



September 17, 2018

City of Alameda Mayor and Councilmembers  
Alameda City Hall, Council Chambers  
2263 Santa Clara Ave  
Alameda, CA 94501

Dear Mayor Spencer and Councilmembers,

The California Restaurant Association is the definitive voice of the food service industry in California and is the oldest restaurant trade association in the nation. On behalf of our restaurant members in the City of Alameda, we respectfully submit this letter to voice our opposition to the proposed ordinance that seeks to increase the minimum wage to \$15.00 by 2020, two years faster than the State of California.

The restaurant community is one of the most competitive segments of the business community, with a razor-thin profit margin. A restaurant owner typically only keeps about five cents to the dollar they make in sales, according to a National Restaurant Association and Deloitte & Touche LLP report. On top of that, 25 percent of restaurants close or change ownership in their first year of business. That statistic increases to three in five restaurants after three years. Considering these realities, any given restaurant owner feels immense financial pressure. The recent minimum wage increases in the State of California continue to present major challenges for restaurant operators – and the next four years of \$1 increases is truly untested and a source of great concern for restaurants. The level and intensity of the wage increases yet to come is unprecedented and we strongly object to the City of Alameda going even further in the face of such great uncertainty for employers and employees alike.

In jurisdictions that were early adopters of a local minimum wage, including San Diego and San Francisco, restaurants are employing a variety of tactics to mitigate the impact of this wage shock: restaurants have reduced hours, cut staff, and employed new technology (tablets and kiosks). Data has also shown that in regions with the highest minimum wages in California, we have seen a drop-in teen and youth employment in the restaurant community, as entry level wages shoot up, many restaurants simply cannot offer first-time employment opportunities to relatively untrained youth at such a high cost.

In fact, data from the business survey sent to Alameda employers in June of 2018 reinforces these negative consequences. Roughly 46% of employers reported that they were very likely to not only cut staff but also to reduce the hours of existing employees if this ordinance passes. More than one-third of participating employers are very likely to invest in technology to reduce the need for workers. Over 60% of employers are very likely to raise prices in order to pay for increased labor dollars. Finally, more than half are strongly opposed to the City of Alameda imposing a local minimum wage to exceed the State of California.

We are asking you to give the restaurant community a chance to catch up to the existing wage increase trajectory in California. California is already undergoing a very rapid wage increase, which still remains untested and unparalleled in the United States. We cannot underscore enough the unprecedented nature of what is coming on the wage front. It is important to also consider how mandatory wage hikes can often have unintended consequences within the restaurant community as we are limited in our ability to help non-tipped employees and the state's youth.

Please consider the greater context of the mandatory wage hikes yet to come, the lack of any type of tip recognition, and the absence of a youth training wage. Both tip recognition (at some level) and a youth wage would help offset the escalating labor costs and preserve jobs and available work hours for team members. We believe the Council should encourage restaurant growth and expansion, and to reject policies that hurt both operators and their employees.

Thank you for your consideration.

Sincerely,



Alison Piccoli

Director, Local Government Affairs, Bay Area Region

California Restaurant Association



September 17, 2018

Mayor Spencer, Deputy Mayor Vella,  
Councilmembers Oddie, Ezzy Ashcraft, Matarese

Re: Minimum Wage recommendation

On behalf of the West Alameda Business Association Board of Directors ,please consider our recommendations regarding the proposed Minimum Wage Increase. There are many unintended consequences in accelerating the increase beyond the State's actions. It is a more complicated issue than it appears.

Alameda decision makers are years behind other bay area cities addressing Minimum Wage. Therefore the proposed increase will directly impact the small and local business owner. The proposed accelerated minimum wage can increase the net operating expenses up to 15%.

There are many false assumptions of what a local business owner appears to be. Many don't take salaries and vacations and are being challenged by increasing rents and other costs. Many are considering simply closing their doors. This will cause for employee hours to be cut back or eliminated. Corporate businesses can absorb rising costs that our local businesses can't. Also consider that for each dollar increase adds 30% to operating costs.

- Workers Compensation is based on salaries.
- Employment Training Tax is based on salaries.
- Unemployment Insurance *is* based on salaries.
- Social Security benefits is based on salaries.

As stated in the Economic Development Strategic Plan, Alameda is attractive for business because of our lower labor costs. How will this affect a proven strength we recognize?

A **compromise** is very important. We need to protect our small independent business owners, many who are in Alameda historic districts, and many employ local Alamedans. Please consider the following recommendations:

1. Follow the State of California proposal **OR**
2. Follow Oakland as our nearest retail competition **OR**
3. **Adopt:** \$12.50 (7/1/19)      \$13.50 (1/1/20)      \$14.50 (1/1/ 21)      \$15.00 (1/1/22)
4. Consider a threshold of 25 employees or less being exempt.
5. Re-evaluate after hourly rate reaches \$15 before automatic CPI is mandated. A cost for any business that keeps increasing is not sustainable.
6. Consideration given to companies paying full health insurance which is worth \$2/hour.
7. Exception for training wage (maximum 3 months).
8. Exception for Student workers.

Linda Asbury, Executive Director

West Alameda Business Association





2447 Santa Clara Ave, Suite #302  
Alameda CA 94501  
Phone: (510) 523-1392  
Fax: (510) 747-9579  
Email:  
office@downtownalameda.com

**2018 Board of Directors**

**Donna Layburn**  
President

**Steve Busse**  
Vice President

**Ron Mooney**  
Treasurer

**Krizten Delossantos**  
Secretary

**Directors At Large**

**Julie Baron**

**Kyle Conner**

**Krizten Delossantos**

**Cindy Kahl**

**Jason Tsang**

**Committee Chairs**

**Rich Krinks**  
*Govt & Economic Relations*

**Cynthia Schorle**  
*Maintenance & Improvement*

**Jennifer Serr**  
*Membership Committee*

**TBA**  
*Promotions Committee*

**Staff**

**Janet Magleby**  
Executive Director

**Shalynn Taylor**  
Membership & Events

September 12, 2018

Honorable Mayor Spencer and Distinguished Councilmembers;

The Downtown Alameda Business Association represents over 470 businesses and its Board of Directors represents a diverse array of business types including both small and large employers, restaurateurs, brick and mortar retailers, services, and entertainment venues. Indeed, the very heart and soul of the district is represented on our Board.

It is with this one voice that we come together to ask Council to stay with the State of California's plan and timeline for implementing any Minimum Wage increase on the island. If you must put forth a more aggressive plan we hope you will consider staying in step with Oakland, our biggest competitor for employees (and shoppers).

Business owners believe in their employees and want to help make their lives better, but if they have to start raising prices (and possibly losing customers because of it) in the end they'll have to lay off workers. Even worse, close their businesses.

Many of our members operate restaurants and while we've had many new establishments open in the last two years, others have closed their doors as they struggled to hire employees. Restaurants face unique issues with minimum wage as tips could bring server wages up to \$30 per hour with a \$15 minimum wage while kitchen staff only get the minimum wage increase.

Often businesses employ young and inexperienced workers and will find it difficult to pay that workforce the same minimum wage as those with far more experience. A starting minimum wage is requested.

Our association and membership support paying our employees a living wage. Business owners and managers know that minimum wages must go up. It's the timing and rate of said increases that are of concern. We must allow businesses the time to plan for and manage for this increased expense.

In addition, our association and its members request that the City of Alameda create, support, and implement an educational advertising campaign to make consumers aware of the reason for higher prices that a minimum wage increase will cause and encourage everyone to continue to buy local that will support employees on the island.

With gratitude,

The Downtown Alameda Business Association and its Board of Directors