would like to thank the staff members from the respective departments for their outstanding dedication in contributing to this report. Those staff members who conducted in-person surveys and supported the meetings held with the project team and small businesses in the community displayed great dedication.

Engagement with the small business community in the unincorporated areas was paramount to the information-gathering requirement for this report.

The following community partners have our sincere gratitude for the exceptional support they provided in securing locations for focus group meetings and their willingness to devote time and personnel to reaching out to the targeted businesses to ensure their participation.

Southeast Area Social Services Funding Authority

The Florence-Firestone/Walnut Park Chamber of Commerce

The South Bay Latino Chamber of Commerce

Small Business Development Center – College of the Canyons

We also extend appreciation to the following organizations for their support in distributing information regarding focus groups and online survey opportunities to their networks.

The Los Angeles Business Federation

Greater Antelope Valley Economic Alliance

The County Chief Executive Office

Executive Summary

The Los Angeles County Board of Supervisors (Board) has under consideration a motion to increase the minimum wage to $15.00 per hour in the unincorporated areas of the County by July 1, 2020 for employers with 26 or more personnel and by July 1, 2021 for employers with 25 or less personnel. The motion is consistent with a motion recently adopted by the City of Los Angeles. The Board has taken into consideration the results of numerous studies addressing potential economic impacts of the action. After its review of available studies, additional feedback from small businesses in the unincorporated areas was of particular interest to the Board. As a result, on June 23, 2015, the Board adopted a motion by Supervisors Solis and Knabe that directed the Interim Chief Executive Officer (CEO) and the Directors of the Department of Consumer and Business Affairs (DCBA) and Community and Senior Services (CSS) to submit a report by July 21, 2015, with recommendations and an implementation plan for using County resources to assist small businesses (25 or less personnel) transition to an increased minimum wage—if such an increase is authorized by the Board.

In order to gather the information sought by the Board, the departments determined that the approach used needed to provide for maximum input from the targeted small business community. Over a two-week period from June 26, 2015 to July 10, 2015, DCBA and CSS engaged 220 small businesses in geographically diverse unincorporated areas throughout the County. Engagement strategies included administration of a door-to-door survey (128 responses), administration of an online survey (63 responses), and semi-structured interviews conducted during in-person focus groups (29 responses). In the process of providing input, small business owners offered a glimpse into what they face as they provide jobs, deliver services and make goods available in their communities. They also offered valuable ideas on services, strategies and allowances the County should consider that might assist them with implementing the proposed wage increase. Their comments are provided in the body of this report and have been categorized using the following themes: Tax Relief, Fees, Increasing Opportunities for Business, Training and Wage Subsidies, Special Financing, Advocacy, Information Dissemination and Suggested Modifications.

As a result of the feedback gathered from small businesses and others, a review of information contained in a variety of reports recently written regarding the proposed wage increase, other research documents addressing the impacts of wage increases, and promising service strategies focused businesses, the departments submit the following recommendation for Board consideration:

Establish a Small Business Initiative (SBI) in the County of Los Angeles to develop and deliver the comprehensive offerings and information needed by small businesses to effectively implement the proposed minimum wage increase. This SBI would be developed collaboratively by DCBA; CSS; the Departments of Regional Planning, Public Works, Public Health, and Agriculture; the Offices of the Assessor; the Treasurer Tax Collector; the Community Development Commission and other internal County departments and external business serving partners as deemed necessary. The Initiative should draw from best practices in Sector and Cluster strategies creating a hybrid approach to meeting the needs of the targeted business segment.

Additional information on this recommendation and a suggested implementation time line is provided in the Recommendation section of the report.

Background

On June 23, 2015, the Board adopted a motion by Supervisors Solis and Knabe that directed the Interim CEO, and Directors of DCBA and CSS to submit a report by July 21, 2015, with recommendations and an implementation plan for using County resources to assist small businesses (less than 26 employees) transition to an increased minimum wage—if such an increase is authorized by the Board. Recommendations would be identified by obtaining feedback from small businesses in the unincorporated areas as well as by outreaching to local and regional business and economic development entities for input and to identify and synthesize recent reports and analyses on the impact of minimum wage proposals on small businesses and employers.

The report was to, at a minimum, identify any and all potential resources, programs and touch points with small businesses by County departments that could help support small businesses and employers through a transition period such as:

- Expedited licensing and permitting processes
- Waived or reduced licensing and permitting fees
- Revised bid preferences for procurement opportunities
- Workforce development and training
- Access to capital

Additionally, the report was to include a proposal for the format and content of an annual report evaluating the impact of a minimum wage increase on small businesses in the unincorporated areas and on the overall health of the regional economy.

In order to focus on the activities necessary to gather and compile information and develop recommendations for the requested report in the time frame available, a request was approved by each Board office and the Interim CEO to bifurcate the delivery of the proposed template of the annual evaluative report from the report presenting recommendations and an implementation plan for transitional assistance to small businesses. The departments and consultant assisting with this project intend to have the proposed template developed and delivered to the Board no later than September 15, 2015.

Approach

Immediately upon receiving direction from the Board to produce the requested report, the CEO, CSS and DCBA began collaborating to develop and accomplish the scope of work. Halsey Consulting was selected to assist with the project and began work onsite with the County project team on June 30, 2015.

Results

It must be noted that the goal in conducting the in-person and online surveys and focus group meetings was to gather opinions, suggestions, ideas and insights from a sampling of businesses in the unincorporated areas in the County of Los Angeles. The sampling was focused on those businesses that could be identified as small business. For the purpose of all efforts undertaken for this report, the definition of small business used was an entity employing

25 or less personnel (full-time or part-time). The survey sample generated and results described herein should not be construed or represented as findings of a scientific survey. This body of work is classified and should be viewed as anecdotal in nature.

Obtain Feedback from Small Businesses in the Unincorporated Areas

Three strategies were used to solicit feedback from the targeted businesses:

- In-person surveys conducted by a team of County staff from CSS and DCBA in select unincorporated areas in each of the Supervisorial Districts.
- An online survey was deployed using the online tool "SurveyMonkey." This online survey was disseminated to the Los Angeles County Business Federation, local Chambers, Board Offices, DCBA, and the CEO's Public Information Officer. These entities in turn distributed information on the survey to their networks.
- Small Business Focus Group meetings were organized for each Supervisorial District.

In-person Surveys: Methodology and Overview

Between July 1, 2015 and July 6, 2015 a team of 11 County staff from CSS and DCBA were deployed to conduct in-person surveys with businesses in the unincorporated areas that employed 25 people or less. Using maps developed by the CEO's office, as well as business intelligence resources, these teams canvassed the following unincorporated areas:

First District:	East LA
Second District:	Athens, Willowbrook, Westmont, Harbor Gateway and Lennox
Third District:	Topanga Canyon and Universal City
Fourth District:	Marina del Rey, Rowland Heights and Hacienda Heights
Fifth District:	Altadena, Quartz Hill, Antelope Valley, Pear Blossom, Acton and Charter Oak

Businesses surveyed were not preselected. Surveyors approached each business by first asking if the owner or manager was available and, if so, asked to speak with that person. Once confirmed that they were speaking to the owner/manager, they asked how many employees the business employed. The survey was administered only with confirmation that the entity employed 25 or fewer personnel and if the owner/manager agreed to participate.

In-person Surveys: Summary of Impact on Small Businesses

- In total, surveyors approached 547 small businesses. Of that number, 128 small businesses participated in the survey (23.4% participation rate).

- 89.06% of the survey participants were aware of the proposed County minimum wage increase. Some respondents indicated that they thought it had passed already or that it applied only to the City of Los Angeles.

- When asked if the proposed wage increase would result in a reduction in staff, 65.63% indicated they would not reduce staff, 28.13% indicated they would reduce staff, and 6.25% were unsure if they would implement staffing reductions.

- When asked if the proposed wage increase would result in a reduction of the number of hours worked for staff, 60.16% indicated that it would not result in a reduction in hours worked, 35.16% indicated hours worked would be reduced, and 4.69% were unsure of the effects of the proposed increase on hours worked.

The survey also included an open-ended question that asked small businesses what their primary concerns were with the proposed wage increase. The majority of responses to this question indicated concerns that the increased overhead costs created by an increase in minimum wage would lead to reductions in staffing and/or hours worked, impact their ability to hire and expand, and make it harder for small businesses to compete with large companies and chain stores. Additional concerns raised included increases in workers' compensation insurance and unemployment insurance costs, reduction or elimination of the ability to provide bonuses, reduction or elimination of performance raises for other workers, a need to increase prices to off-set wage increase, business closure, and that it would create a need to adjust compensation rates across all employees of the business.

Some businesses responded that they had no concerns about the proposed wage increase, indicating that it would have no effect on their business as they were already paying near or at the $15.00 per hour rate. One indicated that employees would be more loyal and workers would have additional money to spend.

In-person Surveys: Summary of Suggested Solutions

A series of six questions regarding specific County services or offerings was posed to each survey participant. With each question, they were asked to indicate if the service or offering would help small businesses transition to an increased minimum wage if passed.

In order of perceived value, the businesses responded as follows:

- 68.75 % responded that waivers/reductions in costs of licenses/permits would help
- 62.5% responded that access to information on loans and grants would help
- 60.16% responded that passage of a low-value ordinance/exemption would help
- 54.69% responded that assistance with business planning/financial consultation would help
- 46.09% responded that streamlined access to County procurement opportunities would help
- 36.72% responded that access to training and subsidized employment would help

Additionally, participants were asked the following open-ended question: "In addition to the services previously mentioned how could the County assist the business in implementing the increase successfully?" Responses affirmed small businesses in the unincorporated areas seek relief from a multitude of fees that continue to increase in number and amount. Along with fee relief, small businesses would like the County to explore tax relief options. Support from the County in terms of grants, loans, financial assistance, access to capital, funding directly to business, assistance with street, parking, lighting and sidewalk improvements, and increased police/sheriff's patrols to deter crime, increase foot traffic and improve consumer spending were all suggested. Marketing campaigns to encourage patronage of businesses in the unincorporated areas were identified as valuable as were strategies to limit competition by limiting the influx of big businesses and competitors. Respondents were also interested in

assistance with managing the rising costs of doing business including lease/rent, energy, workers' compensation and unemployment insurance costs. Suggestions for modifying the County's current minimum wage increase proposal to mitigate its impact also surfaced including delaying the implementation, extending the phase-in from four to seven years, and providing wage subsidies to small employers as the increased wage is phased in.

Small Business In Person Survey Results

Business Profile			
# Business Surveyed		Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?
Total:	128	698	424
Avg.:	25.6	5.4	3.7

Summary of All Supervisorial Districts Surveyed

	Minimum Wage Questions			Resources to Assist Transition Questions					
Responses	Aware of Min. Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized employmnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	89.06% (114)	28.13% (36)	35.16% (45)	68.75% (88)	60.16% (77)	36.72% (47)	46.09% (59)	62.5% (80)	54.69% (70)
No	10.94% (14)	65.63% (84)	60.16% (77)	30.47% (39)	32.81% (42)	61.72% (79)	49.22% (63)	36.72% (47)	42.97% (55)
Maybe / Unknown	0.00%	6.25% (8)	4.69% (6)	2.34% (3)	7.03% (9)	1.56% (2)	3.91% (5)	0.78% (1)	2.34% (3)

Data summaries and the full Excel Spreadsheet of responses by District are included in the Appendices.

See Appendix A: County of Los Angeles Small Business Survey Tool
See Appendix B: Summary Table for In-person and Online Survey Results
See Appendix C: Survey Results by District

Online Surveys: Methodology and Overview

On Monday, July 6, 2015 an online survey was deployed via SurveyMonkey. The survey was disseminated to the Los Angeles County Business Federation, local Chambers, Board Offices, DCBA, and the CEO's Public Information Officer. These entities in turn distributed information on the survey to their networks encouraging their participation. The online survey was a replication of the in-person survey and was made available until Thursday, July 9, 2015, at 5:00 pm. During the survey period, 243 surveys were completed. Surveys submitted from businesses outside of the unincorporated areas and those that indicated an employee base above the 25 or less personnel targeted for this report were identified and removed from the sample. In total 84 surveys were completed by small businesses from the unincorporated areas. Due to inconsistencies in the way answers were recorded, only 63 of those surveys contained information that was complete and could be included for analysis.

In general, a higher percentage of the businesses responding via the online survey indicated staff reductions and work hour reductions would take place as a result of the wage increase than did those responding to the in-person surveys. This variance is not surprising as differences are common when comparing results of surveys administered in-person versus those conducted in a way that offers a greater perceived sense of anonymity or privacy.

It should be noted that both the Los Angeles County Business Federation and the Rosemead Chamber of Commerce expressed concern about the short time frame available for survey completion. They also expressed frustration on behalf of their members regarding the speed with which this motion is being moved.

Online Surveys: Summary of Impact on Small Businesses

- In total, 243 businesses participated in the online survey. Of that number, 84 businesses were identified as small businesses from the unincorporated areas employing 25 or less personnel. Further review revealed that 63 of those surveys contained complete information that could be analyzed. The 63 respondents analyzed reported employing a total of 627 personnel, for an average employment of 8.6 workers per business.

- 74.6% of the survey participants were aware of the proposed County minimum wage increase.

- When asked if the proposed wage increase would result in a reduction in staff, 20.63% indicated they would not reduce staff, and 79.37% indicated they would reduce staff. Answers given to this question by online respondents were the opposite of those given by in-person respondents.

- When asked if the proposed wage increase would result in a reduction of the number of hours worked for staff, 20.63% indicated that it would not result in a reduction in hours worked, and 79.37% indicated hours worked would be reduced. Answers given to this question by online respondents were the opposite of those given by in-person respondents.

Primary concerns with the proposed minimum wage increase expressed by this survey group include the disadvantage they will face in competing locally, nationally and internationally with lower cost areas; price increases not being possible in competitive markets; commensurate wage increases will be necessary across all personnel adding to the cost of the wage increase; the high cost of workers' compensation insurance; owners and managers will take on greater workload while reducing hours of employees; and a loss of control over the cost of doing business. Others indicated that their plans to expand would be dropped; support jobs would be off-shored; they would close or relocate; and, as owners, they would reduce their pay below minimum wage to afford employees' wages.

Online Surveys: Summary of Suggested Solutions

In response to the six questions regarding specific County services or offerings and whether the service or offering would help small businesses transition to an increased minimum wage if passed, answers provided by online survey respondents demonstrated a lower perceived value for all services/offerings listed in comparison to the in-person respondents. Summary tables for both sets of respondents are provided in Appendix B.

In order of perceived value the businesses responded as follows:

- 58.06% responded that access to information on loans and grants would help

- 36.21% responded that waivers/reductions in costs of licenses/permits would help
- 35.48% responded that passage of a low-value ordinance/exemption would help
- 30.65% responded that streamlined access to County procurement opportunities would help
- 25% responded that assistance with business planning/financial consultation would help
- 15.87% responded that access to training and subsidized employment would help

Additionally, online participants were asked the following open-ended question: "In addition to the services previously mentioned how could the County assist the business in implementing the increase successfully?" Respondents indicated that assistance with encouraging customer loyalty and continued information regarding the minimum wage changes would be helpful. Reductions in payroll taxes, fees and taxes, or exemptions from fees and taxes were mentioned. Other suggestions included extending the time frame for implementation to ten years, sales tax exemptions, and lowering the proposed increase from the $15.00 per hour to $12.00 per hour. Lowering or limiting the property tax on manufacturing equipment and reinstating Enterprise Zones and credits were also recommended.

Online Survey Results

Business Profile			
	# Small Business in unincorporated area that completed survey	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?*
Total:	63	627	N/A
Avg.:		8.6	N/A

	Minimum Wage Questions			Resources to Assist Transition Questions					
Responses	Aware of Min. Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized employmnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	74.6% (47)	79.37% (50)	79.37% (50)	36.21% (21)	35.48% (22)	15.87% (10)	30.65% (19)	58.06% (36)	25% (15)
No	25.4% (16)	20.63% (13)	20.63% (13)	63.79% (37)	65.42% (40)	84.13% (53)	69.35% (43)	41.94% (26)	75% (45)

*Data not statistically significant due to insufficient/incomplete answers

Data summaries and the full Excel Spreadsheet of responses by District are included in the Appendices.

See Appendix B: Summary Table for In-person and Online Survey Results

Focus Groups

CSS reached out to a variety of its business organizations and workforce partners in order to secure locations for and small businesses to participate in a series of one-hour focus groups. These focus groups were held between July 1, 2015 and July 10, 2015 in the First, Second, Fourth and Fifth Supervisorial Districts—the Third District waived holding a focus group.

See Appendix D: Minimum Wage Focus Group Meeting Information for times, locations and number of attendees for each focus group.

Each focus group began with an explanation of the purpose of the meeting. Participants were informed that the Board was seeking input from small businesses in the unincorporated areas

on what the County could do to ease the implementation of the proposed minimum wage increase should it pass.

Attendees were also informed that in-person and online surveys were being conducted to expand the number of small businesses providing input to the Supervisors.

After introducing the topic for response, the moderator invited input from attendees. It should be noted that in each focus group attendees responded first with concerns regarding how the proposed wage increase will impact their businesses.

Focus Group: Summary of Input

The following summarizes the input received from all businesses participating in the focus groups.

Tax Relief

- Provide tax credits to employers that hire targeted populations; e.g., teens, unskilled, low-skilled, ex-offenders, others
- Provide tax breaks/exemptions to small businesses in the unincorporated areas
- Eliminate taxes on small businesses in the unincorporated areas
- Eliminate or reduce the Utility Users Tax
- Provide sales tax rebates to small businesses

County Fees

- Reduce fees charged across the board including fire, health, inspections, permits

Increase Opportunities for Business

- Specify targets for County purchasing from small businesses in the unincorporated areas and make it mandatory—not recommended or voluntary
- Create a small business preferred vendor status for small businesses in the unincorporated areas
- Simplify and streamline the process required for becoming a vendor with the County and design an abbreviated process for small businesses in the unincorporated areas
- Invest in improvements in physical infrastructure in the unincorporated areas including sidewalks, parking structures/lots, and façade improvements to increase customer appeal and foot traffic to businesses
- Support small businesses with marketing efforts in the unincorporated areas
- Implement programs that will address crime and homelessness in the unincorporated areas so customers have an increased sense of safety

Training and Wage Subsidies

- Increase the length of time for On-the-Job Training (OJT) contracts—currently 3-6 months
- Decrease the wage required to be eligible for the OJT program—currently $12/hour

- Provide training that would increase the productivity/skills of existing workers such as customer service, ESL, and customized training based on business needs

Special Financing

- Develop grant programs for small businesses in the unincorporated areas that would provide:
  - Access to consultation on financial practices/planning
  - Access to marketing consultation/marketing development
  - Funds for physical infrastructure including business-façade improvements, etc.
  - Access to consultation on business planning, business line diversification, new market development, process improvements
- Lower thresholds on County financing programs

Advocacy

- Advocate for changes in workers compensation, unemployment, liability insurance laws/regulations to provide overhead relief to businesses
- Advocate for the State to adopt the federal provision allowing tips to be counted toward wage paid
- Advocate for increases to CalFresh, Supplemental Security Income and other public assistance programs to support low-income workers rather than increasing minimum wage, which raises costs for businesses

Information Dissemination

- Provide guidance/information on how to do commensurate wage adjustments across entire workforce so businesses can assess the full impact of the proposal
- Develop close working partnerships with local chambers for outreach and information sharing on services, programs, and assistance available from the County so more small businesses are aware
- Create and distribute a menu of cost reduction opportunities developed by the County
- Promote licensing of businesses in the unincorporated areas and work with adjacent cities to discontinue their practices of approaching businesses in the unincorporated areas for unnecessary licensing in the cities

Suggested Modifications:

- Extend the time allowed for implementation of the wage increase
- Develop a formula that ties minimum wage requirements to the size/business revenue of the business
- Provide an exemption to the proposed minimum wage for small businesses in the unincorporated areas
- Provide exemption for businesses hiring teen workers
- Provide exemptions for businesses hiring low-skilled/inexperienced/special populations

- Tailor the proposal to address those who need the increased minimum wage the most; e.g., heads of households
- Align County policy with State policy—watch what happens with State legislation moving through the approval process now
- Allow businesses to include benefits packages provided in the calculation of wages paid as a way to meet the proposed wage increase
- Structure the wage proposal so it can be customized to the demographic/cost of living characteristics of the County's unincorporated areas and not one-size-fits-all

Focus Group: Effects on Business

When asked how the wage proposal would impact their businesses participants indicated that it would decrease their profits, they would have to raise prices, reduce employees, implement technology to replace employees, sell or close the business or change their hiring practices and not hire students. Others indicated it would decrease their competitiveness. Some participants indicated that the effect would be felt once the wage level hit $12.00 per hour and others stated that they paid above $15.00 per hour and would not see an immediate impact.

See Appendix E: Notes from Small Business Focus Groups

County Department Resource Survey

On June 24, 2015, the CEO issued an email to all County departments asking for information on the existing services they provide to businesses, resources they have available, and possible recommendations on services and resources that could be offered to small businesses to assist them with transitioning to the proposed minimum wage. A follow-up communication was sent to all departments reminding them of the request for information on July 6, 2015. Responses received were formatted into a table identifying current services and possible recommendations for new or modified services.

County Department Responses

Departments responding to the request for information proposed the following solutions:

- Potential waiver of business name renewal fees for small businesses
- Extend grace periods for annual inspection fees
- Passage of a low-value ordinance/exemption for small businesses
- Exploration of permit expediting for small business and commercial projects
- Supplement existing space in field offices so impacted customers could be served
- Waive or reduce licensing and permitting fees
- Expedited licensing and permitting processes
- Provision of information to small businesses on loan services
- Identification of small businesses in unincorporated areas as a sector for increased access to Workforce Innovation and Opportunity Act (WIOA) services
- Identify DCBA as the Small Business Sector Intermediary for WIOA purposes
- Provide subsidized employment set-asides for small businesses
- Conduct employer development workshops
- Establish a Micro Business Preference Program

- Authorize County buyers to acquire good/services up to a set threshold via a modified procurement process
- Provide a 10% cost preference in County bids to small business
- Provide small business counseling/consultation services
- Act as an information clearinghouse providing information on the wage increase and offerings available to assist with managing the change
- Waive or reduce environmental health licensing or permitting fees
- Revise criteria for solicitations, proposing changes to years of experience, number of employees and prior award amounts

See Appendix F: Current and Potential Resources Offered to Small Businesses by County Departments

Outreach to local and regional business and economic development entities for input and to identify recent reports and analyses on the impact of minimum wage increase proposals on small and micro businesses and employers

Outreach was done to the following local and regional business and economic development entities:

- Santa Clarita Valley Economic Development Corporation
- Southern California Edison-Economic Development Programs
- Los Angeles Economic Development Corporation
- Los Angeles County Business Federation
- Rosemead Chamber of Commerce
- California Restaurant Association
- Florence-Firestone Chamber of Commerce
- South Bay Latino Chamber of Commerce

Outreach Response

The following recommendations were received from the organizations who responded:

- Reduce or eliminate taxes and fees to provide some relief from the cumulative effects of overlapping policies that raise the cost of doing business and are a disincentive to job creation in the county including:
  - Reduce development fees and delay the timing of when such fees are paid such as automatic deferral of development fees until certificate of occupancy is issued
  - Reduce property tax
  - Eliminate Utility Users Tax in the unincorporated county—it creates disparity in the cost of doing business in the unincorporated areas compared to cities that do not have the tax
  - Establish a use tax rebate in unincorporated areas
  - Provide Tax Rebates for out-of-state equipment purchases. Board of Equalization has a program allowing cities to register for a share for the tax collected. When that share is returned to the city some rebate a portion of the tax back to the originating employer
  - Eliminate documentary transfer tax in unincorporated county

- Suspend business property tax for companies in unincorporated areas

- Incentivize development in blighted areas
- Streamline the permitting process by implementing improvements:
  - Reduce number of departments/agencies from which approvals must be obtained (e.g., Divisions of Grading or Plumbing could handle the industrial waste approvals)
  - Institute an online permitting system so permit applications can be filed and tracked online (e.g., City of Los Angeles and City of Irvine)
  - Improve staffing at permitting departments and ensure coverage when staff is out of office—thus preventing unnecessary project delays
  - Create more uniformity and predictability throughout the permitting process—flowchart the process and time frames and identify efficiencies (what processes can be done simultaneously rather than consecutively or sequentially)
- Increase the number of small businesses in the unincorporated areas that are used to procure goods and services for the County
- Provide for online filing of business licenses and renewals—Best practice by some cities is a 24-hour turnaround.
- Provide funding for façade improvements to improve the appeal of unincorporated areas
- Allot/earmark funds from the Redevelopment "Boomerang" funds to support economic development solutions in the County
- Allot/earmark Redevelopment "Boomerang" funds to programs/services for small businesses
- Review the Kosmont-Rose Institute's Cost of Doing Business Survey and consider what actions the County might consider to improve performance on lagging measures
- Increase awareness of training incentives for businesses and nonprofits that are available at the local, state and federal level
- Ensure training programs are available that meet the unique needs of small businesses

See Appendices for specific information received.

Appendix G: Letter from San Gabriel Valley Legislative Coalition of Chambers
Appendix H: Letter from LA County Biz Fed-Business Relief Ideas
Appendix I: Letter from California Restaurant Association

Recommendation

The information obtained from the small businesses engaged, materials reviewed, and recommendations received from business-serving organizations clearly indicates that the County must consider a range of actions in order to provide meaningful solutions that could assist the targeted businesses with implementation of the proposed wage increase. One business owner commented, "No one thing is going to this make easier." The feedback received revealed that solutions developed might assist one business but may not be impactful to another. The diversity represented in the County's small businesses will require thoughtful and coordinated actions across departments within the County and business-serving organizations outside of the County purview.

Sector and Cluster Strategies are promising practices being implemented within workforce and economic development fields of practice both nationally and internationally. Typically

organized around an industry or group of related industries and characterized by actively engaged business leadership, these initiatives provide the framework necessary to deeply focus on the business, talent, operational and resource needs of a set of businesses in a geographical region. Given the Board's interest in providing support to targeted businesses in the unincorporated areas, these frameworks would provide the foundation needed to build a suite of comprehensive solutions in collaboration with internal County departments and external partners. In November of 2014, the National Association of Counties published *"Strategies to Bolster Economic Competitiveness—County Leadership in Action"* highlighting case studies of counties from across the nation that have developed innovative solutions to complex economic challenges. Each case study embodies principles associated with sector and cluster frameworks and can serve as a reference to those in the County tasked with creation of relevant solutions to the needs of this targeted group of small businesses. Additionally, the federal WIOA passed in July of 2014 names sector strategies as a preferred approach to providing relevant workforce solutions to businesses in a given economy. With an understanding of these best practice models and viewing these frameworks as beneficial in organizing the County's response to small businesses in the unincorporated areas, the following recommendation is provided:

Establish a SBI in the County of Los Angeles to develop and deliver the comprehensive offerings and information needed by small businesses to effectively implement the proposed minimum wage increase. This SBI would be developed collaboratively by DCBA; CSS; the Departments of Regional Planning, Public Works, Public Health, and Agriculture; the Offices of the Assessor; the Treasurer Tax Collector; the Community Development Commission and other internal County departments and external business-serving partners as deemed necessary. The Initiative should draw from best practices in Sector and Cluster strategies creating a hybrid approach to meeting the needs of the targeted business segment.

Actions to Support Implementation and Suggested Implementation Time Line

In order for small businesses to benefit from the comprehensive offerings and information that will be delivered through the SBI it will be imperative that the SBI be fully developed and ready to deploy by July 1, 2016—a full 12 months ahead of the first minimum wage increase date proposed for small businesses. This will allow for small businesses to begin realizing potential benefits from participation in the SBI ahead of the July 1, 2017 effective date for the proposed wage increase.

Actions to Implement Recommendation	Suggested Implementation Timeline
Issue a directive from the Board to all selected County departments mandating their participation in the formation of an SBI.	Within ten (10) days of accepting the recommendation, but no later than August 11, 2015
Identify the DCBA as the lead entity and authorize the Director to convene a working committee made up of the County departments integral to the successful design of a comprehensive SBI.	Within ten (10) days of accepting the recommendation, but no later than August 11, 2015
Under the authority of the Board the DCBA will convene the SBI Working Committee made up of representatives from designated departments who hold decision-making responsibility within said departments and external business-serving partners such as EDCs, SBDC, SBA,	Within thirty (30) days of the Board Directive, but no later than September 30, 2015

Chambers and others as identified	
Under the authority of the Board the DCBA will direct all departments to identify and provide costs/fiscal impacts associated with waiving, reducing, and or delivering as appropriate: fees, permits, taxes, penalty provisions, procurement opportunities, incentive programs, grant/loan/capital resources, consultation/training programs/services, physical environment improvement programs, health and safety programs, economic development programs, and other such programs/assessments that may currently be offered to/imposed on small businesses or have been suggested for evaluation as part of a comprehensive LA County SBI. External business-serving partners such as EDCs, SBDC, SBA, Chambers and others as identified will be asked to identify resources under their control that can be included as part of a comprehensive initiative	Within sixty (60) days of the request from the DCBA, but no later than November 30, 2015
In collaboration with the DCBA, the SBI Working Committee will utilize the information collected from internal departments and external partners to formulate recommendations on the offerings to be included in the LA County SBI and provide those recommendations to the Board for consideration and action.	Within thirty (30) days of the compilation of information on costs/fiscal impacts associated with waiving, reducing and or delivering those offerings identified by the departments, but no later than January 12, 2016.
Upon Board approval of all or some of the recommendations submitted, the Board will direct the DCBA to move from investigation and recommendation development to design and implementation of the approved components of a comprehensive SBI.	Within ten (10) days of approving recommendations for implementation, but no later than January 26, 2016.
Under the authority of the Board, the DCBA will oversee the design of and implementation planning for the LA County SBI through the SBI Working Committee. The Working Committee will be charged with coordinating, planning, developing and preparing for implementation the offerings, programs, outreach strategies, information sharing and communication strategies, data collection processes, customer management strategies, and all other necessary elements to allow for the successful launch of the LA County SBI by July 1, 2016.	Beginning no later than February 9, 2016 and culminating in the fully designed and launched LA County SBI no later than July 1, 2016.
Launch the SBI in the unincorporated areas of the County and track utilization of the solutions designed and report on the impacts these solutions are having on the ability of the target businesses to prepare for and successfully implement the proposed wage increases effective July 1, 2017.	Ongoing beginning July 1, 2016 until initiative is sunset by the Board.

In closing, it should be noted that the SBI must be a dynamic collaborative venture that routinely engages with small businesses in the unincorporated areas to evaluate the effectiveness of the solutions put forth and respond rapidly to the changing conditions they face. As strategies are identified by the SBI Working Committee, those which can be implemented quickly should be rolled out in an early implementation phase or pilot to ensure businesses have access to supports as quickly as they may be available.

Appendices

COUNTY OF LOS ANGELES
BUSINESS SURVEY

BUSINESS PROFILE

Date: Website: _____

Business Name: _____ Phone: _____

Mailing Address: _____ Email: _____

Industry: Contact Person _____

Products/Services: _____

Number of employees: _____ Chamber of Commerce member: Yes No

Interviewer will pre-populate or complete this section

MINIMUM WAGE

Are you aware of the minimum wage increase proposed for your area? Yes No

**if no, explain proposal*

Given the proposal, assuming it passes:

As a result of the increase, how many employees will see a wage increase? _____

Do you anticipate having to reduce staffing as a result of the increase? Yes No

Do you anticipate a reduction in available staff hours? Yes No

Do you feel this will negatively impact the number of employees your agency is able to support/afford?

Yes No

The County has a number of services and proposed strategies that may be able to alleviate the added burden of the increased wages.

1. ##
   Do you believe this would help?

2. ##
   Do you believe this would help?

3. ##
   Do you believe this would help?

4. ##
   Do you believe this would help?

Aside from these services, how can County assist you in implementing the increase successfully?

_____
_____
_____
_____
_____
_____
_____

What are your primary concerns about the proposed increase? _____

_____
_____
_____
_____
_____
_____

BUSINESS NEEDS

If the business has the time to respond:

Is your business planning to: Expand Downsize Status Quo Unknown

If so, when: _____

If expanding or down-sizing, where will you relocate: _____

How can LA County help your business: _____

_____

_____

COUNTY OF LOS ANGELES
BUSINESS SURVEY

WORKFORCE NEEDS

Is your business planning to hire within the next 12 months: Yes No

If so, why: _____

Did you hire new employees within the last 12 months: Yes No

If so, why: _____

Will you terminate any positions within the next 12 months: Yes No

If so, why: _____

Did you terminate any positions within the last 12 months: Yes No

If so, why: _____

Is turnover an issue for your business/industry: Yes No

If so, why: _____

Have you laid-off employees for lack-of-work: Yes No

If so, why: _____

Do you provide in-house training for your employees: Yes No

Do you hire candidates with criminal backgrounds: Yes No

Have you used the America's Job Centers of California: Yes No

Do you collaborate with vocational schools/community colleges: Yes No

What type(s) of training would your employees need: _____

What is the minimum education level needed at your business: _____

What is needed from your employees to succeed: _____

What skills are important for your employees to exhibit: _____

How do you recruit potential new employees: _____

Small Business In Person Survey Results

Summary of All Supervisorial Districts Surveyed

Business Profile	# Business Surveyed	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?
Total:	128	698	424
Avg.:	25.6	5.4	3.7

	Minimum Wage Questions			Resources to Assist Transition Questions					
Responses	Aware of Min. Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized employmnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	89.06% (114)	28.13% (36)	35.16% (45)	68.75% (88)	60.16% (77)	36.72% (47)	46.09% (59)	62.5% (80)	54.69% (70)
No	10.94% (14)	65.63% (84)	60.16% (77)	30.47% (39)	32.81% (42)	61.72% (79)	49.22% (63)	36.72% (47)	42.97% (55)
Maybe / Unknown	0.00%	6.25% (8)	4.69% (6)	2.34% (3)	7.03% (9)	1.56% (2)	3.91% (5)	0.78% (1)	2.34% (3)

Online Survey Results

Business Profile	# Small Business in unincorporated area that completed survey	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?*
Total:	63	627	N/A
Avg.:		8.6	N/A

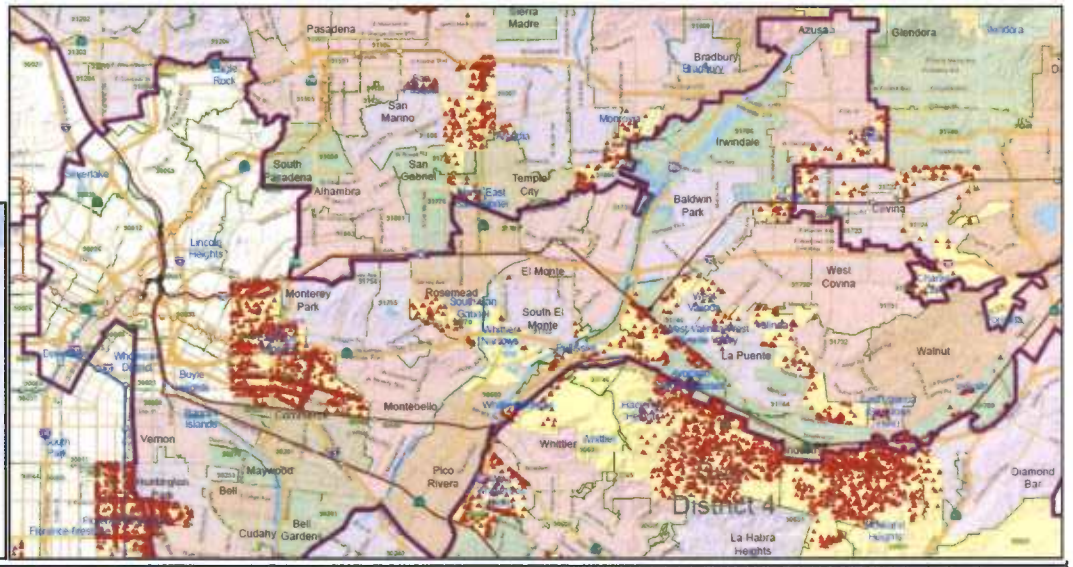
	Minimum Wage Questions			Resources to Assist Transition Questions					
Responses	Aware of Min. Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized employmnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	74.6% (47)	79.37% (50)	79.37% (50)	36.21% (21)	35.48% (22)	15.87% (10)	30.65% (19)	58.06% (36)	25% (15)
No	25.4% (16)	20.63% (13)	20.63% (13)	63.79% (37)	65.42% (40)	84.13% (53)	69.35% (43)	41.94% (26)	75% (45)

*Data not statistically significant due to insufficient/incomplete answers

District 1 Profile

Unincorporated Area Business Survey Results

Business Profile			
	# Business Surveyed	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?
Total	20	53	19
Average		2.65	1.2



Minimum Wage Questions				Resources to assist transition questions					
Responses	Aware of Min. Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized emplymnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	80% (16)	15% (3)	20% (4)	60% (12)	50% (10)	25% (5)	30% (6)	50% (10)	55% (11)
No	20% (4)	75% (15)	75% (15)	40% (8)	40% (8)	70% (14)	70% (14)	50% (10)	45% (9)
Maybe / Unknown	0% (0)	10% (2)	5% (1)	0% (0)	10% (2)	5% (1)	0% (0)	0% (0)	0% (0)

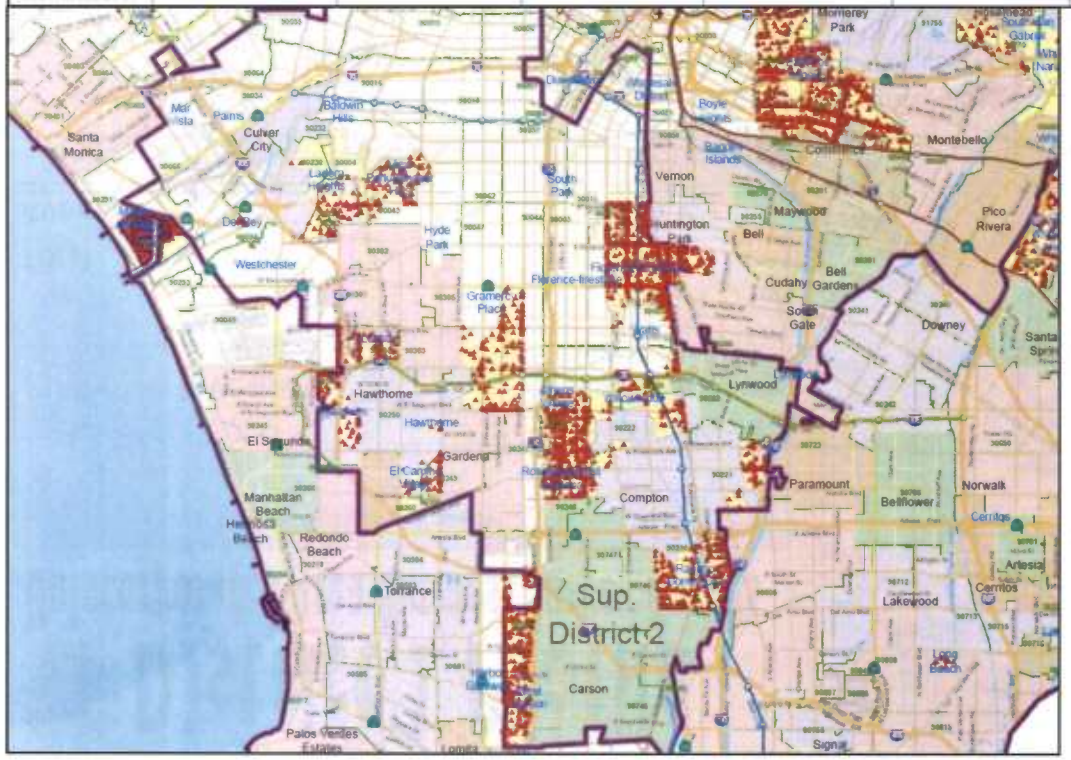
- Area Surveyed: East Los Angeles
- Industries surveyed: Retail (Grocery Stores), Services (Auto Repair, Nonprofits), Professional Services (Law Firm, Accountant), Food Services (Restaurants/bakery)
- Primary Concerns: Rising Labor costs will lead to higher consumer prices and less business, workers comp. / unemployment both make hiring new employees very difficult; higher paid employees will be paid less to offset the wage increase, rising rent and goods costs
- How can County help? Sidewalks repair, increased lighting, increase small business engagement, need more foot traffic and less business interference from CalTrans from freeway construction or street repair, reduce permit and license fees, assist with increased state labor costs

District 2 Profile

Unincorporated Area Business Survey Results

Business Profile			
	# Business Surveyed	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?
Total	30	184	84
Average		6.1	2.9

	Minimum Wage Questions			Resources to assist in transition questions					
Responses	Aware of Min. Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized employmnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	83.33% (25)	13.33% (4)	36.67% (11)	60.00% (18)	76.67% (23)	30.00% (9)	46.67% (14)	56.67% (17)	50.00% (15)
No	16.67% (5)	80.00% (24)	60.00% (18)	36.67% (11)	20.00% (6)	70.00% (21)	40.00% (12)	43.33% (13)	50% (15)
Maybe / Unknown	0% (0)	6.67% (1)	3.33% (1)	3.33% (1)	3.33% (1)	0% (0)	13.33% (4)	0% (0)	0% (0)



- Area Surveyed: Lennox, El Camino Village, West Athens, Westmont
- Industries surveyed: Retail (Grocery Stores), Services (Auto Repair, Nonprofits), Professional Services (Law Office, Mortuary, Accountant), Food Services (Restaurants/bakery)
- Primary Concerns: Rising Labor costs will lead to higher consumer prices and less business, workers comp. / unemployment both make hiring hard; higher paid employees will be paid less to offset the wage increase.
- How can County help? Sidewalks, lighting, increase small business engagement; need more foot traffic and consumer spending; increase the implementation timeframe; allow small business owners more time to implement the increase; Freeze permits and fee increase

District 3 Profile

Unincorporated Area Business Survey Results

Business Profile			
	# Business Surveyed	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?
Total	2	21	21
Average		10.5	10.5

Minimum Wage Questions				Resources to assist in transition questions					
Responses	Aware of Min Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized employmnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	100% (2)	50% (1)	50% (1)	100% (2)	0% (0)	0% (0)	50% (1)	50% (1)	100% (2)
No	0% (0)	50% (1)	50% (1)	0% (0)	50% (1)	100% (2)	50% (1)	50% (1)	0% (0)
Maybe / Unknown	0% (0)	0% (0)	0% (0)	0% (0)	50% (1)	0% (0)	0% (0)	0% (0)	0% (0)

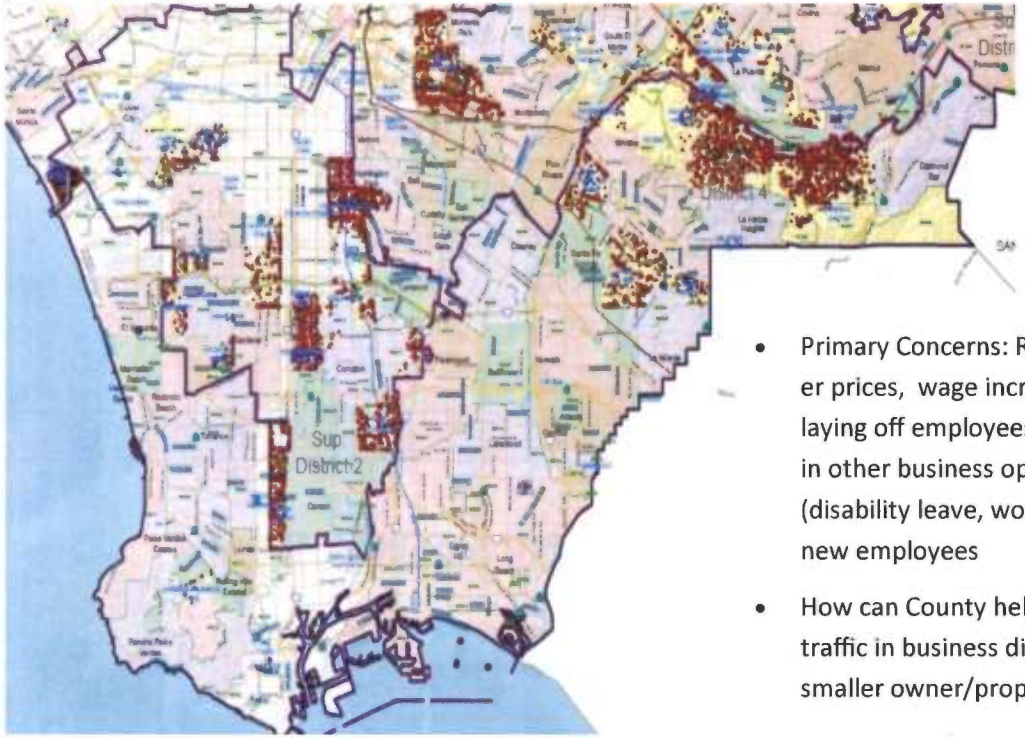
- Areas Surveyed: Marina Del Rey, Topanga
- Industries Surveyed: Retail (Grocery/natural foods store), Retail (lumber/hardwood)
- Primary Concerns: Increase labor costs will lead to less staff hours and makes it difficult to bring on new employees, rising labor costs will lead to higher prices for customers, ultimately less
- How can County help? Publicity or advertising for hard to reach unincorporated areas, freezing annual increases of both permits and fees

District 4 Profile

Unincorporated Area Business Survey Results

Business Profile			
	# Business Surveyed	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?
Total	22	129	115
Average		5.9	5.2

	Minimum Wage Questions			Resources to assist in transition questions					
Responses	Aware of Min Wage increase ?	will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized employmnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	94.45% (21)	40.91% (9)	45.45% (10)	90.91% (20)	63.64% (14)	50.00% (11)	45.45% (10)	77.27% (17)	72.73% (16)
No	4.55% (1)	50.00% (11)	45.55% (10)	9.09% (2)	36.36% (8)	50.00% (11)	54.55% (12)	22.73% (5)	22.73% (5)
Maybe / Unknown	0% (0)	9.09% (2)	9.09% (2)	9.09% (2)	0% (0)	0% (0)	0% (0)	0% (0)	4.55% (1)



- Areas Surveyed: Marina Del Rey, Hacienda Heights, Rowland Heights, Industry
- Industries Surveyed: Retail (liquor/convenience, uniforms, bakery, Bike store), Accommodation/Food Services (Restaurants, Bakery, Café) Admin. & Support services (Veterinarian, Travel Agency, Insurance Agency. Chiropractor) Transport & Logistics (Logistics warehouse)
- Primary Concerns: Rising Overhead costs from labor increase will lead to higher consumer prices, wage increase will make it difficult to hire more employees and may lead to laying off employees and reducing employee hours, less profits and potential budget cuts in other business operations, higher costs of goods and increased employee costs (disability leave, workers comp. and unemployment all make it very difficult to bring on new employees
- How can County help? Assist with the homeless population that hurt small business foot traffic in business districts, increase the implementation timeline, subsidize increase for smaller owner/proprietor businesses, provide subsidized training for new employees

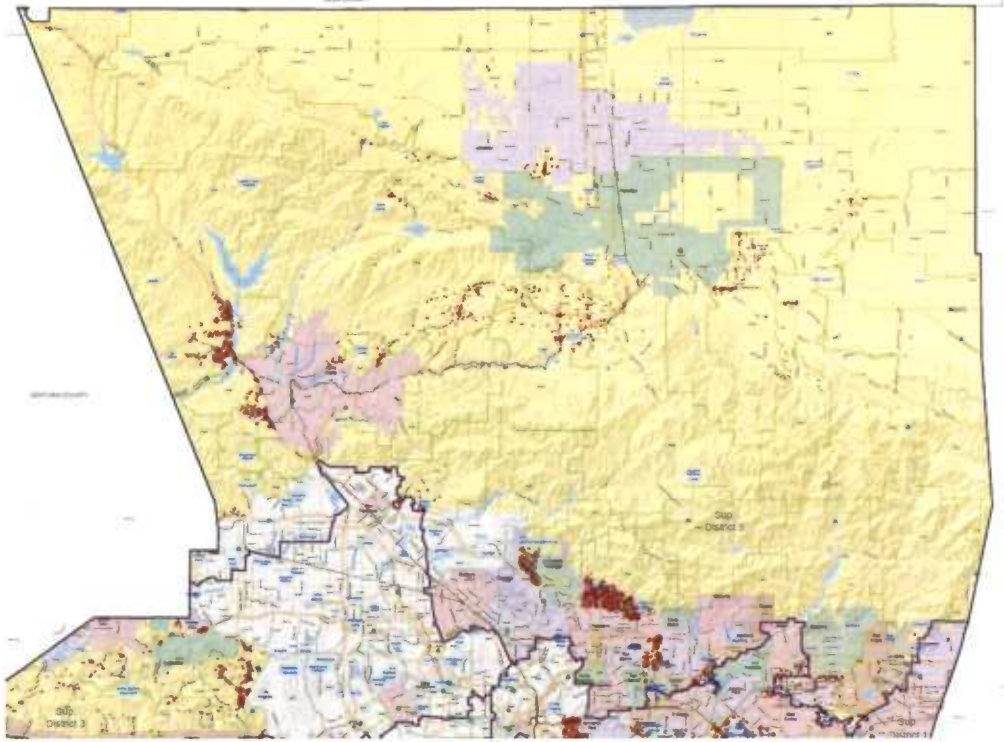
District 5 Profile

Unincorporated Area Business Survey Results

Business Profile			
	# Business Surveyed	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?
Total	54	308	185
Average		5.7	3.9

Minimum Wage Questions				Resources to assist in transition questions					
Responses	Aware of Min Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & subsidized employmnt helpful?	Streamlined County procuremnt helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	92.59% (50)	35.19% (19)	35.19% (19)	66.67% (36)	55.56% (30)	40.74% (22)	51.85% (28)	64.81% (35)	48.15% (26)
No	7.41% (4)	61.11% (33)	61.11% (33)	33.33 (18)	35.19% (19)	57.41% (31)	44.44% (24)	33.33% (18)	48.15% (26)
Maybe / Unknown	0% (0)	3.7% (2)	3.7% (2)	0% (0)	9.26% (5)	1.85% (1)	1.85% (1)	1.85% (1)	3.7% (2)

- Areas Surveyed: Altadena, East Pasadena, East San Gabriel, Quartz Hill, Littlerock, Pearblossom, Charter Oak
- Industries Surveyed: Accommodation/Food Services (Restaurants, Fast Food), Agriculture (Farm), Construction (General Contractor, Fence supplier) Professional Services (commercial lending), Manufacturing (Food manufacturing, printing and design products), Other Services (Nail & Beauty Salons, Nonprofits, Auto repair, Watch repair, Computer services/repair), Retail (Hardware, Art & Antiques, Thrift Store, Liquor/Convenience, Florist, Electronic sales, Pet supplies, tobacco products)
- Primary concerns: Margins stretched thin as labor costs are already the highest overhead costs; high increase in rents/energy/lighting bills also make this increase very difficult, workers comp. and unemployment additionally make this increase very difficult to hire more employees., Price of goods (primarily for food services) have increase substantially due to drought, already increasing prices
- How can County Help? Reduce rates of permits (public health permit), help with high rents/energy costs, help with parking/sidewalk repair/promotion of the business districts to increase foot traffic and consumer spending

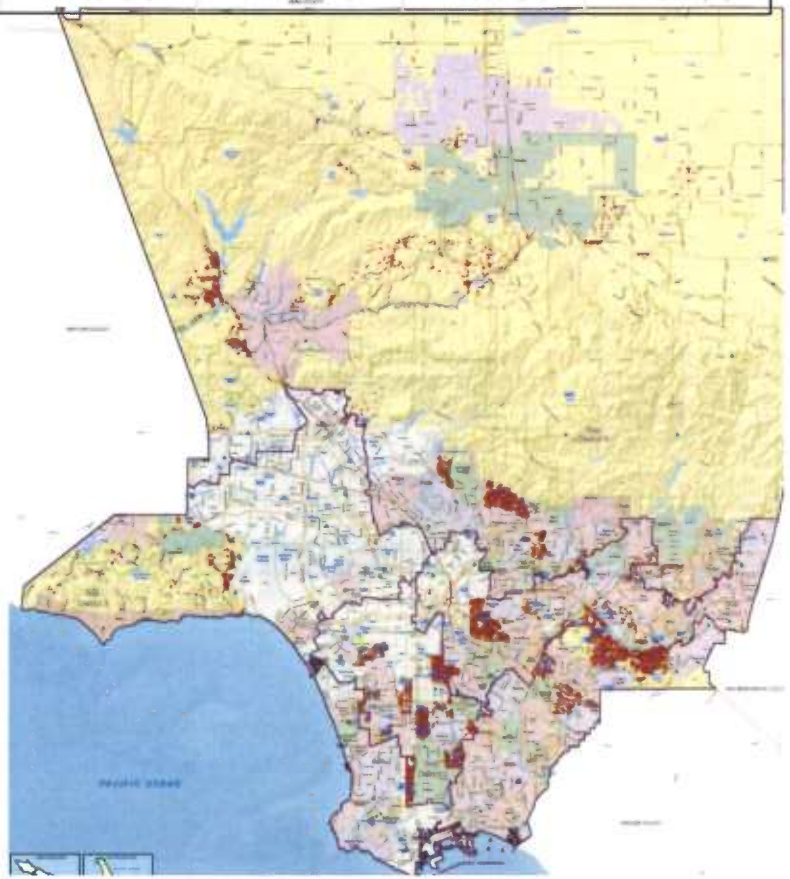


Small Business Survey Results - All Districts

Business Profile			
	# Business Surveyed	Total Number Employed at all businesses surveyed	Total Number of employees to see wage increase?
Total:	128	698	424
Avg.:	25.6	5.4	3.7

	Minimum Wage Questions			Resources to Assist Transition Questions					
Responses	Aware of Min. Wage increase?	Will wage increase result in staff reduction?	Reduction in staff hours?	Waiver or reduction for lic. & permits helpful?	Low value ordinance increase to $10k helpful?	Training & Subsidized employmnt helpful?	Streamlined County procurement helpful?	Info on financial & grant programs helpful?	Business planning & financial consultation helpful?
Yes	89.06% (114)	28.13% (36)	35.16% (45)	68.75% (88)	60.16% (77)	36.72% (47)	46.09% (59)	62.5% (80)	54.69% (70)
No	10.94% (14)	65.63% (84)	60.16% (77)	30.47% (39)	32.81% (42)	61.72% (79)	49.22% (63)	36.72% (47)	42.97% (55)
Maybe / Unknown	0.00%	6.25% (8)	4.69% (6)	2.34% (3)	7.03% (9)	1.56% (2)	3.91% (5)	0.78% (1)	2.34% (3)

- Areas Surveyed: Altadena, Charter Oak, East Los Angeles, East Pasadena, East San Gabriel, El Camino Village, Hacienda Heights, Industry, Lennox, Littlerock, Marina Del Rey, Pearblossom, Quartz Hill, Rowland Heights, Topanga, Universal City, West Athens/Westmont
- Industries Surveyed: Retail (Grocery stores, convenience stores, clothing, hardware , etc.) Professional Services (Law Firm, Commercial lending, Accounting firm) Other services (Travel Agency, Auto Repair, Mortuary, Car Wash) Manufacturing (T Shirt Design and production, food manufacturing, boat engines) Health Care & Social Assistance (Chiropractor, optometrist) Construction (General Contractor), Transportation and Logistics (Logistics Warehouse) Agriculture (Farm, Animal Products)
- Primary Concerns: Rising overhead (labor) costs will lead to higher consumer prices, may lead to less employees and employee hours; labor costs are already the highest overhead costs for many small businesses whose margins are already small; may hurt higher paid/commissioned workers who will be paid less to offset increase, may hurt younger workers who will not be able to compete for minimum wage job; may have to close or relocate my business
- How Can County help? Increase attention to business development districts of unincorporated areas (sidewalk repair, lighting, trash collection, police presence); waive



Minimum Wage Focus Group Meeting Information

- First District Focus Group
  Date: Wednesday, July 1, 2015
  Time: 10:00 am
  Location: Hall of Administration
  Organized by the First District
  Attendees: 2 businesses and 4 Chambers and 1 chamber/business association

- Second District
  Date: Wednesday, July 8, 2015 at 12:00 pm
  Location: The Florence-Firestone/Walnut Park Chamber of Commerce
  2156 E. Florence Ave., 2nd Floor
  Walnut Park, CA 90255
  Organized with support from the Florence-Firestone/Walnut Park Chamber of Commerce and the South Bay Latino Chamber of Commerce
  Attendees: 15 businesses, 2 chambers

- Third District-Waived holding a focus group

- Fourth District
  Date: Friday, July 10th, 2015 at 8:00 am and 12:00 pm
  Location: Liberty Plaza
  14181 Telegraph Road
  Whittier, CA 90604
  Organized with support from the Southeast Area Social Services Funding Authority
  Attendees: 11 businesses

- Fifth District
  Date: Thursday, July 9th, 2015 at 5:30 pm
  Location: University of Antelope Valley
  44055 Sierra Hwy
  Room 120
  Lancaster, CA 93534
  Organized with support from Small Business Development Center (SBDC) serving the San Fernando, Santa Clarita, & Antelope Valleys and Fifth District Staff
  Attendees: 3 businesses

County of Los Angeles
Meeting Minutes
Minimum Wage Focus Group – 1st Supervisorial District

Wednesday, July 1, 2015

Hall of Administration
500 W. Temple St
Los Angeles, CA 90012

Number of business owners attended: see sign in sheet

Introductions

The meeting was opened by 1st District Chief of Staff Maria Cabildo. Ms. Cabildo addressed the businesses, chamber and business association representatives in the group stating that the purpose of this meeting was to solicit input from attendees on how the County might provide support to small businesses in the unincorporated areas with the goal of assisting them with the implementation of the proposed minimum wage increase. She indicated this meeting was not intended to serve as a listening session or policy discussion regarding the proposal or opinions on the proposal.

Benjamin Polk, the Supervisor's Deputy, was introduced and in turn introduced Cynthia Banks, Director-Department of Community and Senior Services and Brian Stiger, Director-Department of Business and Consumer Affairs. Mr. Polk explained that these Departments have been charged with developing a report to the BOS presenting recommendations for the Board's consideration.

He invited Director Banks to speak. Director Banks stated that the Departments had retained the services of Halsey Consulting to support this work, assist with conducting the focus groups and the writing of the report. Ms. Banks asked Barbara Halsey to begin the focus group.

Ms. Halsey briefly outlined the strategies that were being used to solicit input on behalf of the Supervisors, specifically, conducting additional focus groups, outreach to small businesses via door to door surveys in the unincorporated areas in each District, distribution of an online survey, and discussions with local chambers, business associations and economic development organizations.

Consideration of how a reduction in County fees for a variety of

permits, licenses, etc. would assist businesses with implementation of the proposed minimum wage increase?

-As a non-profit this business does not pay a lot of fees. Could not think of a fee that would make up the increase of $700K over 5 years that the proposal would result in.

-At Six Flags the reduction in fees paid would not even amount to a rounding error.

- Review the entire slate of fees, taxes, costs of doing business with the County and evaluate which could be reduced, eliminated, set aside.

-Once decisions are made there should be a "menu" of cost reduction opportunities offered by the County that is shared with businesses so they are aware of these resources.

Permitting

-Finding a way to streamline permitting and planning process would be of value-Six Flags is 10 years into a permit process that is still not resolved. Multiple agencies involved makes obtaining permits complicated.

Taxes

-Reductions in property taxes

-Reduction in utility users tax

-A business rep. indicated that the unincorporated areas affect the other cities more that the City of LA because of the way the unincorporated areas weave in and out of city boundaries. Implementing ideas related to tax reliefs, fee reductions, could create an uneven playing field for like business to compete.

-Tax relief in all areas where the County taxes small business would be helpful.

Subsidies

-Subsidies are not as useful as exemptions-the City ordinance has a teen exemption and follows the state rules on employing teens.

Workforce Development

-Subsidized youth employment programs are available to assist business with hiring and employing youth.

- Training incentives are helpful.

Infrastructure Improvements

-Create façade improvement programs in the unincorporated areas so they are more appealing to new customers.

-Provide sidewalk improvements in unincorporated areas.

Other Recommendations for Assisting Small Businesses?

- Director Stiger stated that the Office of Small Business Development is preparing to launch a Business Concierge service. They have been in contact with the Governor's Office of Business Development discussing ideas for County/State coordination. GoBiz has a portal that offers information and access to many resources-while not exhaustive, it gives business one place to go to for information about doing business in CA-a similar County site can be considered.

- Look at the Kosmont Rose Cost of Doing Business information to see what the most business friendly cities in LA County are doing and then mirror those practices.

-Look at CDC financing programs and consider lowering the thresholds of these programs so they could serve more small businesses that are in greater need.

-Institute crime reduction programs in these areas.

-Institute programs to address homeless populations in these areas as they drive customers and businesses away.

Other Concerns

-Assist with wage scale adjustment information-implementation will require the review and potential adjustment of wages across all positions in a business. How will the County be handling this?

Wrap-up

At the end of 90 minutes the focus group was concluded with an invitation to continue to offer suggestions that will ease the implementation of the proposed minimum wage increase. Agreements were reached between CSS, DBCA and a number of the attendees to collaborate on expanding outreach to small businesses in the unincorporated areas in order to gain greater input and broader perspectives on useful supports for the target businesses.

County of Los Angeles
Meeting Minutes
Minimum Wage Focus Group – 2nd Supervisorial District

Wednesday, July 8, 2015	**12:00 PM**	**Florence-Firestone Chamber of Commerce** **2156 E. Florence Avenue, 2nd Floor** **Walnut Park, CA 90255**

Number of business owners attended: 15

Introductions

Introductions by Efren Martinez of the Florence-Firestone Chamber of Commerce.

Opening remarks were given by Erick Verduzco-Vega, L.A. County WIB Member:
-No decision has been made and we can still be vocal about it.
-If we were to pass this ordinance how can we best mitigate the effects of this change?

Barbara Halsey:
-Thanked all business members in attendance.
-Overview of focus group provided.

The County has a number of departments that collect fees from businesses. What could the County do with fees that might help you transition to the proposed minimum wage increase?

-Issues of fees have increased from like $200 to $1400. Burdens have been placed on small business programs. Is it a rational to raise fees when you are trying to fund programs but now want to reduce fees? (Does not make sense to small business owners). And for a period of time? What does that mean? How long will it last? How can County provide jobs for people that don't have the required college education? And if you make it difficult for them and we can't hire those people, we will only have to opt for college educated people.

-What is a very small business and if we are looking forward are we looking for an extension? Mom and pop operations are different from operations that handle 30 people and the qualities of scale don't seem to have been taken into consideration. Bank of America won't be affected. Sales are nowhere near minimums that are set. Since we are looking forward and not just 5-10 years, let's look 20 yrs. ahead. If you have a business in this area and you can make it grow to 8 million dollars with less than 15 employees, you may have a bigger voice than a mom and pop

to begin with. How about actualizing the idea in a 20 yr. timeframe? Size of business and business revenue should be considered. Tax credits and starting labor for unskilled, should be considered as well.

-What happens if you haven't grown your business in 10 years or 5 years? Wouldn't it be better if a small business under a workable definition of a small business would have an additional tax break for the increase?

1 idea: reduced fees would be beneficial. Such as: inspection fees, fire department, health department (for restaurant owners).

-MRT wants us to hire within community but the only way to do so is to give us business, if everyone was making good money it wouldn't be an issue. Why shouldn't the county spend county funds on their own county businesses? It doesn't help the community. Give us preferential services. If county doesn't take care of the community then why are small businesses mandated to do so?

-Erick Verduzco-Vega: Issues with other County depts. Ex There's a 10 % local hire goal it's usually in good faith. It doesn't work so what will the county do to ensure that the money/contracts is actually given to these small businesses and not just an "effort". Saying we are going to attempt to address unincorporated areas so why not add something more strict, in writing, such as we will spend a specific portion of money in businesses in unincorporated cities of LA County.

-The increase will result in having to raise prices which will affect businesses. Can they exempt small businesses for a longer time so that they can continue to serve the community, at least for a specific timeframe or exempt some costs or fees during this process?

The County has a number of permitting processes. What could the County do with its permitting processes that might help you transition to the proposed minimum wage increase?

-Was touched upon in previous question and in miscellaneous recommendations, such as providing exemptions, reducing permit fees, or expediting the processes.

-Idea: Lowering renewals for fees (permits).

-Let county step up and streamline process and make bids more available to small businesses in unincorporated areas.

-What's the best way for the County to communicate the opportunities of bid processes? The businesses can register. If chambers are informed then

they can spread information to businesses. How about not make the process so complicated such as requiring small businesses that are minimally staffed and often lack professional services to complete an application totaling 25 pages.

The County has programs that can assist businesses with hiring and training new and existing employees. What could the County do with its workforce services that might help you transition to the proposed minimum wage increase?

-Problem is that its limited to 3-6 months and it only applies to new employees.

-Normally folks that are hired are not ready and then you lose them because they are not making what they thought they were going to make. They leave because their expectations are higher after training.

-They don't care about all the small fixes, they'll take it but why don't you provide business for us?

The County purchases goods and services from businesses. What could the County do with its purchasing practices that might help you transition to the proposed min wage increase?

-Provide preferential treatment to small businesses. Perhaps have them be on a registry where they would be given at least a percentage of business and service opportunities from the County.

The County has programs and information on loans and grants for small businesses. What kind of loan and grant programs might help you transition to the proposed min wage increase?

-The problem for small businesses is they're mandated to pay the money back.

-Don't ask to borrow money if they are not making the money.

-Spend money on these businesses, rather than providing loans.

-3 year window of opportunity is just that, a short-term solution. County should take a longer view at issues or solutions.

Miscellaneous Comments/Recommendations:

-Set up a bonding fund so that small businesses can come after these contracts. There's always an issue because they can't afford it.

-What can county do about insurance company? They need workers comp, liability. They have to pay 2900 a year for it and it's only for 2 employees. Plus health department fees. It's too much for a small business.

-A lot of owners are making just as much as their employees in surrounding businesses. They have a lot of part timers. Making all employees part-timers would be an issue because they can't make it wouldn't pass as a motion and defeats the purpose of reducing unemployment.

-The kid who doesn't graduate school what happens to them? They are given a shot with 10 dollars wage but then with the increase these kids won't be hired. That's a big concern! No one will want to hire a 15 dollar wage high school drop-out when they can hire an educated on for the same wage.

-Set up a program that will have results not just talk.

-Issues with some business owners are that they go to city for licenses when they belong to County.

-City people are very productive with enforcing City licenses even when they don't need them but the businesses, in fact, need County licenses.

-Why don't they extend the time of the increase so that it isn't a big hit. Spread it out over 10 years rather than just in 5 years. Raise it in quarters.

-How does proposed County ordinance align with the state min wage? State goes to 10 in Jan of 2016. When we hit 15, the state will be at 12 (2020). County proposal is aligned with the City proposal. County trying to align policies with regional areas. But if City policy is not good, why would we do it? Maybe it should be the state standard.

-This is going to increase the crime rate because people are going to lose jobs.

-What's going to happen to those earning 15 dollars an hour? They're going to want an increase as well.

-Talent costs money. So it's going to affect hiring processes for small businesses because they are going to want higher wages.

-County is not looking at the far reaching issues it could bring. County should take step back and think it through.

-Small businesses that have less than 10 employees and can't hire professionals due to costs will be affected. One gave example of how his company used to hire full timers and now it's all part time. Who is losing? Employees. There are no vacations for part time employees. This money is being used to offset the business costs. County still gets paid taxes for 15 employees regardless if they are part time. Only one winning is the county.

-Can reimbursements for businesses increase? Instead of taking back what they pay us by increasing by 10%.

-County should redirect their intentions to other stuff like tobacco, alcohol. Why put the burden on small businesses?

Wrap up

Barbara Halsey: driving business to area; increase business through procurement requirements for moving money to small businesses as opposed to larger ones; potential phase-in of minimum wage; and tax exemptions.

County of Los Angeles

Meeting Minutes

Minimum Wage Focus Group – 4th Supervisorial District

Friday, July 10, 2015	8:00 AM	Liberty Community Plaza 14181 Telegraph Road Whittier, CA 90604

Number of business owners attended: 6

Introductions

The County collects a variety of taxes and user fees. What could the County do with taxes and user fees that might help you transition to the proposed minimum wage increase?

- Fees not key factor. Fees as a percentage are not that great. Tax reductions, sales rebates or something like that, there's nothing that will offset those costs. User fee is a small drop but anything will help.

Workers Compensation

-Concern: workers comp is higher for warehouse workers vs. office workers. Recommendation: change the workers comp law too. Changing the rules of workers comp would be of greater help than cutting down a fee.

Driving Business to Small Businesses

-An independent insurance agent being forced to open in China branch so who is really benefitting? No one. More and more insurance agents are outsourcing. 150 staff – if the law forced to retire due to loss of money, but manpower costs him 60%. County assist in increasing customer base to offset the increase? The Chinese industry is sending their offices back there. What is the county prepared to do to help the business owner?

Consulting Services for Businesses

-County offering business planning/marketing planning/financial planning … is useless. You have to give financial support, not planning. That is already being done by us (chamber community and other associations). Not sure what the county can do as far s support. Tax rebates … lower the tax rate … so they can see the bottom line on their balance sheet.

Tax Rebates

-Tax rebates … lower the tax rate … so they can see the bottom line on their balance sheet.

-We took advantage of a service county of San Bernardino offered only to large businesses not small businesses.

Workforce Development and Training

-OJT could be an option. Training for existing workforce. Customer service skills, small businesses that need similar training. Deliver specific efficiency training … bringing in new piece of equipment and have the county offset the costs.

Miscellaneous Comments/Concerns

-If adopted, one franchise business owner will shut down and move into Las Vegas, NV. Getting a deal done with state of Georgia also. Other businesses will be doing similar actions. We play $9 to $9.25 now. 24% Labor cost (Yoshinoya) breaking even. Rent 10-13 % and food costs 42% going up. If labor goes up higher, will not be able to make it. Georgia is $6 to 7.25 per hour. No CRV. Gas is $2. Cost of housing under $200K. Small businesses, especially restaurants will shut down.

-Another business owner agrees with this. Vendors are giving more charges. Been in business since 1976. People won't want to pay $15 a plate. It's overwhelming. Workers comp going up; payroll is going to be higher.

-Another owner, counting tips as part of wages.

-County: that is illegal. Federal govt allows but allows states to go around it and CA does. It's a larger issue. State proposal to raise to $12 in both houses.

-Seattle was the first city to adopt $15 min wage last fall. Subway worker not receiving yet. Probably at tiered rate. Keeping an eye on what happens to retail offices, small businesses, warehouses, etc. His warehouse just outside of that is $10 per hour. Keeping one of his businesses in San Bernardino County is also an option for him.

-As successful business people, seeing something coming down the pike, do you prepare for something coming up ahead? Yes. That's what we're

trying to do. We need ideas. We can use our own ideas but are trying to consider the ideas from business people and not let this opportunity go by.

-Worried about upcoming problems: economy is falling throughout the world. Talking to banker: what's min wage if business is destroyed? We're doing very well right now but very concerned 2008 doesn't happen again.

-Business owner: TX and GA most business friendly states right now. Already shifting businesses there. Planning to hire truck drivers in So. Carolina and drive here vs. hire here and drive there – it's cheaper. Satellite offices will be here and corp. office will be there. Very cheap gas, rent there. It's already being done. It's for sure – the move out of state.
-Salaried employees have to average $18 per hour; if you raise min wage for hourly, salaried has to go up too.

-It's not only affecting small businesses, it's affecting all businesses. They'll just change ways, become independent contractors, etc. Raise doesn't benefit anyone … only insurance agent.

-Most employees don't see this and understand. The big issue is costs are going up and people will not be able to afford to buy anything. Banks are laying off employees because they know what's going to happen. The banks are still the safest place to put your money – it should be.

County of Los Angeles

Meeting Minutes

Minimum Wage Focus Group – 4th Supervisorial District

Friday, July 10, 2015	**12:00 PM**	**Liberty Community Plaza** **14181 Telegraph Road** **Whittier, CA 90604**

Number of business owners attended: 5

Introductions

Halsey: Thank you for taking time to be here today and taking time out of your days. I am here today to solicit your ideas for recommendations that would mitigate the impact of the proposed minimum wage increase.

Are you familiar with motion? The proposed motion will increase the minimum wage over a 4 year period. There is a one-year grace period for small-businesses reaching $15/hour by 2020. The Supervisors recognize there is an impact and they want to know what else they should be looking at when they consider the motion on July 21.

We have heard some great ideas so far and we have held focus groups throughout the County. We have had input on fees, property taxes and many other possible solutions. So today we want to hear from you.

Initial Discussion

-A concern from an independent contractor who employs one person: I just had to comply with legislative requirement to provide paid sick leave and now a minimum wage increase on top of this?

How many are paying minimum wage right now? Are there any details of the proposed minimum wage increase and when the increases will take effect?

-Halsey: The state will increase minimum wage to $10 in January 2016 and this proposal would lead to additional increases in 2016 (businesses with 26 or more employees) and for small employers beginning 2017.

-Supervisor's Representative: This originated in City of L.A. and there were forums throughout the County but then a second supervisorial motion called for focus groups and surveys to examine possible solutions to help businesses transition.

-Business owner indicated this proposal is invitation to get number of employees below 26 to take advantage of exemption.

-Halsey: If federal minimum wage increases but is still lower then county wage will trump the federal wage. Again, our goal today is to get your ideas on what the County could do to make it easier for you to transition to $15 minimum wage over next four years.

-What is overall goal or reason for increase?

Halsey: Put money into the economy, bring minimum wage workers to a wage level that allows them to live in a high-cost area, it is a measure to assist working poor,

Are there any statistics that show who pays minimum wage in terms of breakdown? How many are students versus individuals actually supporting families?

-Halsey: More and more we see heads of households and older adults making minimum wage and following the recession, even young college grads are taking low-wage jobs.

How could County ease regulations to assist you?

-It is likely that I will move out of L.A. County to Orange County. I can't raise my prices because someone will go a block away for my products. Of course employees would love to hear about minimum wage increase. But for business owners, it is hard to raise the prices.

-All of my employees receive minimum wage and are students. They live with parents and they don't need minimum wage increases. I will have to raise prices and nobody wants to pay $3 or $5 for a scoop of ice cream.

-If I raise the minimum raise, I have to raise the other employee's salaries because they're used to making more than the minimum wage employees. I will either close the business or sell it because the margin will be so low.

-We are on the border of Orange County here and we may move there.

-My suggestion is that if Supervisors are concerned about workers, increase Food Stamps, SSI or other County/State/Federal programs to help those in need rather than raise the minimum wage, which places the impact onto businesses.

-Give the minimum wage increase to heads of household, but not to

students who are part-time or kids living with their parents earning extra money.

Fees/Inspections

-If you are going to say $15 is the new minimum wage rate then you should reduce any fees or business licenses to balance out costs.

-My license is $600/year so even if you eliminate it I will still be in the hole with paying more minimum wage. I pay my bartenders $11/hour but they get tips that already equal $15/hour so they don't need to get a $15 hourly wage.

Other Things County Could Do?

-Spend money in our businesses and take steps to send us more business.

-It would be helpful if County could assist with business process improvements, marketing and other strategies to improve our businesses. A consultant to "beef up our business" and assist us with marketing or "whatever they can help with" would help us.

-Insurance is my number one expense – providing health insurance to employers is expensive and could be covered by County.

-But won't that lead County to increase taxes if government covers all healthcare costs?

-Please pass along that we are against the proposal and urge the Supervisors to vote no.

-There will be less people employed. If I have 2 employees I will reduce to 1 and have them do twice as much work.

Workers Compensation

-Workers compensation and sick leave are huge costs and relief here would help.

Taxes

-Eliminate corporate tax – this would help. It costs $800 each year in California. We should be more like Nevada or Wyoming.

-Look at school taxes that each person pays whether or not they send their

children to that district school.

Employee Benefits

-I think minimum wage should be set up as a package. Someone who makes $25/hour has a package of $40/hour that includes retirement, benefits, etc. Include the benefits as part of the wages if a company is providing benefits to minimum wage employees.

Workforce Development and Training (including incumbent worker training, wage reimbursements and youth employment)

-Wage reimbursements would be helpful.

-Funds for training would be helpful. We have employees that we have to train for first 2-3 months (and they may or may not work out).

-I use youth employment funds and take advantage of this now.

Façade Improvements

-Who will do that and with what funds? Will the County use taxpayer dollars and won't this cost us all anyway through taxes?

Any Final Recommendations?

-Make the minimum wage proposal more tailored to specific geographic areas, rather than one-size-fits all.

-Reduce taxes. I have a restaurant with 2 employees and I'm just starting out.

-Look at the package of benefits employers provide including sick leave, retirement, health insurance etc.

-Businesses will move a few blocks away into incorporated Whittier to avoid the increased minimum wage.

-Wait until other cities take a look at this before the County takes the plunge, not just Los Angeles.

Wrap-up

Halsey: Thank you for being here and taking the time to be here.

County of Los Angeles

Meeting Minutes

Minimum Wage Focus Group – 5th Supervisorial District

Thursday, July 9, 2015 **5:30 PM** **University of Antelope Valley**
44055 Sierra Highway, Room 120
Lancaster, CA 93534

Number of business owners attended: 3

Introduction

Overview provided by Moderator:
-Reviewed surveying activities to include door-to-door (roughly 500) and online (roughly 200 responses).
-1st focus group conducted yesterday in Firestone, 18 businesses
-28 businesses in Whittier tomorrow

Would it help to remove County fees?

-Attendee stated she pays fees; $500 to $700

-Licensing, health, water, $600-$2000

-they could use the money for something else.

-The removal of fees will not offset the increase in minimum wage. Example was provided based on current payroll vs current revenues. Participant stated the increase revenues required is disproportional to the minimum wage increase

-We should review 1 year from now.

-Moderator: The Supervisors have tasked their staff to review the wage increase annually.

How has the permitting process affected you?

-Response: what permits?

- Conditional use permits would be very helpful.

-Moderator stated they are here to facilitate the ideas provided by the community.

Would it be helpful if the County streamlined the permitting process?

-"I doubt the county can do that."

-She has seen people have to pay in order to speed up the process.

-Suggested property taxes

-Separating Antelope Valley (AV) from Los Angeles County. Cost of living is lower in the AV than other places in LA County. The wage increase appears to be political, for votes. There are salary differences for certain County employees; if given away, this would help pay for people's jobs. The minimum wage increase will have a ripple effect. Managers, salary employees, etc, will start to expect a 75% increase in their salary as well.

-How much will it cost the County for their minimum wage workers?

-Can the AV be at a slower rate?

-Moderator: there have been proposals along those lines; but we have no ability to influence that here.

Would training be attractive?

-Yes. But not sure if the value will offset the change in minimum wage.

-What are the reactions from others business owners? Who are the businesses in the room?

County Procurement for small businesses:

Moderator:

-Reached out to 70 or so small businesses

-Action taken this week by the Board of Supervisors. Starting the process of establishing procurement goals for small businesses. The total amount for the county $6.6B, 25% will be set aside for small businesses, 2% for disabled vets.

-Concierge service started to help get things unstuck for businesses

-Utilize consultants for businesses to assist in their activities.

-The goal is to help business in unincorporated areas to get County contracts.

-There is a potential for all businesses to work with the County.

-Frustrations regarding how things are handled by the County. Stated there are too many regulations and it hinders small businesses. She stated she can't deal with it.

-She feels this is redistributing, and creating part-time employees.

-Frustrated with the county programs, feels it hinders people from working.

-Stated the frustration makes her want to shut down her business.

-Brought up examples.

-Frustrated no one in the government has owned a business before.

-Frustration, and shared a lot of personal opinions.

Other county programs that may help support small businesses

Moderator:
-The County has a summer youth program where youth are placed into businesses to get work experience.
-The County is focused on trying to bring business to small business.
-Providing grant programs for street improvements to include a variety of curb appeal upgrades, etc.

-Made sacrifices for her business but feels it will be taken away from her because of regulations.

-Feels the County will do what they want regardless of the suggestions.

-The client stated she has seen several programs that haven't helped before.

-Moderator: what are some of the programs you have seen before?

-I have to charge 10 cents a bag. Others do not have to do that. I have to charge if not, I will be charge $500. If I give a bag to a customer, I am penalized.

-Why can others use paper bags? It's packaging.

-I have been supportive for many programs but everything is about big businesses.

-It seems to be about tax money.

-Why does it always start with the unincorporated areas?

Other Comments:

-Why is the minimum wage being raised?
Moderator: to help people get out of poverty

-She feels there is an agenda.

-Stated there is no trust in the government any more.

-Concerned the fines will start to put people out of business.

-Frustration with the small business limitations.

-"You don't understand what you are saying now and were it will take us."

-The business owner realizes she should utilize technology while downsizing her staff. Other companies will do the same thing.

-Works hard.

-May have to take her business oversees because it's more business friendly.

-"I wanted to share my experience. We go through all these inspections."

-"Everything is changing."

-"They are trying to help."

-The WIC and other programs limits people work hours. This hinders the employee situation. It might be specific to the AV.

- Lancaster would be exempt from the wage increase.

-Some businesses don't want to be subsidized.

-Feels "turn key" operations aren't real entrepreneurs.

-Is this a social program to get people out of welfare off the backs of businesses?

-McDonald's has become a career. What happens when $15 isn't enough. The mindset is minimum wage for minimum work.

-Will the Board listen?

Other Recommendations

-Government needs to educate the people so they can get off programs.

-People need financial education.

-The educational system needs to teach people to take care of themselves. She stated she wasted 5 years of her life with college. Frustrated with her school experience.

-College was very expensive. She learned more in business than in school. School should provide people will the ability to take care of themselves.

-High school students don't worry about work, they look for government programs.

-Need to make sure the small business definition numbers are applied in the right manner. Use workers hours vs total number of people. (Part-time vs Full-time)

-It would help to delay it.

-Subsidize the Businesses

-Wage levels based on the age, experience, etc. Job entry place.

-Grant programs for transition workers.

Wrap up

Moderator: The board has asked for the report and there have been board representatives present at every meeting. Report will be delivered on 15 July.

Department	Contact Person	Resources Currently Provided	Potential Resources
Auditor-Controller	Robert Campbell (213) 974-0681	1) The A-C Currently assists small businesses to ensure they are paid timely for their services provided to the County.	1) As a means of providing additional assistance, they could offer outreach services to enable small businesses to receive payments from the County electronically (DIRECT DEPOSIT), if they desire.
Registrar-Recorder County Clerk	Aaron Nevarez (562) 462-2800	1) Businesses are required to renew their fictitious business name statement after five years and pay a $26 renewal filing fee, along with $5 for each additional business name/registrant.	1) The department would propose that the business name renewal fee be potentially waived for small businesses. These revenues come directly to Department and are not distributed to other agencies, so their revenues would take the entire hit from any waiver. To give an approximate perspective of the potential revenue impact if those fees are waived for 12 months. The following are revenues collected in FY 2013/14:

Department	Contact Person	Resources Currently Provided	Potential Resources
			Renewal Fictitious Name: $351,292 Additional Name (Registrant) Fee: $175,929 Total: $527,221 These fees are the same for everyone regardless of size, so this revenue includes all businesses, small and large. We would need to create an additional administrative function to identify/verify if a business had less than 26 employees.
Department of Animal Care & Control	Patrick Malekian (562) 256-2402	The department does not have any financial resources available for small businesses.	1) The department can assist by extending the grace period that animal facility owners have to submit their annual inspection fee. Currently, the grace period is 10 days, and we can extend it to 20 days to give them more time to remit their payment without incurring a penalty.

Department	Contact Person	Resources Currently Provided	Potential Resources
Office of the Assessor	George Renkei (213) 974-3101		1) The Assessors offer to pass a low value ordinance/exemption where, currently, small businesses are exempt on personal/small property below $2,000; the amount exempted would increase to $10,000.
Department of Regional Planning	Dennis Slavin (213) 974- 6405		The department states that with respect to expediting permits, they could explore ways to expedite permits for small businesses and commercial projects such as: 1) DRP to dedicate a staff person to assist restaurants, commercial, and other small business projects with obtaining their permits as quickly as possible. 2) Explore supplementing the existing limited space in some of their field offices so

Department	Contact Person	Resources Currently Provided	Potential Resources
			they could better serve impacted customers. Both of these options would involve additional funding for implementation. Note: Waiving or reducing permit fees would be complicated as their fees are established by the Board and would require a Board action to either waive or reduce. If the Board elected to do so, they would need to work with the CEO to replace any reduced fee revenues. Many of their fees are currently not full cost-recovery, so the impact to their Department budget could be significant.
Treasurer and Tax Collector	Keith Knox (213) 974- 0703	1) The Treasurer and Tax Collector (TTC) issues licenses for certain types of business in the unincorporated County and 3 contract cities. The Business License Ordinance only regulates certain	1) Waived or reduced licensing and permitting fees: The TTC cannot waive or reduce these fees without an administrative ruling from the Board. However, if the Board were to take such an

Department	Contact Person	Resources Currently Provided	Potential Resources
		business activities that fall under a Health and Safety umbrella. They charge business license fees for initial applications and then fees for annual renewals thereafter. 2) The TTC's six banking partners each have programs designed to assist small businesses with loans, lines of credit and financing for equipment and other business needs.	action, it would be problematic from a budget perspective as the business license fee represents the sole source of funding for the TTC to offset the staff and other expenses to perform the function. 2) Expedited licensing and permitting processes: The TTC can work with their application system's aging reports to expedite licenses as permissible. 3) The Department can provide specific information to small businesses related to loan services, if requested.
Community & Senior Services	Rafael Carbajal (213) 503-1835		1) WIOA Business Services: Sector Designation- CSS can identify Small Businesses within the LA Co Unincorporated areas as a Sector and provide access to WIOA services. Doing so will allow centralized and

Department	Contact Person	Resources Currently Provided	Potential Resources
			concerted efforts to specifically engage and address the needs of these businesses within the scope of WIOA and Workforce development. In addition, they can identify CDBA as our Sector Intermediary to facilitate and coordinate engagement. 2) Business Analysis and Workforce Planning Services: Business services staff will directly engage identified business and offer Business Analysis and Workforce Planning services. Service will include an assessment of the businesses' lifecycle, talent management needs and growth opportunities. Plans will incorporate access to tool box of workforce services including training and subsidized employment. Training can potentially provide up scaling or skills upgrade to

Department	Contact Person	Resources Currently Provided	Potential Resources
			address turn over and retention of employees. 3) Subsidized Employment: CSS can create Subsidized Employment set-asides for Small Businesses and provide access to subsidized employees to fill seasonal hiring gaps. 4) Employer Development Workshops at America Job Center of California (AJCC): CSS will coordinate with our American Job Centers to establish and coordinate Employer Development Workshops, such as; Workers Comp Best Practices, Understanding UI, Shrinkage Management, Workforce Planning and Navigating ADA, FEHA and EEOC Issues. 5) Rapid Response: CSS can provide direct assistance and services to individuals adversely

Department	Contact Person	Resources Currently Provided	Potential Resources
			affected by the increase such as Rapid Response Services and Workforce services through our AJCC.
Consumer and Business Affairs	Debbie Johnson (323) 881-3958		1) Micro Business Preference Program: a. Benefits i. Authorize County buyers to acquire goods or services up to ($25k?) without getting three quotes only if they purchase directly from a certified micro-business ii. Provide micro businesses with 10% cost preference in County bids iii. Provide 15-day Prompt Pay to micro businesses b. Implementation i. Establish County Ordinance to create County Micro Business certification for County businesses with under 26 employees ii. Conduct targeted outreach to unincorporated areas of Los Angeles County

Department	Contact Person	Resources Currently Provided	Potential Resources
			2) County Micro Business Minimum Wage Point of Contact: a. Benefits i. Direct access to information and services through Small Business Concierge, including: *Counseling* • Personal appointments to meet clients and answer questions they may have *Workshops and Presentations* • Held monthly in unincorporated areas of County of Los Angeles b. Implementation i. Outreach 1. Comprehensive FAQ page on DCBA website that includes: • Information in lay terms detailing and explaining the various terms of

Department	Contact Person	Resources Currently Provided	Potential Resources
			the minimum wage increase • How the minimum wage increase may affect small businesses • What small businesses can do to prepare for the increase • What types of programs are available to help ease the transition (including other departments and agencies e.g. Community Development Commission, CSS and LAEDC) • What the County is doing to help ease the transition (e.g. Alternatives to Employee Layoff, Non-traditional funding sources)

Department	Contact Person	Resources Currently Provided	Potential Resources
			2. DCBA social media outlets: • Include information regarding wage increase and information regarding in-person events and websites 3. Informational pamphlets: • Including answers to commonly asked questions and directing clients to the website for possible answers. • Information including details on the planned minimum wage increase • Contact information for DCBA and the Small Business Concierge for questions that are not answered on

Department	Contact Person	Resources Currently Provided	Potential Resources
			the webpage and pamphlet 3) Access to Capital: a. Benefits i. Provide referral service for micro businesses seeking capital to expand b. Implementation i. Leverage existing and develop new partnerships with CDC, SBA, SBDCs, SCOREs, PACE, WBCs, and economic development agencies to help businesses identify opportunities to secure capital for business development • Include partner agency information in workshops and training programs
Department of Public Health	Joshua Bobrowsky (213) 989-7107	1) DPH does currently offer an expedited licensing and permitting process for food facilities that require plan reviews.	1) If the Board chooses to cover the costs, DPH could waive or reduce the environmental health licensing or permitting fees. Such fees are charged to

Department	Contact Person	Resources Currently Provided	Potential Resources
			businesses to recover the costs of conducting the services, in accordance with the Department's public health protection role. DPH could not eliminate the licensing or permitting fees without potentially compromising their ability to protect overall public health tied to these services. Moreover, these fees are much greater than the fees charged for business licenses, which may make it cost prohibitive to have the Board cover these costs. 2) Small food businesses can request, for a fee, an expedited plan check review that would be conducted within 10 working days, instead of the 20 working days, specified in law.
Department of Children and Family Services	Aldo Marin (213) 351-5530	The department currently does not have resources available for small businesses.	The department does not foresee any potential resources for small businesses.

Department	Contact Person	Resources Currently Provided	Potential Resources
Department of Parks & Recreation	Bob Maycumber (213) 368-5823	The department currently follows County procurement processes in which businesses can bid to provide services.	1) Should the Board or CEO designate a preference for small businesses regarding bid processes, the department would be willing to do so.
Beaches & Harbor	Brad Fleischer (310) 305-9544	The department currently follows County procurement processes in which businesses can bid to provide services.	1) Should the Board or CEO designate a preference for small businesses regarding bid processes, the department would be willing to do so.
Alternate Public Defender	Janice Fukai (213) 974-8161	The department provides legal representation to persons charged with a crime but cannot afford an attorney to represent them in court, therefore, as of this point, there aren't any resources the department offers small businesses.	There aren't any resources the department can potentially offer small businesses.
Chief Information Office	Richard Sanchez (213) 253-5600		1) For solicitations (commodity procurements, RFP's, IFB's, Master Agreements) CIO can

Department	Contact Person	Resources Currently Provided	Potential Resources
			reduce the years of experience, number of employees required or prior awarded amounts as criteria for an award. 2) Award additional points in solicitations. 3) Through advertisement, seek additional small business from unincorporated areas to participate in bids. 4) Provide a special contact number, or conduct training sessions, for businesses to register as a county vendor. 5) Conduct training on how to do business with the County.
Chief Executive Office	Dennis Conte (213) 974-0564	1) The department has published a business information brochure of County services to specific areas.	

Department	Contact Person	Resources Currently Provided	Potential Resources
		2) Some Countywide services/programs are mentioned in the Community Connections that is prepared for 10 unincorporated areas, however the Connections are mailed to residents and businesses would only obtain the Connections through a Board office or if they are a resident of one of the 10 unincorporated areas that receive a Connection.	
Community Development Commission	Corde Carillo (626) 586-1800	The goals of the CDC's economic development programs are to provide jobs for the County's workforce, expand the County's tax base, and enhance the quality of life of County residents. 1) County Economic Development Policy: The CDC administers the Board of Supervisor's adopted Economic Development Policy (Policy 5.125) which provides	

Department	Contact Person	Resources Currently Provided	Potential Resources
		County-sponsored incentives that meet the specific needs of an individual business project, targeted commercial/industrial area, or community investment project. The Policy provides a process by which the CDC and the Chief Executive Office (CEO) can forward recommended economic development projects to the Board of Supervisors for consideration. 2) County Business Loan Program: The CDC offers a revolving loan program, which provides loans to small and medium sized commercial or industrial businesses, to encourage business expansion and job growth. In order to qualify, a business must be located in Los Angeles County, must demonstrate the ability to operate successfully, must	

Department	Contact Person	Resources Currently Provided	Potential Resources
		primarily benefit low and moderate income residents of Los Angeles County, and the business owner(s) must have satisfactory credit history. The CDC's business lending programs have provided more than $125 million in financial assistance and created or retained over 3,000 jobs. 3) County Community Business Revitalization Program: The CDC administers the Community Business Revitalization (CBR) program which provides grants and technical services to business and property owners to improve storefront facades along commercial corridors in unincorporated areas. The program makes business districts more attractive to customers and helps bring goods, services, and jobs to disadvantage communities.	

Department	Contact Person	Resources Currently Provided	Potential Resources
		4) County Business Incubator: The County's Business Technology Center (BTC) is a 40,000 square foot business incubator located near Caltech and Jet Propulsion Labs in unincorporated Altadena. The BTC is dedicated to the development of high technology firms through business management assistance, technical assistance, and the coordination of available financial resources. 5) Special Projects: The CDC is often called upon by the Board of Supervisors to lead or participate in special projects that create jobs for sub-contractors. Examples are the completed Martin Luther King Center for Public Health, the planned Medical Office Building in Willowbrook, and several	

Department	Contact Person	Resources Currently Provided	Potential Resources
		public libraries and community centers throughout the County.	
Fire Department	Dawnna Lawrence (323) 881-2426	1) Revised Bid Preferences for Procurement Opportunities: The Fire District currently assists small businesses by allowing a price preference on bids/proposals on any service contract and/or procurement opportunity; provided they are a Los Angeles County registered small business enterprise (SBE).	1) Expedited Licensing and Permitting Processes: The Fire District reviews development plans in order of submittal date and completes most plan checks in ten business days or less. If a qualifying small business was identified for a project, a "next-in-line" plan check service could be implemented.

San Gabriel Valley Legislative Coalition of Chambers

Representing the businesses of:

Arcadia

Azusa

Covina

Duarte

El Monte / South El Monte

Glendora

Irwindale

La Cañada Flintridge

La Verne

Monrovia

Monterey Park

Regional – San Gabriel Valley
- Diamond Bar
- Hacienda Heights
- La Puente
- Rowland Heights
- Walnut
- Valinda

Rosemead

San Dimas

Sierra Madre

Temple City

Los Angeles County Business & Nonprofit Resources Statement
July 13, 2015

Summary
The San Gabriel Valley Legislative Coalition of Chambers (SGVLCoC), representing over 16 chambers in the San Gabriel Valley, has been actively mobilizing businesses and nonprofits through its chamber of commerce members to ensure that their voices are heard and expressly considered every step of the way in the minimum wage increase conversation under consideration by the Los Angeles County Board of Supervisors.

Our businesses and nonprofits want to give input, but their day-to-day operations impede their efforts to stay on top of this as fast as the county is moving it along. However, our coalition has diligently worked to stay within the restrictive confines of the established timeline to solicit as much input from businesses and nonprofits in the San Gabriel Valley.

Business & Nonprofit Resources
In regards to resources that may benefit businesses and/or nonprofits with any potential minimum wage increase transition, we offer the following input for the county's consideration:

- Develop "best practices" or other resource(s) that address(es) the snowball effect of an increase on the overall wage scale for a company or nonprofit's employees, i.e. how higher paying jobs will presumably need to transition in kind and how it would be implemented
- Streamline the permitting process by reducing the number of departments involved, creating an online-based system, improving efficiency by county staff, and applying more uniformity and predictability throughout the process*
- Reduce or eliminate taxes and fees to provide some relief from the cumulative effects of overlapping policies that raise the cost of doing business and disincentivize job creation in the county, including*:
  - Reduce development fees and delay the timing of when such fees are paid, such as automatic deferral of development fees until certificate of occupancy is issued
  - Reduce property tax
  - Eliminate utility users tax in unincorporated county
  - Establish a use tax rebate in unincorporated county
  - Eliminate documentary transfer tax in unincorporated county
  - Suspend business property tax for companies in unincorporated county
  - Incentivize development in blighted areas
- Subsidies for competitive industries
- Training incentives for businesses and nonprofits

c/o Irwindale Chamber of Commerce
P.O. Box 2307 - 16102 Arrow Highway, Irwindale CA 91706
www.sgvlcoc.info

- Develop more resources in the county to support skills development, promote technical education, more enrollment in higher education, etc. that places accountability on each person in the workforce as well
- Source grant opportunities for nonprofits
- Improve outreach to businesses and nonprofits to inform them about existing programs and services

We would like to emphasize that the suggested resources solicited through the SGVLCoC are ***preliminary*** ideas. A thorough and thoughtful process was inhibited by the following factors:

- Some businesses and nonprofits are providing input on the spur of the moment, which lacks empirical data from a bottom line analysis to support any significant implications
- Responses from businesses and nonprofits are gradually coming in due to the limited time frame provided to chambers and other professional associations – many who have limited staff and other major initiatives to manage - in outreaching to businesses and nonprofits
- We requested a comprehensive list of existing business assistance programs and services, but have yet to receive the list, so businesses and nonprofits do not have a strong point of reference in determining what resources are potentially feasible through the county
- Many businesses and nonprofits are still unaware or have limited knowledge about this critical issue happening at the county level

Conclusion

Based on input we've received, the consensus within the SGVLCoC is that foreseeable county resources will provide minimal to no support for businesses and nonprofits in managing repercussions from a minimum wage increase. At the same time, resources that businesses and/or nonprofits consider beneficial are seemingly out of reach or unlikely to be implemented per initial conversations with county officials.

The SGVLCoC looks forward to continuing discussions with county officials in implementing and improving resources for businesses and nonprofits to ensure that any implementation of a minimum wage increase is equitable for these county stakeholders.

* Several coalition members are also members of the Los Angeles County Business Federation (BizFed) and aligned with their position on this issue. These specific points are included from BizFed's statement.

Los Angeles County Business Federation

Strengthening the Voice of Business

LA County Business Relief Ideas

BizFed, the Los Angeles County Business Federation, is a grassroots alliance of 140 top businesses groups representing 272,000 employers with 3 million employees throughout LA County. At the request of Supervisor Hilda Solis' staff, we solicited substantive feedback from our members asking for specific ideas to reduce the costs and challenges of doing business in LA County. The following summarizes that feedback:

Streamline the Permitting Process. Our 2015 BizFed Member Survey identified "streamlining local permitting processes" as among the top five issues of concern for business owners in LA County. To accomplish that, LA County can:

- Reduce number of departments/agencies from which you have to obtain approvals. (e.g. Grading or Plumbing could handle the industrial waste approvals.)
- Institute an electronic permitting system so applicants can file paperwork electronically and track permits online. (A number of cities use this, including the City of Los Angeles, but the City of Irvine is often cited as a good example to follow.)
- Improve staffing at permitting departments, specifically when staff is out of the office or on vacation, so projects are not delayed until staff returns. (In particular, the GMED office seems always to have a backlog and to be short staffed.)
- Create more uniformity and predictability throughout the permitting process.

Tax and Fee Relief. While reducing or eliminating taxes and fees cannot offset the costs that businesses will incur from a minimum wage increase, it can provide some relief from the cumulative effects of overlapping policies that raise the cost of doing business and disincentivize job creation in LA County. Here are options our members identified:

- Automatic deferral of development fees until certificate of occupancy is issued.
- Eliminate utility users tax in unincorporated county.
- Establish a use tax rebate in unincorporated county.
- Eliminate documentary transfer tax in unincorporated county.
- Suspend business property tax for companies in unincorporated county.
- Reduce development fees and delay the timing of when such fees are paid. Incentivize development in blighted areas.

CALIFORNIA RESTAURANT ASSOCIATION

July 10, 2015

Hilda L. Solis
LA County Board of Supervisors, First District
856 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Re: COUNTY MINIMUM WAGE INCREASE PROPOSAL

Dear Ms. Solis:

On behalf of the members of the California Restaurant Association, I am writing to respectfully request that you consider the following proposed mitigating measures as part of your discussion of a minimum wage increase in the County of Los Angeles.

The restaurant community is the second largest private employer in the State of California and a driving force in our economy, generating billions of dollars in tax revenue for the State. In addition to providing thousands of jobs and strengthening our economy, restaurants are an entry point into the workforce for young people and unskilled, unexperienced workers. Our industry is also a strong community partner and dedicated to strengthening communities by giving back through donations, sponsorships and charitable partnerships with the neighborhoods we serve.

Unfortunately, minimum wage increases without mitigating measures will have a perverse impact on the restaurant industry. While we recognize that an increase to the minimum wage for the general workforce in Los Angeles County is likely to occur we are urging you to understand that an increase without targeted language to address the restaurant community will ultimately cause unintended harm to those employees we are all wanting to help.

The CRA believes that incorporating the following solutions into a County minimum wage increase would result in a smarter and more targeted policy that could truly raise the living standard for the intended beneficiaries while giving employers the ability to keep their businesses open. A thoughtful and balanced approach to a minimum wage increase is what we are seeking.

(1) **A Training or Teen Wage:**

The restaurant community has long been an entry point for many young people into the job market. In fact nearly half of all adults have worked in the restaurant industry at some point during their lives and more than one out of four adults had their first job in a restaurant. Many of our young employees are unskilled, unexperienced and looking for a part-time opportunity while they are in school. For many years the restaurant community has hired and trained these first time employees knowing that more than half will decide to leave their

positions soon after being hired. Despite this risk the restaurant community continues to employ our youth because they recognize their role in our communities and their unique ability to provide our youth with the skills and opportunity for growth.

We propose that a local minimum wage increase include a youth wage for those 20 years of age and under so that restaurants can continue to provide first time jobs and training to inexperienced youth.

(2) A Total Compensation Model: targeted minimum wage increase policy so that it benefits the intended recipients:

Full service restaurants generally only pay minimum wage to tipped servers, while those in the heart of the house (prep cooks, chefs, dishwashers) are paid above minimum wage since they do not generally share in tips. We are suggesting a "total compensation" framework, where employees whose total taxable/verifiable compensation is greater than the proposed local minimum wage would not receive the County increase but rather would continue to receive the State minimum wage. This proposal would use the state minimum wage as the earnings floor, plus other taxable and employer-verified income as defined by the State of California. This is not to be confused with a "tip credit" or "sub-minimum wage". To the contrary, we are suggesting a minimum guarantee of $15.00 in total hourly compensation for those tipped workers who would not qualify for the County wage increase under this model.

Adopting a total compensation model would allow the restaurant industry to use their finite labor dollars to benefit those employees who are bringing home a salary based on wages alone and are the most in need of additional compensation rather than increasing the hourly wages of the workers that are already the most highly compensated.

(3) Phase It In with Built-in Triggers: A gradual increase over time with built-in triggers to review any possible negative impact on business and adjust if necessary.

The state minimum wage was increased in July 2014 and will go up again to $10 per hour in January 2016. The restaurant community is characterized by razor-thin profit margins that range between three to five percent in a strong economy. Our members are busy working on ways to absorb the State increases, maintain their workforce and continue to price their product so that it is affordable to their consumer. We propose that any Los Angeles County increase be gradual and stepped based on a thoughtful and reflective analysis process that would allow a regular evaluation of any negative economic impact on local business.

Thank you for your consideration and we hope to discuss these ideas with you soon.

Sincerely,

Matt Sutton
Vice President, Government Affairs and Public Policy
California Restaurant Association