



Date: December 22, 2015

To: Patrick H. West, City Manager *T.M.L.*

From: Michael P. Conway, Director of Economic & Property Development *MC*

For: Mayor and Members of the City Council

Subject: Supplemental Information – Los Angeles Economic Development Corporation (LAEDC) Report “Considering Minimum Wage Policy in the City of Long Beach: Theory, Practice and Potential Implications (Report)”

On November 13, 2015, the LAEDC released the Report commissioned by the City Council regarding the potential impacts of a minimum wage policy in the City of Long Beach. The Report included a survey of area businesses, the results of which were included in Part 4 of the Report. The results of the survey could be weighted by size of firm, by geographic location or by whether or not firms have minimum wage employees. LAEDC chose to present the full data “unweighted” for all categories to allow the reader to view complete data. This is consistent with LAEDC’s reporting of survey results in other reports.

Please find attached for your reference a Memorandum titled “Long Beach Minimum Wage Study – Survey Results Weighted by Size of Firm”. Given comments noted by the public regarding the lack of weighted results in the Report, City staff requested a comparison of survey results of both unweighted and weighted for your reference. In addition, LAEDC has provided a summary of public comment and testimony from the public meetings held on November 17, 20 and 24, 2015, as a companion to the Report.

This information will also be provided to the Commissioners of the Economic Development Commission (EDC). The EDC Commissioners will be meeting again on Wednesday, January 6, 2016, at 3 PM in the Council Chambers to continue their discussions on this topic.

If you have any questions, please contact Juan López-Rios, Manager – Economic and Property Development, at extension 8-6129.

Attachments: (2)

cc: Charles Parkin, City Attorney
Laura Doud, City Auditor
Tom Modica, Assistant City Manager
Arturo Sanchez, Deputy City Manager
John Gross, Director of Financial Management
Jyl Marden, Assistant to the City Manager
Juan López-Rios, Manager-Economic & Property Development

Memorandum



To: Tom Modica
Assistant Manager
City of Long Beach

From: Christine Cooper

Date: 12/16/2015

Re: Long Beach Minimum Wage Study – Survey Results Weighted by Size of Firm

Dear Tom,

At your request, we attach full survey results from the Long Beach Minimum Wage survey of business in the city weighted by size of firm.

These weights were determined by the representation of these businesses in the Claritas data set which was used to conduct the survey itself. The weights are as follows: 1-19 employees: 0.840; 20-99 employees: 0.129; 100 and more employees: 0.031.

Each exhibit presents both unweighted and weighted results for easy comparison.

We observed in prior discussion that the weighted results in general do not show significantly different results than the unweighted responses. There are a few questions for which there are significant differences beyond the margin of error, which include: Q1-3, Q1a, Q6, Q8, Q9 and Q12.

There are many ways to weight the results. The overall responses in this particular survey could be weighted by size of firm, by geographic location or by whether or not firms have MW employees. They could also have been weighted by the number of overall employees impacted. Responses differ along these variables. However, rather than choose which weighting system to use, we presented full data for all categories and allow the reader to view complete data. This is consistent with how the LAEDC has reported other survey results, allowing all results to be visible to the reader.

Please allow me to also confirm that the stratified sampling methodology employed in this survey is consistent with best practices in the industry.

If you have any questions about the results herein or any other concerns about our methodology, please do not hesitate to contact me.

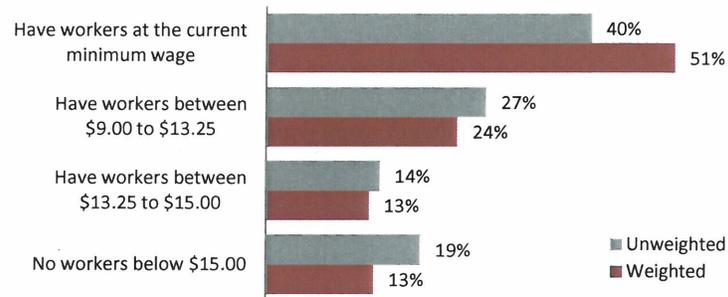
SURVEY RESULTS

The following exhibits show the overall results unweighted and weighted by firm size based on the Claritas data source used in the survey. The survey responses were weighted as follows:

Number of Employees	Survey Completions	Response Weight
1 – 19	200	0.840
20 – 99	200	0.129
100 or more	200	0.031

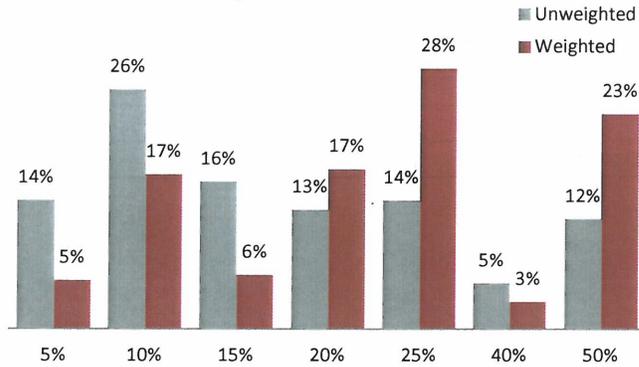
QUESTIONS 1-3:

Do you currently have minimum wage workers?



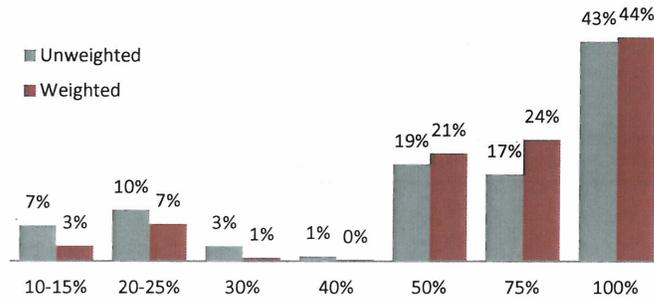
Results derived from the number of employers answering "no" to the three survey questions. Sampling error +/- 4.1%.

QUESTION 1a: If you have minimum wage workers ...
 What percentage of your current workforce is paid the current minimum wage?



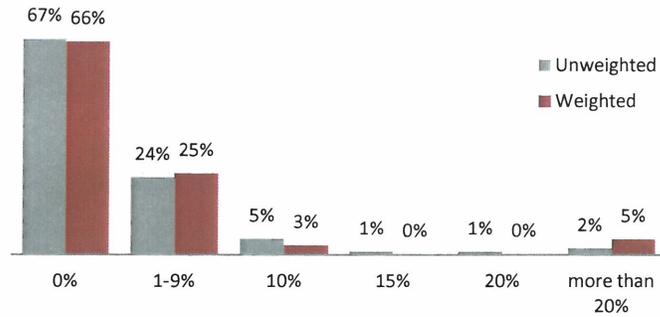
The mean response of those who currently have minimum wage workers was 19.6/26.2 percent. Sampling error +/- 4.1%.

QUESTION 4: Of your minimum wage workers ...
 What percentage are full-time workers?



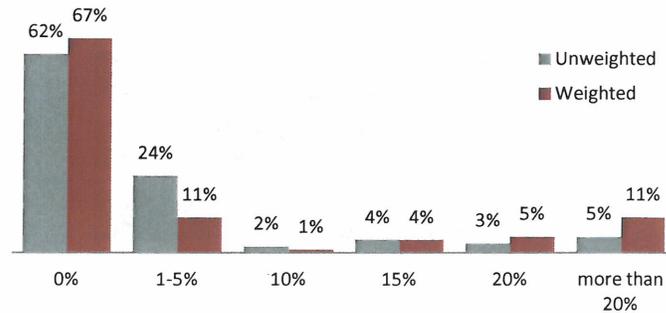
The mean response of those who currently have minimum wage workers was 69.7/74.7 percent. Sampling error +/- 4.1%.

QUESTION 5: Of your minimum wage workers ...
 What percentage are seasonal or temp workers?



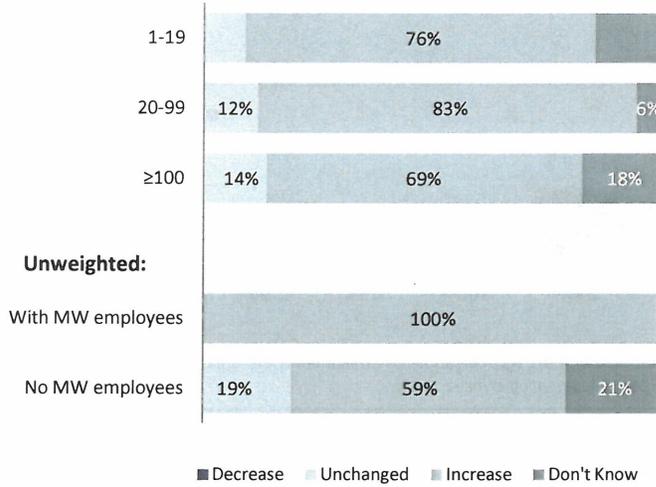
The mean response of those who currently have minimum wage workers was 2.2/2.6 percent. Sampling error +/- 4.1%.

QUESTION 6: Of your minimum wage workers ...
 What percentage are teenagers?



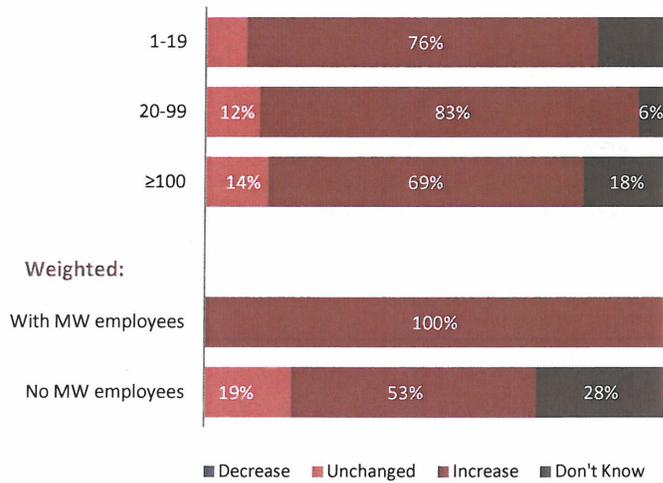
The mean response of those who currently have minimum wage workers was 4.1/6.1 percent. Sampling error +/- 4.1%.

QUESTION 7: If the minimum wage is increased ...
What will happen to your overall labor costs?



No employer anticipates a fall in labor costs.

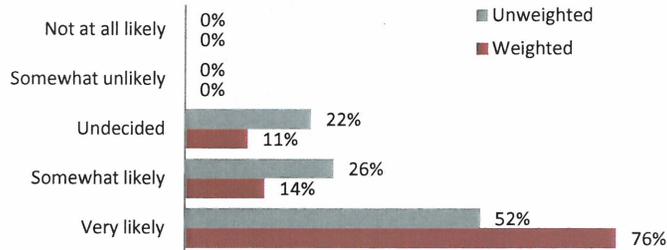
QUESTION 7: If the minimum wage is increased ...
What will happen to your overall labor costs?



No employer anticipates a fall in labor costs.

QUESTION 8: What is the likelihood that ...

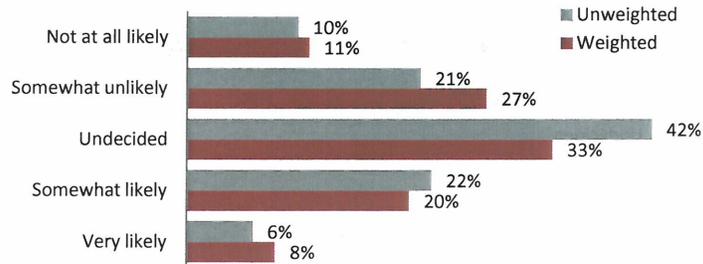
Your minimum wage workers will be happier at work and probably do a better job because they are being paid more?



On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 4.3/4.7.

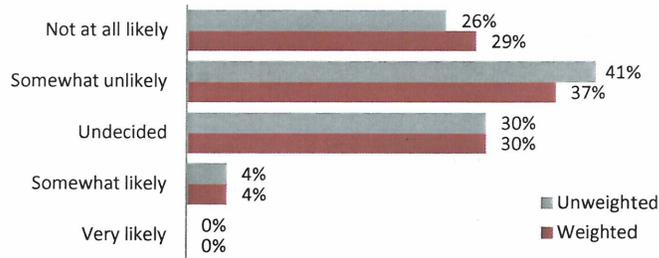
QUESTION 9: What is the likelihood that ...

You will sell more goods or services because your customers will now have more pay?



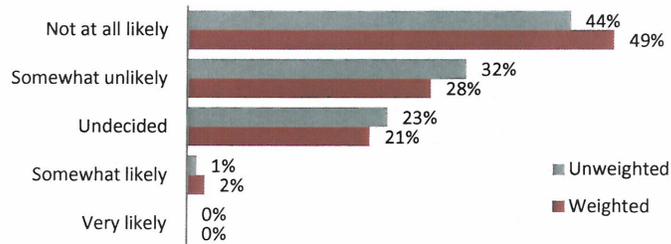
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 2.9/2.9.

QUESTION 10: What is the likelihood that ...
You will reduce the number of your existing minimum wage employees?



On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 2.1/2.1.

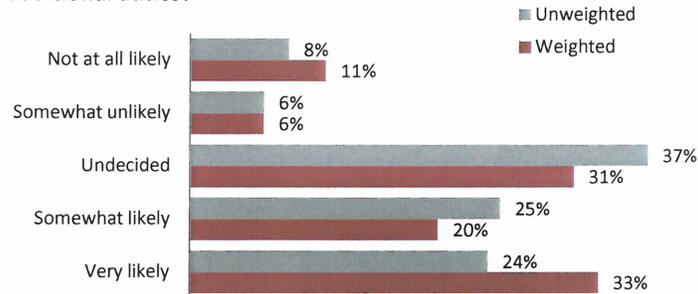
QUESTION 11: What is the likelihood that ...
You will reduce the hours of your existing minimum wage employees?



On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 1.8/1.8.

QUESTION 12: What is the likelihood that...

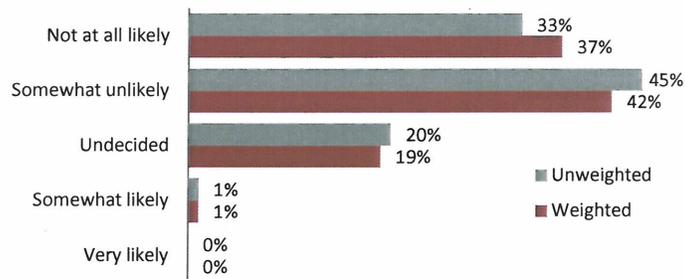
You will require current employees to take on additional duties?



On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 3.5/3.6.

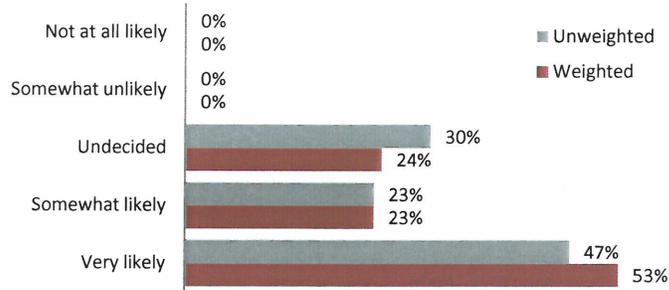
QUESTION 13: What is the likelihood that ...

You will invest in labor-saving or labor-replacing devices or processes?



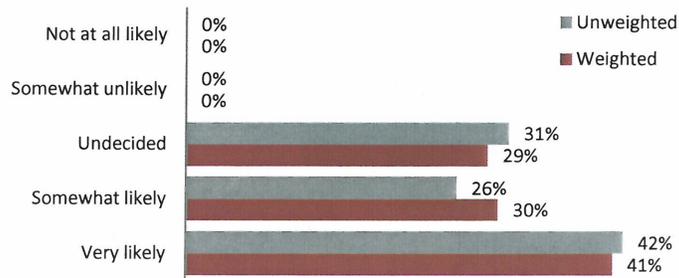
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 1.9/1.8.

QUESTION 14: What is the likelihood that ...
Your costs of employee turnover will decrease because employees will be less likely to quit?



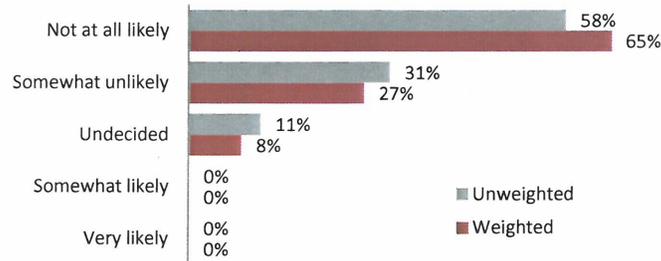
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 4.2/4.3.

QUESTION 15: What is the likelihood that ...
You will ask your customers to pay more for your goods or services to cover your increased labor costs?



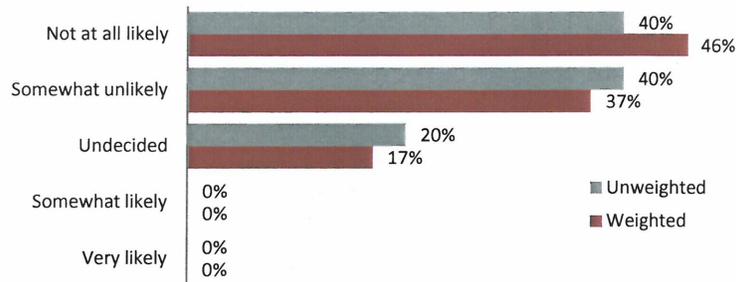
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 4.1/4.1.

QUESTION 16: What is the likelihood that ...
Your profits will increase?



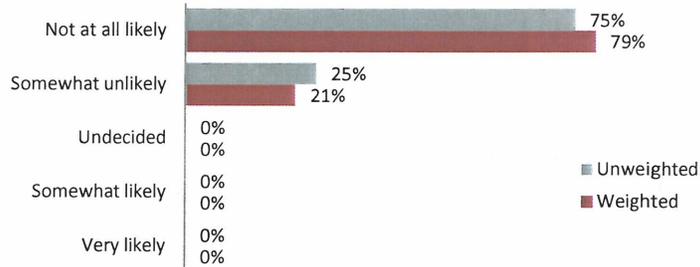
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 1.5/1.4.

QUESTION 17: What is the likelihood that ...
You will move your business to a community with a lower minimum wage?



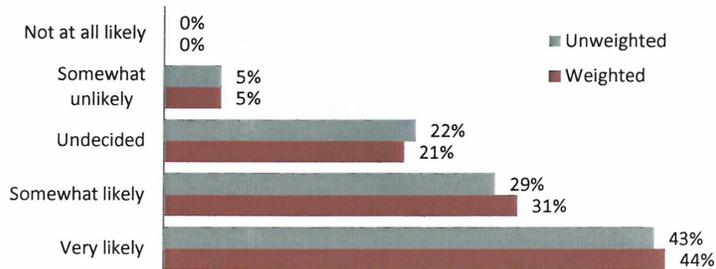
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 1.8/1.7.

QUESTION 18: What is the likelihood that ...
You will have to close your business?



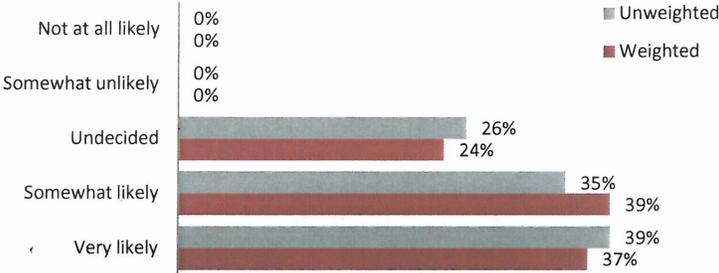
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 1.2/1.2.

QUESTION 19: What is the likelihood that ...
You will increase the minimum wages you pay to match those paid in other cities or regions nearby?



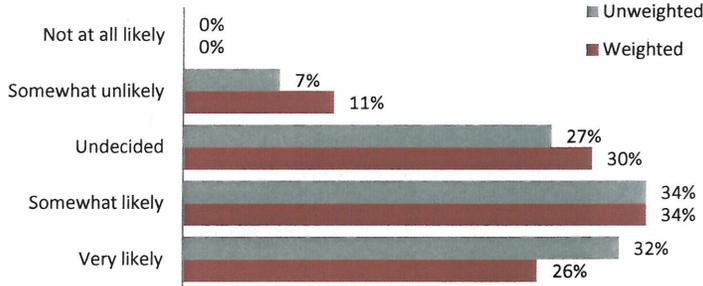
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 4.1/4.1.

QUESTION 20: What is the likelihood that ...
You will increase the minimum wages you pay at least somewhat to compete with those paid elsewhere?



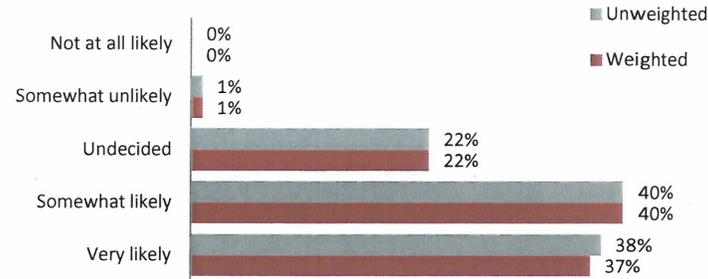
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 4.1/4.1.

QUESTION 21: What is the likelihood that ...
You will lose your minimum wage or lower-paid employees to areas that pay higher wages?



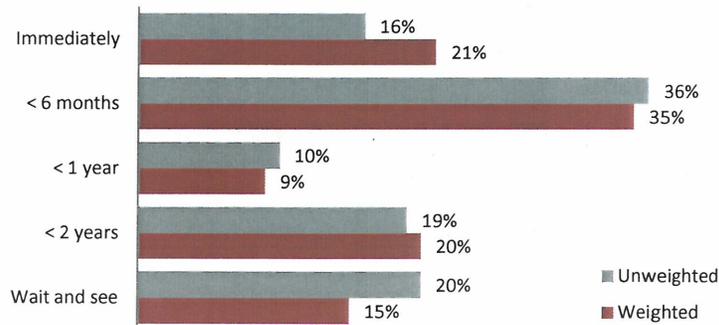
On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 3.9/3.7.

QUESTION 22: What is the likelihood that ...
You will raise the price of your goods and services to match those charged in areas that pay higher minimum wages?



On a scale of 1 to 5, with 1 being "not at all likely," 3 being "neither likely nor unlikely" and 5 being "very likely," the mean of all responses was 4.1/4.1.

QUESTION 23:
When will any changes you do decide to make occur?



Memorandum



To: Tom Modica
Assistant Manager
City of Long Beach

From: Christine Cooper

Date: 12/23/2015

Re: Long Beach Minimum Wage Study – Post-Study Public Comments

Dear Tom,

Attached is our summary of public comments heard at the second set of three open meetings scheduled after the release of the final report, *Considering Minimum Wage Policy in the City of Long Beach*.

If you have any questions or comments about this supplement, please do not hesitate to contact me.

THE COMMUNITY SPEAKS AFTER RELEASE OF THE STUDY

The final report was released on November 13, 2015 and posted on the City website. Three opportunities for the public to provide input and opinions post-release were made available. The first opportunity was the Mayor's Roundtable held on November 17th. At this event, the Mayor and his invited group of approximately a dozen community business owners (including several from non-profit organizations) and workers discussed the findings of the study and how they anticipated being impacted by a MW policy. Mayor Garcia summarized some of the findings of the report and the discussion began. Thereafter, the public was invited to speak. Two other open forums were held, one at the regular meeting of the Economic Development and Finance Committee on November 20 and the final one at the regular meeting of the Economic Development Commission on November 24. Below is a summary of the comments heard at these meetings.

Many of the comments were similar to those made before the study was released. Indeed, many of those that spoke at the pre-release set of open meetings appeared at the second set of three open meetings. Few speakers referenced any findings of the study.

The balance of representation of workers' concerns and business owners' concerns shifted somewhat during the second set of meetings. In the first set, these two groups were approximately equally represented, while in the second set, representatives of workers' concerns outnumbered representatives of business owners' concerns by approximately two to one. Approximately 80 speakers took the opportunity to share their thoughts, and an additional twelve community members participated in the Mayor's Roundtable. Of all speakers, thirty percent were business owners and seventy percent were workers or were representing workers.

Business owners spoke about their concerns about cost increases affecting their business, their profits and their employees. Restaurant owners in particular expressed concerns for including tipped workers as subject to minimum wage regulations without considering total compensation, which, by including income from gratuities, was considerably higher than any minimum wage. Several business owners again provided detailed calculations of how a proposed minimum wage increase would impact their costs and their bottom line and how they expected to manage the transition. Non-profits expressed concern at being unable to continue providing services at needed levels with higher costs amid fixed reimbursements. Others hoped that the issue would be a state-level initiative rather than a municipal-level decision to minimum negative competitive impacts.

While many of the participants in the first set of open forums were workers themselves, a few represented organizations assisting workers, including the Filipino Migrant Center (FMC), Stand with Women Against Abuse (an effort of the Long Beach Coalition for Good Jobs and a Healthy Community) and the Los Angeles Alliance for a New Economy (LAANE).

During the second set of open forums, these organizations were supplemented by organizers and representative of the following: Clergy & Laity United for Economic Justice (CLUE), Latinos in Action, Khmer Girls in Action, Cambodians in Action, California Conference for Equality and Justice (CCEJ), Fight for \$15, UNITE HERE!, Service Employees International Union (SEIU), Building Healthy Communities, Californians for Justice and the Coalition to End Wage Theft.

At the close of the open forum following the Mayor’s Roundtable on November 17, the representative from the Coalition to End Wage Theft became the first speaker to coin “the Long Beach Way” as including four components: a \$15 minimum wage, paid sick days, city-led enforcement and no exemptions to the ordinance.

The reference to “the Long Beach Way” was echoed by more than half of the speakers in support of workers’ concerns at the next open forum (November 20) and by a third of speakers in support of workers’ concerns at the following open forum (November 24), clearly indicating a solidification of message around these four objectives. Several speakers at these two forums were themselves young workers or they were representing the concerns of young workers, all of whom spoke against exempting younger workers from any higher minimum wage.

Overall, representatives of workers groups such as those listed above outnumbered actual workers by approximately two to one.