



Office of the City Manager

WORKSESSION

February 5, 2019

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Jordan Klein, Economic Development Manager

Subject: Referral Response: Small Business Support

SUMMARY

In this worksession report, the Office of Economic Development (OED) reports on new initiatives to support small businesses in Berkeley. There are approximately 5,000 small businesses in Berkeley. Small businesses are a critical part of our local economy: they provide access to essential goods and services, create jobs and economic opportunities, and make essential contributions to Berkeley's vitality and distinct character. In recent years, the viability of small businesses has been threatened by a broad range of issues including the increasing costs of doing business, physical conditions of commercial districts, competition from the Internet, and difficulty engaging with the City of Berkeley.

In January 2018, OED launched five program and policy initiatives: improve outreach and communications with small businesses; increase support for businesses navigating the permitting process; recommend modifications to the zoning ordinance to support small businesses; pilot small business retention programs; and support independently-owned retailers with marketing, networking and education. The objectives of these programs include boosting the profitability and sustainability of small businesses, preventing the closure and displacement of small businesses, sustaining and growing business-related municipal revenues, and improving Berkeley's reputation as a place to do business.

CURRENT SITUATION AND ITS EFFECTS

In April 2017, City Council referred to the City Manager the development of a package of policies and programs to support the establishment of new, and sustainability of existing, small and/or locally owned businesses.¹ Subsequently, during summer and fall of 2017, OED staff conducted outreach to and research on Berkeley's small businesses and compiled its findings in a worksession report and presentation to council in January 2018.² The report concluded with a commitment to implement five policy and

¹ [Small Business Support Package](#), Item 41, Berkeley City Council Meeting, April 25, 2017.

² [Economic Development Worksession: Small Business Support](#), Item 1, Berkeley City Council Meeting, January 16, 2018.

programmatic initiatives to support small businesses by June 2019. Each initiative relates directly to the feedback received by small business owners and managers, and to items identified in City Council's original small business package referral.

OED's 2018 activities included five major additions to the 2018-19 work plan:

1. Improve OED's outreach and communications with local small businesses.

Many small business owners and managers reported challenges engaging with the City of Berkeley that hinder their sustainability and profitability. The Office of Economic Development's central role is to assist businesses to access services and get the help they need; however, most business owners are unaware of our office as a resource, and therefore do not take advantage of it. To overcome this, OED has over the past year implemented a broad set of activities to improve outreach and communications.

- **Physical and Digital Collateral:** In early 2018, OED produced two brochures: a general overview of OED services, and an overview of the Revolving Loan Fund (RLF) (attachment 1). OED also updated and simplified its website content (with quarterly updates), and expanded direct outreach via physical mailings to new businesses.
- **Direct Mail:** To raise awareness about existing services, OED partnered with the Finance department to include a printed insert in the annual business license renewal mailer (attachment 2) that was sent to all registered Berkeley businesses (~13,000 addresses) in December 2018. During the subsequent month, staff received 12 inquiries regarding the RLF (up from an average of 1 per month). Staff attributes the increased interest in the loan fund directly to the mailer.
- **Business Survey:** In September of 2018, OED conducted its first comprehensive business survey. The goal was to better understand the profile of Berkeley businesses, communicate more effectively with our business community, and design solutions to respond to businesses' articulated opportunities and needs. The survey was administered on "Berkeley Considers", the City of Berkeley's platform for citizen engagement. OED received 575 unique responses, approximately a 10% response rate. Respondents indicated they would like OED to focus on the following activities:
 - Help navigate Berkeley's codes, regulations, and policies (30%).
 - Provide opportunities to connect with local leaders through business networks, commercial districts, and industry groups (28%).
 - Open connections to the broader Berkeley innovation ecosystem, including U.C. Berkeley and Berkeley Lab (20%).

A full summary of survey results is attached to this report (attachment 3). OED plans to implement the survey annually to measure key indicators and their change over time, track challenges and opportunities for businesses, and boost communications.

- **Small Business Forum:** On November 15, 2018, OED hosted its second annual forum with owners and managers of small businesses in Berkeley. The program included a welcome from City officials, information sharing, direct engagement and dialogue, and networking. Approximately 75 people attended, representing 55 unique businesses. Following the event, feedback from participants was largely positive, and several commercial district leaders indicated that they would like to host the event in their district in subsequent years.
- **Berkeley Business District Network (BBDN):** In 2018 OED increased staff support of BBDN, the network of representatives from the City's commercial district associations and business membership organizations. The group increased the frequency of its meetings (from quarterly to semi-monthly), where they share information on local trends and conditions affecting small businesses, district events, policy issues, and other relevant topics. The City Manager joins every other meeting to hear district updates and share relevant City information directly with commercial district leaders.

OED expects these efforts to help us reach more clients in 2019, to serve them more effectively, and to improve the City's reputation as a place to do business. In 2019 we will continue these activities, and explore the establishment of a regular newsletter and an expansion of our use of social media.

2. Increase support for businesses navigating the permitting process.

The provision of support for businesses navigating the permitting process has long been a core function of OED. Most City departments that serve businesses must dedicate their staff capacity to processing existing applications (e.g., for zoning approval, a building permit, a business license, or a parklet) as timely as possible. OED has the capacity to provide support and case management *before* an application is submitted or completed. Typically, case management involves researching and explaining local, regional and state regulations (e.g., Berkeley's Zoning Ordinance; California Alcoholic Beverage Control), contacting City departments and other regulatory agencies on the client's behalf, task tracking and management, and providing moral support to the applicant/client.

Over the past year, staff in the business services division increased their capacity to provide support through the following activities:

- Shadowing planning and building staff at the Permit Service Center to gain a better understanding of the issues and challenges that come up for applicants.

- Reviewing Zoning Adjustments Board meetings to increase staff knowledge of the permit approval process and to prepare applicants for the review process.
- Engaging with the small business community and commercial real estate professionals to understand which processes and factors most commonly cause delays in the permitting process.
- Researching best practices and trends in economic development and planning via webinars, workshops, planning conferences, and publications.

The increased knowledge and capacity allows staff to provide more effective case management for businesses and nonprofits interested in operating or expanding in Berkeley. OED has found that the key outcomes of this case management are to improve the customer experience for small businesses engaging with the City, and to speed up the review process by ensuring that the business has all the information they need in order to complete their application materials as quickly as possible. One recent client, a business owner in South Berkeley, noted, “I am grateful for all your recommendations and for being there, which I can tell you already made a difference for me. I had lots of visits to the city during this project and I left with a [more] positive perception today than I ever did, thanks.”³

In 2019, OED staff will continue to work closely with staff from Planning and Finance to identify opportunities for increased efficiency and streamlining to assist businesses and organizations in Berkeley. Staff also aims to develop review process ‘checklists’ that are customized for specific business types (e.g., restaurants, life sciences startups).

3. Recommend modifications to the zoning ordinance to support small businesses and prioritize desired uses.

OED and Planning Department staff worked with small business owners and advocates and other community stakeholders to identify and recommend modifications to the zoning ordinance to streamline the review process for small businesses. Over the course of 2018, these policy recommendations were reviewed, refined and adopted by the Planning Commission and City Council:⁴

1. Reducing the amount of parking required for businesses moving into existing commercial spaces;
2. Simplifying food service categories by reducing them from three to one;
3. Reducing permitting time and costs for small businesses that request a change of use in existing commercial spaces;
4. Clarifying the permit process for new business types that may not be specifically defined in the City’s zoning rules;

³ E-mail to Kieron Slaughter, OED Community Development Project Coordinator, January 4, 2019.

⁴ [Zoning Ordinance Amendments Supporting Small Businesses](#), Item 9, Berkeley Planning Commission Meeting, October 3, 2018 and [Referral Response: Modifications to the Zoning Ordinance to Support Small Businesses](#), Item A, Berkeley City Council Meeting, December 11, 2018.

5. Making 'commercial recreation' uses (such as bowling alleys, miniature golf courses or ping pong clubs) easier to permit in commercial districts; and
6. Streamlining the permit process and providing clear performance standards for restaurants that wish to serve beer and wine.

The revisions reflect the input from the small business community and were designed to make the zoning review process for small businesses clearer, less time consuming, and less expensive. In developing the six modifications, staff consulted with business district network leaders and numerous individual owners and operators of Berkeley's small businesses, and considered recent experiences of businesses that decided not to locate or expand in Berkeley owing to our regulations or permitting process. Staff observed that it is particularly difficult for small, independently-owned businesses to navigate the permit review process and the associated timelines and expense.

The code changes, slated to go into effect in late February, are a component of the City's larger, cross-departmental effort to improve the customer service experience. OED is currently supporting clients whose review period will be shortened by several months owing to the adopted zoning modifications. In 2019, OED staff will partner with the Planning Department to identify more potential policy improvements to support small businesses.

4. Pilot new small business retention programs.

In summer 2018, OED issued a request for proposals to provide assistance to small, locally-owned, independent retailers that are at risk of displacement or closure. OED has engaged two organizations, Uptima Business Bootcamp and Project Equity, to provide the following services and programming to Berkeley businesses:

- "Individual Action Planning" for business owners, which may include development of a business plan, securing financing, hiring employees, business taxes, organizational development, marketing, customer analysis and leadership.
- Assist Revolving Loan Fund applicants with submittal requirements.
- Assist business owners with succession planning and conversion to worker-owned cooperatives.
- Provide legal assistance and lease negotiations for existing business owners.
- Promote equitable and sustainable business practices, e.g. green business certification.
- Promote partnerships and leverage relationships with Berkeley based organizations like the Berkeley Start Up Cluster, East Bay Bio, the Berkeley Chamber, and other relevant commercial business and neighborhood associations (i.e. West Berkeley Design Loop).

The programs launched in January 2019 and the organizations are now conducting outreach to prospective clients, which will include door-to-door outreach, mailings, and e-mail blasts; sample outreach materials are attached (attachment 4). Uptima is

partnering with YaVette Holts of Bay Area Organization of Black-Owned Businesses (BAOBOB) to conduct focused outreach to businesses owned by people of color. And OED is working with Project Equity to conduct a strategic mailing to businesses that are most likely to be interested in conversion to worker ownership. The partnership with Project Equity has already benefited from local media coverage, which supports outreach efforts.⁵ OED and its partners hope to serve up to 20 clients per year for two years through these programs, retaining valued small businesses and jobs.

5. Support independently-owned retailers with marketing, networking and education.

In spring 2018, OED conducted an evaluation of the impact and value of Buy Local Berkeley (BLB), the network of independently-owned retailers and small businesses founded in 2008. The evaluation was conducted in partnership with the former BLB director and other small business advocates and stakeholders. It included interviews with a dozen current and former BLB members and subject matter experts, as well as research into best practices from eight other cities. The evaluation found that the program components that are most supportive of independent retailers and other small businesses include marketing, networking, and education.

The BLB business membership network has winded down, and in its place OED is partnering with Berkeley business associations to implement the following programs to help increase sales for Berkeley's retail stores, restaurants and personal services businesses:

- **Promote independent retailers and help them access new markets.** This will include events and marketing activities that encourage Berkeley residents and consumers to support local businesses, especially during the holiday season and other key periods. OED partnered with the Berkeley Chamber and Downtown Berkeley Association to produce a 'Shop Local' Holiday Gift Fair on December 5, 2018 at the UC Theatre (attachment 5). The event drew forty independently-owned small businesses – mostly Berkeley-based, with a handful from neighboring cities in the East Bay – and over 400 shoppers. The event provided increased exposure for local businesses and provided a fun alternative to online shopping; it received overwhelmingly positive feedback, and OED is planning to sponsor the event again in 2019.

OED has also engaged a Berkeley-based design and communications firm, Celery Design Collaborative, to develop a communications plan and a creative campaign to improve Berkeley's reputation for doing business, shopping, and entertainment.

⁵ Otis Taylor Jr., [Nonprofit helps employees take hold of reins as business owners retire](#), San Francisco Chronicle, November 29, 2018.

- **Develop educational workshops about sales and marketing strategies** and tactics for Berkeley's small businesses. OED has engaged the Berkeley Chamber to produce two workshops in 2019, which will include 1-2 hours of hands-on training or tutorials regarding sales, marketing and advertising, and an hour of networking. OED will also continue to assist local business district associations to connect with business marketing experts and invite them to be guest speakers at their merchants meetings.
- **Provide business-to-business (B2B) networking opportunities** for business leaders to share best practices and learn from each other. Examples include monthly networking mixers organized by the Berkeley Chamber and Women Entrepreneurs of Berkeley, and innovation sector convenings organized by the Berkeley Startup Cluster, Berkeley Emeryville BIO, Startup Grind, or the city's many accelerators, incubators, and co-working spaces.

Looking Ahead

In 2019, and through the FY 2020 & 2021 budget cycle, OED will continue the programmatic and policy initiatives to support small businesses that are described in this report. The work is showing early dividends; staff is heartened by the positive response we have received to our communication efforts, zoning modifications, and other expanded programming. While we are enthusiastic about our progress to date, significant work remains. Some of these initiatives, such as our new small business retention program, are still in their early phases, and will continue to require the dedication of significant staff time, limiting our division's ability to take on additional new initiatives in 2019. Staff will utilize the annual business survey and other tools to track our progress and evaluate our programming. OED will regularly consult with and update City Council as we refine our work plan to better serve our clients.

BACKGROUND

Small businesses are critical to our local economy and help to define Berkeley's identity. There are over 5,000 small businesses (defined as firms with 50 or fewer employees) located in Berkeley. Although Berkeley's Finance Department issues approximately 13,000 business licenses annually, this includes property owners that collect rental income in the City, as well as firms based outside of Berkeley that are required to obtain a business license in order to perform work in Berkeley (e.g., contractors). The fiscal impact of businesses to the City of Berkeley is substantial; roughly a quarter of the City's general fund revenues are generated by business-related taxes. Of these revenues, approximately 11% is derived from business license fees, 5% from the transit occupancy tax (TOT) or hotel tax, and 10% from sales tax.⁶

The small businesses in Berkeley are diverse by sector, type and ownership demographics. In addition to the restaurants, retail, and personal services businesses that we commonly associate with 'small businesses', the City is also host to a wide

⁶ City of Berkeley, [Fiscal Years 2018 & 2019 Biennial Budget](#), page 11.

variety of sole proprietorships including a diverse set of home-based businesses. Berkeley is also home to approximately 350 startups in innovation and technology sectors.

Over the past half-decade, retail uses in commercial districts, as a share of total square footage, has declined, even as vacancy rates have largely remained stable or declined. For example, the percentage of ground floor commercial square footage occupied by retail uses decreased from 44.8% in 2015 to 37.0% in 2018. During the same period, the overall citywide vacancy rate only increased three tenths of a percent from 5.9% to 6.2%.⁷ As retail has declined, ground floor commercial spaces have been increasingly occupied by office uses, personal services, and other non-retail uses (including non-conforming uses, leased spaces and pending development projects). As a result, commercial districts are increasingly reliant on food and beverage services as a driver of sales and foot traffic.

Historically, the City of Berkeley has enjoyed a robust food and beverage sector, with high sales tax revenues as compared to other Bay Area and California cities. Over the past seven years, food and beverage sales have steadily increased as retail has largely remained flat or decreased. Citywide, food and beverage sales eclipsed retail receipts in 2015 and have continued to outpace retail sales since.

OED's Baseline Existing Services for Berkeley's Small Businesses

The mission of the Office of Economic Development is to assist businesses, entrepreneurs, artists and community organizations to access resources, feel welcome in Berkeley, and thrive. In keeping with its mission, small businesses in Berkeley can currently take advantage of a variety of high impact services offered by the Office of Economic Development and partner agencies. These include the following:

- OED staff members provide **direct assistance and case management** to small businesses to help them identify prospective sites in Berkeley, understand zoning and other regulations, navigate the permitting process, access City resources, engage with neighboring businesses and stakeholders, and participate in civic projects. Four members of OED's business services team provide this type of client support, with each staff member offering various expertise relating to particular service types, industry sectors, and commercial districts.
- OED's **Revolving Loan Fund (RLF)** offers loans directly to businesses with interest rates and terms that are below market. The RLF monies are available for use in supporting business expansion in Berkeley, and funding fixed assets, equipment, working capital, and real estate.

⁷ [Berkeley Economic Dashboards](#), Item 34, Berkeley City Council, September 13, 2018.

- There are about a dozen **commercial district associations**⁸ across Berkeley that support small businesses and work to enhance their shopping environment. They range widely in size and formality, from small, all-volunteer groups that meet irregularly, to legal entities with organizational by-laws and monthly meetings, to large organizations with paid staff and sustainable and sizable budgets. Their services vary by district, but often include marketing and branding, special events, landscape and holiday decorations, supplemental cleaning services, public art and other capital projects. OED staff provide technical support to these organizations through board membership, staff time, contract processing and regular communications regarding city activities.
- A number of **other business networks** in Berkeley provide specialized services to businesses, or serve specific industry sectors. These include the Berkeley Chamber (marketing, advocacy, networking, events), Berkeley Business District Network (capacity building and knowledge sharing for commercial district leaders), Women Entrepreneurs in Berkeley, Berkeley Startup Cluster (startups in innovation sectors), Berkeley-Emeryville BIO (biotech and other life science companies), and West Berkeley Design Loop (design and construction businesses). OED staff provide technical support to these sector based organizations through event planning, thought partnership, newsletter communications, and networking.
- OED promotes **sustainable business practices in collaboration with the Alameda County Green Business Program**. The process for certification helps businesses implement industry-specific steps to reduce greenhouse gas emissions and hazardous waste, improve energy efficiency, conserve water, and divert solid waste from the landfill.
- **Workforce development organizations**, with support from OED, build connections between Berkeley's employers and local education and training providers. OED assists companies on site tours, engaging with local high school or college students, and contributing to STEM education and training.
- OED provides **data collection, reporting and analysis** on Berkeley economic conditions and trends, business occupancy, commercial vacancy, demographics, and other tools that support small businesses' and advocates' activities related to locational decisions, marketing, and research. OED provides regular economic reports to Council, and can perform limited ad hoc reporting services in response to a particular request from a small business client, adjacent department or staff section, or councilperson.

⁸ A list of active associations is available on the City website:
https://www.cityofberkeley.info/City_Manager/Economic_Development/Commercial_Districts.aspx

ENVIRONMENTAL SUSTAINABILITY

Small businesses often contribute to sustainable transportation and consumer behavior by providing opportunities for residents to shop locally in neighborhood commercial districts that are accessible by foot, bicycle and transit. Successful initiatives that support small businesses in turn promote both environmental and economic sustainability.

POSSIBLE FUTURE ACTION

Possible future actions include referrals to the Planning Commission of additional modifications to the zoning ordinance that support small business development, and authorizations for procurements and contracts for services to support small businesses.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION


OED will continue to implement the programs described above with existing staff and budgetary resources. Small businesses are important contributors to General Fund revenues through sales tax, business license tax, and property tax. To the extent that the new policies and programs encourage the development and expansion of small businesses in Berkeley, the fiscal impacts are beneficial, but difficult to estimate.

CONTACT PERSON

Jordan Klein, Economic Development Manager, (510) 981-7534

Attachments:

- 1: OED Marketing Materials, 2018
- 2: Business License Renewal Letter Insert, December 2018
- 3: OED Business Survey Results, November 2018
- 4: Small Business Retention Program Outreach Materials, January 2019
- 5: Local Maker Holiday Fair Marketing Materials, December 2018







OFFICE OF ECONOMIC DEVELOPMENT

Supporting Berkeley Businesses

Our Services


Let us help you...

-  **Identify resources** and get assistance to launch or grow a business.
-  **Connect with local leaders** through business networks, commercial districts, and industry groups.
-  Obtain **economic and demographic data** to support location decisions, marketing, and research.
-  Get certified as a **green business**.

© 2010

-  Find a **business location** or commercial real estate in Berkeley.
-  **Get financing** for a business expansion or other business needs through our Revolving Loan Fund.
-  **Recruit local talent** or share your knowledge through our education and training partner network.
-  **Provide feedback** on local policy.


-  **Navigate Berkeley's codes,** regulations, and policies to start or expand a business.
-  **Plug-in** to the broader Berkeley innovation ecosystem, including U.C. Berkeley and Berkeley Lab.

Office of Economic Development

City of Berkeley Loan Fund

The City of Berkeley can assist you in obtaining financing for your new or existing business expansion, build out, and other working capital needs.



- Up to \$100,000
- Up to 7 years
- Low interest rates

Learn more about the program online: cityofberkeley.info/oed

Source: Office of Economic Development Brochures, Business Services (l), Revolving Loan Fund (r).



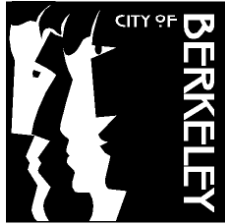
Attention Berkeley Business Owner:

Thank you for continuing to do business in the City of Berkeley. We value your contributions to our City.

Berkeley's Office of Economic Development (OED) is available to provide you with support and assistance. Our mission is to assist businesses, entrepreneurs, artists and community organizations to access services, feel welcome in Berkeley, and thrive. Our services include:

- **Berkeley Revolving Loan Fund.** Low interest loans up to \$100,000 to expand, make business improvements and create and retain jobs.
- **Assistance with Business Establishment and Expansion.** We help businesses navigate Berkeley's land use codes and regulations, identify sites, and get your doors open as quickly as possible.
- **Information, Resources and Connections.** We can provide economic and demographic data; connections to other City departments, local business networks and industry associations; advice on greening your business; and additional information on a range of business topics.
- **Business Retention Services.** Is your business at risk of displacement or closure? Qualifying businesses can receive focused assistance and training in marketing, sales, customer service, budgeting, real estate, succession planning and other topics to enhance your profitability and sustainability.

If you are interested in any of these services, please call us at (510) 981-7530 or email us at OED@cityofberkeley.info. For further information on our programs and services, please visit our website at www.cityofberkeley.info/oed.



Office of Economic Development

MEMO

November 15, 2018

Subject: Office of Economic Development (OED) | Business Survey Results
What have we heard from Berkeley businesses in 2018?

In fall 2018 the Office of Economic Development (OED) conducted a survey of businesses located in or operating within the City of Berkeley. The goal of the survey was to understand the profile of Berkeley businesses; to inform the design of solutions that respond to businesses' opportunities and needs; and to communicate effectively with our business community and raise their awareness of OED. The survey also included specialized questions for manufacturing firms, in coordination with the Bay Area Urban Manufacturing Initiative.

Survey Methodology

OED conducted the survey using a web based collection tool, on the City of Berkeley's Internet-based platform for citizen engagement known as "Berkeley Considers." The survey went live on September 17, 2018 and was open through October 15, 2018. The electronic link to the survey was sent to approximately 5,600 emails obtained from the City of Berkeley Business License database. These emails are provided to the finance customer service center by the businesses registrant when renewing or applying for a Business License. OED removed duplicate emails and emails associated with business licenses for "rental of real property." OED also distributed the survey link to three additional email lists with business owner contact information: Buy Local Berkeley, Berkeley Start Up Cluster, and Bay Area Urban Manufacturing Initiative (BAUMI). OED also asked partner organizations – including Berkeley's business membership organizations, networks, and commercial district associations¹ – to distribute the survey link to their member businesses. Most organizations distributed the link soon after the survey went live, and sent a reminder the week before the survey closed.

¹ A list of active associations is available on the City website:

https://www.cityofberkeley.info/City_Manager/Economic_Development/Commercial_Districts.aspx

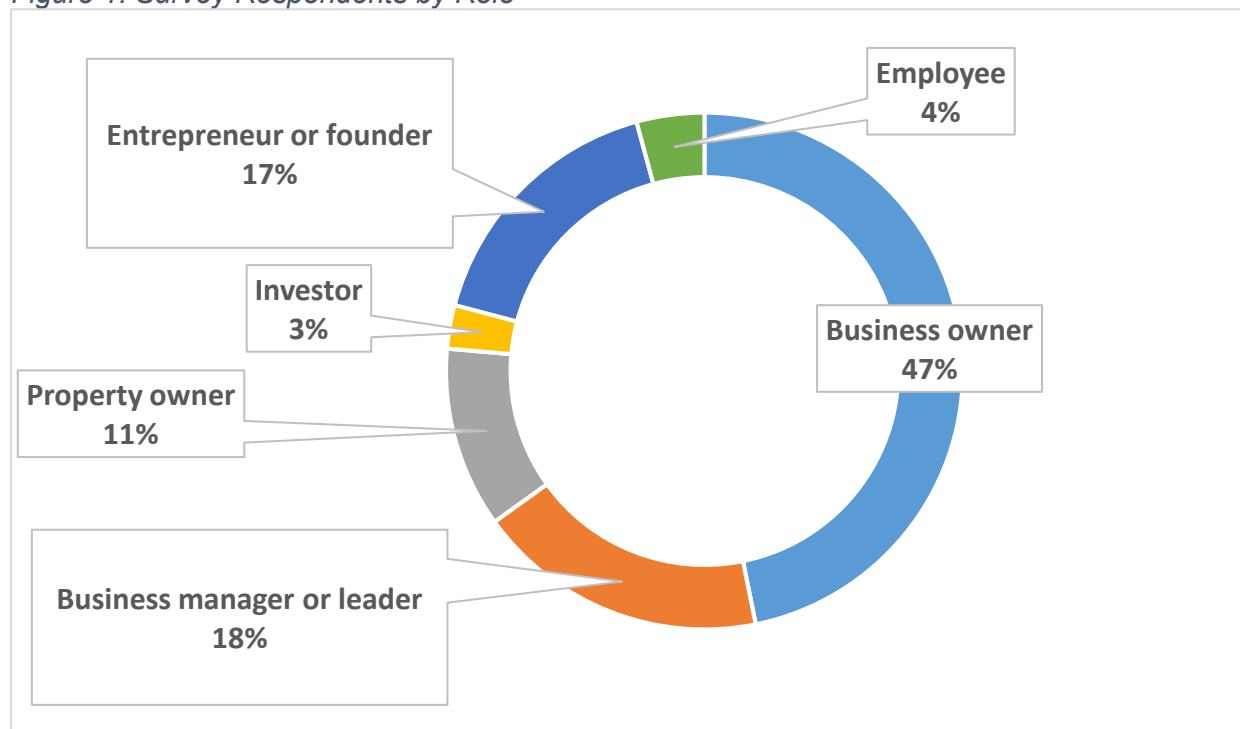
The survey consisted of fifteen questions. Fourteen were multiple choice with multiple answers (including a write in ‘other’ option choice on eight questions), and one question had a space only for free text response. For firms that identified themselves as manufactures, two additional questions were posed at the end of the survey. Staff estimated that the survey required approximately five minutes to complete (though we received feedback that it took closer to fifteen minutes to finish). The full text of the survey is included at the end of this document.

Survey Respondents

OED received 575 unique survey responses, representing a response rate of approximately 10%. Response rates for external surveys average between 10 and 15%.²

Forty-seven percent of survey respondents identified themselves as “business owners” and 18% identified themselves as ‘business managers or leaders.’ Nearly 37% of the total respondents indicated that they live in Berkeley (Figure 1).

Figure 1: Survey Respondents by Role

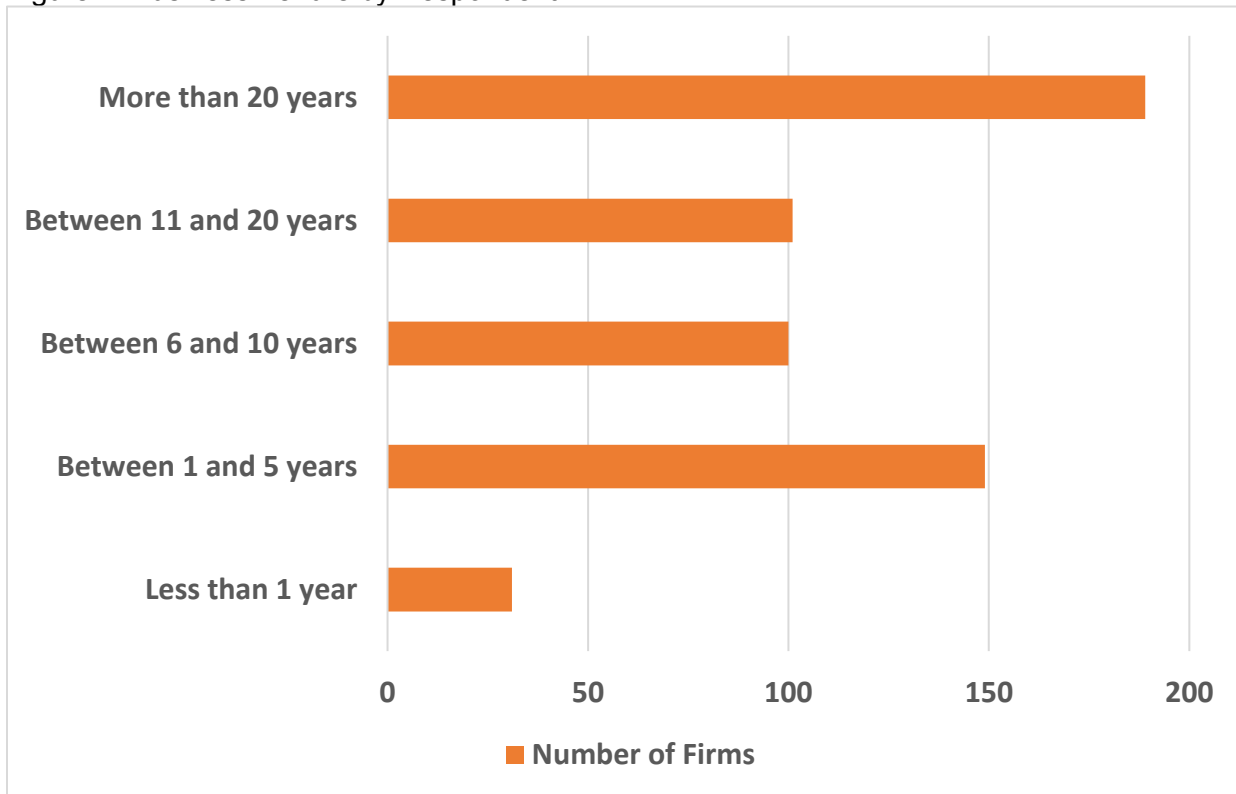


² Andrea Fryrear, *What's a Good Survey Response Rate?*, July 2015, Online: <https://www.surveygizmo.com/resources/blog/survey-response-rates/>

Approximately one third of survey respondents indicated that they had been in business in Berkeley for more than 20 years (see Figure 2). Over a quarter of respondents (149 respondents) indicated that they had been in business between 1 and 5 years.

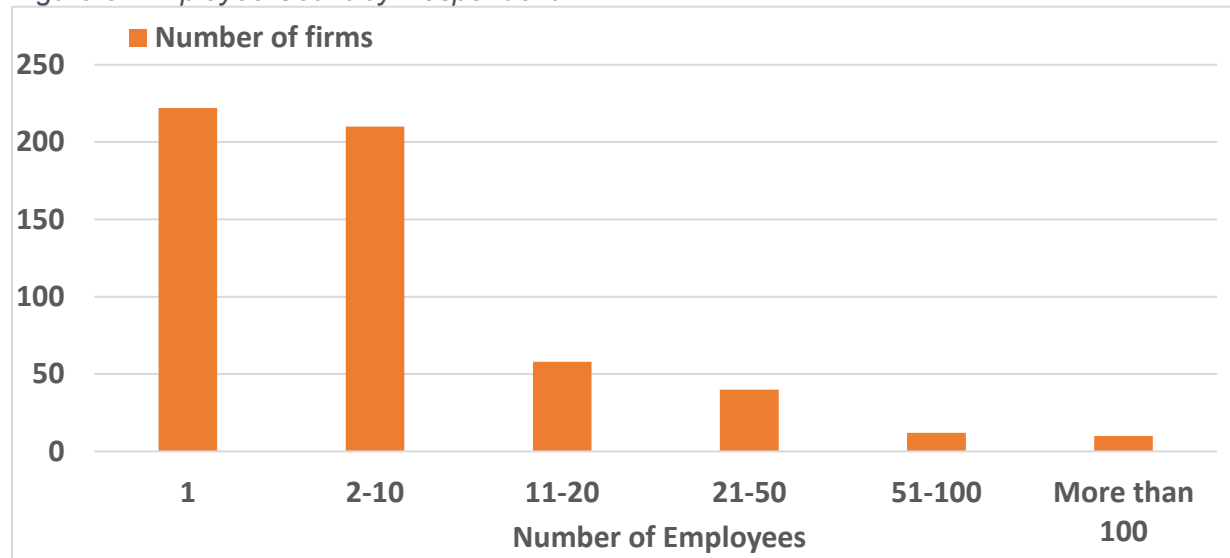
Of the 2018 survey respondents, 222 (40%) indicated that they were sole proprietors, and 210 respondents (38%) said they had between 2 and 10 employees (Figure 3). Only 22 respondents (4%) indicated that their firm has 51 or more employees. This corresponds closely with the overall sample of businesses in Berkeley.³

Figure 2: Business Tenure by Respondent



³ US Census Bureau, *Quarterly Census of Employment & Wages*, Q4 2017.

Figure 3: Employee Count by Respondent



Thirty percent of firms surveyed reported annual revenues between \$50,000 and \$250,000 annually. Twenty-five percent of respondents indicated that they earned between \$250,000 and \$1,000,000 annually, and only 5% of firms showed revenues over \$5M.

Industry sectors represented by survey respondents varied. Twenty-two percent of respondents selected Professional Services (including Administrative, Finance, Architecture, Engineering, Legal, Design, and business support services) as their industry, 16% were in Health Care and Biotech, 13% Retail, and 9% selected Arts Recreation and Hospitality. This roughly corresponds with the industry sectors represented in Berkeley's small businesses by employment. Of Berkeley's small business (firms employing 50 or less), 12% are in professional services, 16% are health care related, 12% are retailers and 18% represent accommodation and food service with an additional 3% in the arts, entertainment and recreation industry.⁴ Professional services and firms in arts and recreation sector are slightly over represented in the OED small business survey responses.

Survey Findings

When pressed to select the top three reasons their business is located in Berkeley, respondents said:

- At least one of the founders/owners lives in Berkeley (59.3%)
- My key markets/customers are local (33.2%)
- Alignment with Berkeley's values (27.2%)
- Berkeley's cultural, culinary or recreational amenities (21.5%)

⁴ [Economic Development Worksession: Small Business Support](#), Attachment 2: Employment in Berkeley's Small Businesses by Industry, January 16, 2018.

Attachment 3: OED Business Survey Results | November 2018 | Page 5

- The proximity to BART, Amtrak, I-80, international airports, or other transportation networks (18%)
- The proximity to UC Berkeley or the Berkeley Lab. (14%)
- It's too expensive/ time-consuming to move. (13%)

Nearly 20% of respondents entered in free text under the “other” category. These open-ended responses ranged from the positive (i.e. “because I’ve worked in Berkeley my entire adult life and love it” and “a Berkeley address lends some gravitas to our enterprise, and it is a great location in terms of our local customer base”) to the troubling (i.e. “I’m trapped here, I would leave in a second if I could” and “I find the City of Berkeley a hostile place to do business in so many ways”) with many other statements that defy characterization, including the mysterious and profound: “80s Demographics” and “there is no Other” (sic).

When asked to identify their top 3 business challenges in 2018, respondents’ indicated challenges include:

- Parking for employees or customers (31.6%)
- Costs of labor/ talent (28.6%)
- Finding new customers or sales channels (27.9%)
- Disruptive street behavior (24.8%)
- Other 21.3% (free text)
- City permitting and regulatory requirements (19.3%)
- Talent recruitment, training or retention (17.1%)
- Local tax burden (13.2%)
- Internet speed and reliability (10.4%)
- Access to capital/financing (10%)
- Costs of other critical business inputs (e.g. materials, electricity, internet, etc.) (9.8%)
- Online competition (9.5%)
- Planning for retirement/ changing ownership (7.5%)

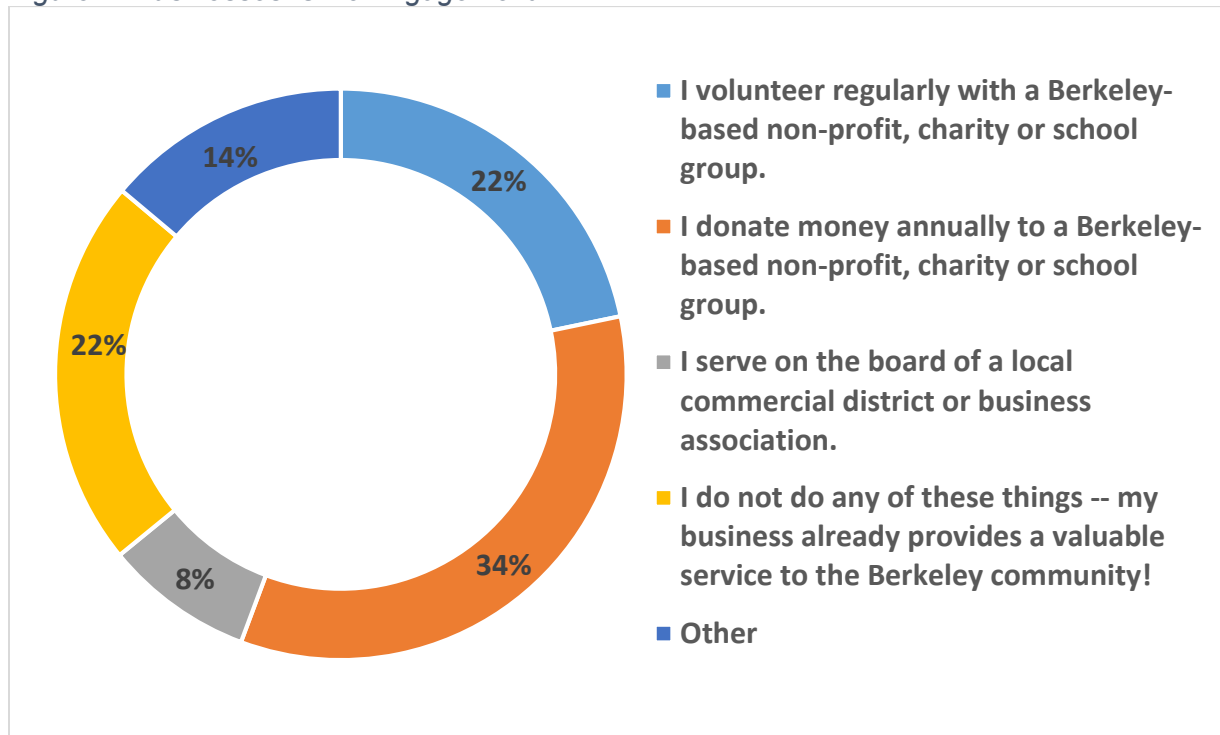
When asked about the resources they rely on for information or news that is relevant to their Berkeley business, respondents answered resoundingly that they relied on local media (e.g. Berkeleyside, The Daily Cal) (58.2%), social media (36.5%) and national media (e.g. The New York Times, Wall Street Journal) (32.1%).

With respect to business promotion, survey respondents said that they do the following for promotion of their own operations:

- Have a website (78.5%)
- Use social media advertising (i.e. Instagram, @mentions, etc.) (43%)
- Sponsor and/or participate in events organized by relevant industry associations (27.5%)

When asked about their civic engagement (Figure 4), 242 survey respondents donate money annually to a Berkeley-based non-profit, charity or school group (34%), 155 survey respondents volunteer regularly with a Berkeley-based non-profit, charity or school group (22%), 60 survey respondents serve on the board of a local commercial district or business association (8%) and 157 survey respondents do not do any of these things – indicating that “their business already provides a valuable service to the Berkeley community!” (22%).

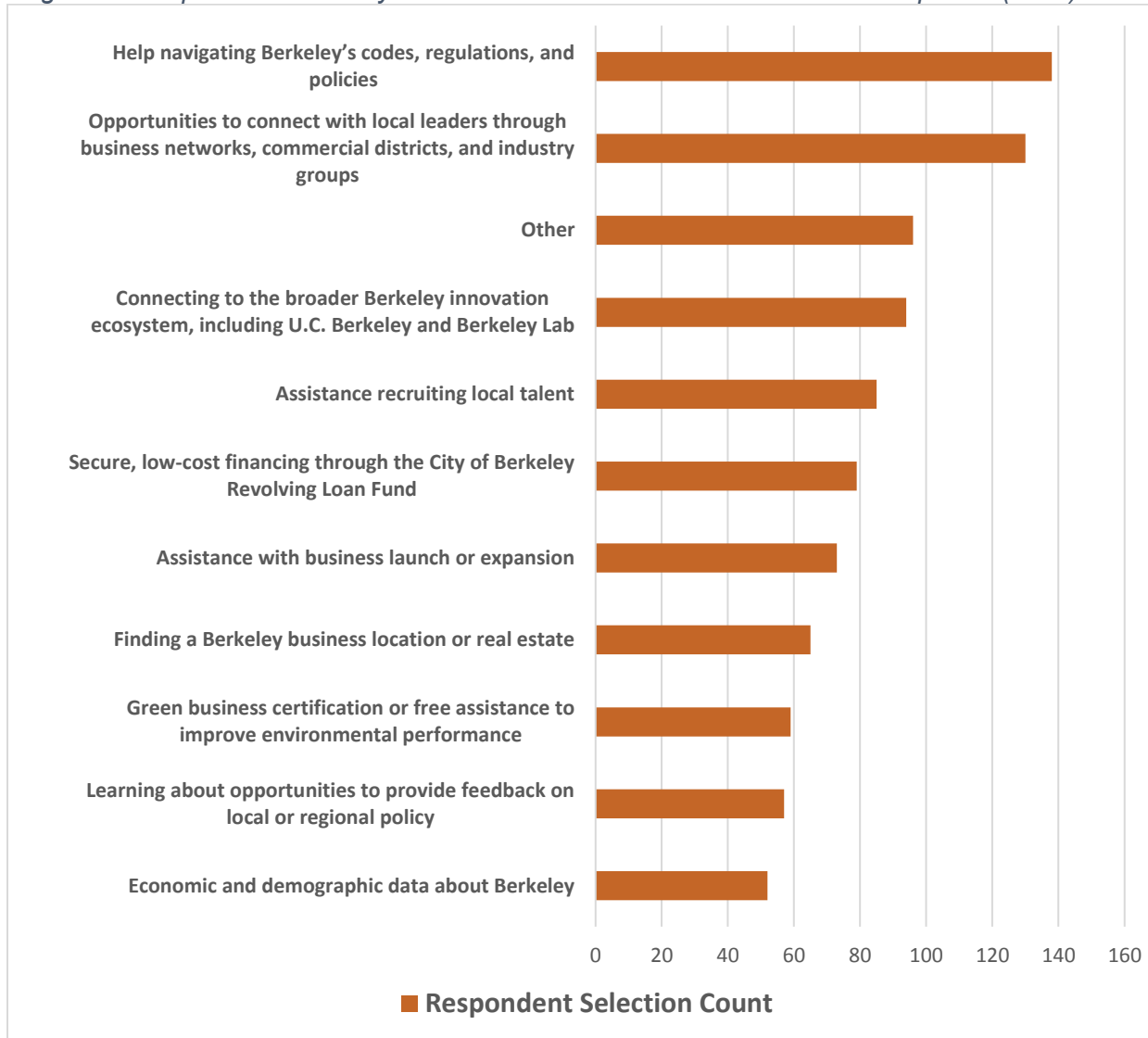
Figure 4: Businesses' Civic Engagement



Finally, when asked which OED activity would be of greatest value to their business (Figure 5), respondents' top choices included:

- Help navigating Berkeley's codes, regulations, and policies (30%)
- Opportunities to connect with local leaders through business networks, commercial districts, and industry groups (28%)
- Connecting to the broader Berkeley innovation ecosystem, including U.C. Berkeley and Berkeley Lab (20%)

Figure 5: Respondents' Priority Activities for the Office of Economic Development (OED)



Before taking the survey, only about 33% of the respondent's (185) had heard of OED before, 307 (54%) had not heard of OED, and 72 (12%) were unsure.

Full Survey Text

The survey was available at the website: <https://www.opentownhall.com/6632>. The survey was made accessible to the public on September 17, 2018, and closed on October 15, 2018.



As a Berkeley business leader, tell us more about how Berkeley can support you!

Introduction

Feedback

Your Response

Outcome

Introduction

“The City of Berkeley Office of Economic Development's mission is to assist businesses, entrepreneurs, artists and community organizations to access services, feel welcome in Berkeley, and thrive.”

The Office of Economic Development (OED) is surveying Berkeley businesses to help the City better understand the profile of Berkeley businesses and their needs – and design corresponding policies, programs, or other solutions. As a representative of a Berkeley business, we would greatly appreciate your response! Thank you for taking the time (< 5 minutes) to provide your feedback.

All data and information shared will be aggregated and thus ensure anonymity and confidentiality for individual respondents.

1. Which of the following titles apply to your Berkeley business? Check all that apply. *Multiple choice question, multiple answers*

- Business owner
- Business manager, executive or leader
- Property owner
- Investor
- Entrepreneur or founder
- Employee
- Other: _____ *(write-in)*

2. How long has your business been in the City of Berkeley? *Multiple choice question, one answer*

- Less than 1 year
- Between 1 and 5 years
- Between 6 and 10 years
- Between 11 and 20 years
- More than 20 years

3. How many employees (or FTE contractors) do you have? *Multiple choice question, one answer*

- 1
- 2-10
- 11-20
- 21-50
- 51-100
- More than 100

4. What's your business' estimated annual revenue? *Multiple choice question, one answer*

- Less than \$50,000
- \$50,001 - \$250,000
- \$250,001 - \$1,000,000
- \$1 million - \$5 million
- Greater than \$5 million

5. With which industry sector do you identify most? Check all that apply. *Multiple choice question, multiple answers- randomize answer choices*

- Arts, Recreation, Hospitality
- Education
- Building Construction and Maintenance (including Landscaping)
- Research & Development
- Healthcare, Biotech or Medical Services
- Manufacturing
- Professional Services (including Administrative, Finance, Architecture, Engineering, Legal, Design and other business support services)
- Retail (including Wholesale)
- Restaurant (including Catering)
- Real Estate (including Property Management)
- Personal Services (including Exercise Studios, Salons and House Cleaning)
- Automotive and Transportation Services
- Other: _____ *(write-in)*

6. Please identify the top 3 reasons why your business is located in Berkeley. *Multiple choice question, multiple (3) answers- randomize answer choices*

- At least one of the founders/owners lives in Berkeley.
- Berkeley's cultural, culinary or recreational amenities.
- Alignment with Berkeley's values.
- The majority of employees live nearby.
- I can easily find the talent I need here.

- My key markets/customers are local.
- My key vendors, suppliers and/or other companies in my industry sector are located here.
- The proximity to BART, Amtrak, I-80, international airports, or other transportation networks.
- The proximity to UC Berkeley or the Berkeley Lab.
- It is cheaper to do business in Berkeley than in other Bay Area cities.
- It's too expensive/ time-consuming to move.
- The local government is supportive.
- My investors or sources of financing are in Berkeley.
- Other: _____ (write-in)

7. State your top 3 business challenges in 2018. Multiple choice question, multiple (3) answers- randomize answer choices

- Finding a suitable/ affordable space to rent or buy
- Costs of labor/ talent
- Costs of other critical business inputs (e.g. materials, electricity, internet, etc.)
- Internet speed and reliability
- Local tax burden
- City permitting and regulatory requirements
- Talent recruitment, training or retention
- Finding new customers or sales channels
- Illegal street behavior
- Planning for retirement/ changing ownership
- Parking for employees or customers
- Access to capital/financing
- Sourcing/locating suppliers
- Adapting to/acquiring new technology
- New product design/development
- Online competition
- Domestic or international competition
- Export/expansion into international markets
- Access to suitable transportation or goods-movement infrastructure (freight compatible roadways, freeways, ports, airports, etc.)
- Other: _____ (write-in)

8. Where do you currently go to receive information or news that is relevant to your Berkeley business? Check all that apply. Multiple choice question, multiple answers- randomize answer choices

- Local media (e.g. *Berkeleyside*, *The Daily Cal*)
- Regional media (e.g. *East Bay Express*, *San Francisco Business Times*)

- National media (e.g. *The New York Times*, *Wall Street Journal*)
- Social media
- Business district association (e.g. Downtown Berkeley Association, Lorin District Association)
- Berkeley Chamber of Commerce
- Visit Berkeley
- State or national industry or trade association (e.g. Biocom, CA Restaurant Association)
- Other: _____ (write-in)

9. What do you currently do to promote the products or services offered by your Berkeley business? *Multiple choice question, multiple answers- randomize answer choices*

- I have a website.
- I buy ads or submit press releases to local, regional, and national media (e.g. *Berkeleyside*, *The Daily Cal*, *NYT*, *Wall Street Journal*).
- I use social media advertising (i.e. Instagram, @mentions, etc.).
- I participate in neighborhood or business district events (e.g. Solano Stroll, Elmwood Wine Walk).
- I sponsor/participate in events organized by the Berkeley Chamber or Visit Berkeley.
- I sponsor/participate in events organized by relevant industry associations.
- None of the above
- Other: _____ (write-in)

10. State your top two business “wins” (or significant accomplishments) for 2018.

Text style question with two individual rows of text space (configured to allow for longer responses, where the text area will enlarge as the user types)

11. Beyond the products and services provided by your business, do you contribute in any of the following ways to Berkeley public service? Select all that apply. *Multiple choice question, multiple answers- randomize answer choices*

- I volunteer regularly with a Berkeley-based non-profit, charity or school group.
- I donate money annually to a Berkeley-based non-profit, charity or school group.
- I serve on the board of a local commercial district or business association.
- Other: _____ (write-in)
- I do not do any of these things -- my business already provides a valuable service to the Berkeley community!

12. Of the following OED services, which would be of greatest value to your business? *Multiple choice question, multiple (up to 3) answers- randomize answer choices*

- Assistance with business launch or expansion
- Opportunities to connect with local leaders through business networks, commercial districts, and industry groups
- Economic and demographic data about Berkeley
- Green business certification or free assistance to improve environmental performance
- Finding a Berkeley business location or real estate
- Secure, low-cost financing through the City of Berkeley Revolving Loan Fund
- Assistance recruiting local talent
- Learning about opportunities to provide feedback on local or regional policy
- Help navigating Berkeley's codes, regulations, and policies
- Connecting to the broader Berkeley innovation ecosystem, including U.C. Berkeley and Berkeley Lab
- Other: _____ (write-in)

13. Before taking this survey, were you familiar with the City of Berkeley's Office of Economic Development (OED)? *Multiple choice question, one answer*

- Yes
- No
- Not sure

14. Are you willing to provide your contact information?

- Yes
- No

If the respondent selects yes, have spaces for them to include their name, business, title, email address, business address, and phone number.

15. Would you like to receive future information about resources, opportunities and local business news from the City of Berkeley's Office of Economic Development (OED)?

- Yes
- No

Questions for manufacturers:

What best describes the type of work done in your Berkeley facilities? Check all that apply. *Multiple choice question, multiple answers*

- Administrative operations and/or sales for your own products
- Administrative operations and/or sales for others

- Design and develop your own products
- Design and develop products for others
- Manufacture and/or assemble your own products
- Manufacture and/or assemble products for others
- Distribute your own products
- Distribute products for others

Roughly what PERCENTAGE of your employees are involved in the following occupations? *Numeric question format, where all 6 percentages add up to 100%*

- ___% Mgmt./Admin/Finance
- ___% Customer Service/Sales/Marketing
- ___% Retail/Service
- ___% Research/Product Development
- ___% Manufacture/Assembly
- ___% Distribution



City of Berkeley Business Retention Program

Keep Your Small Business in Berkeley

uptimabootcamp.com/keep-your-business

Postcard Mailer:
front (l) back (r)

The Berkeley Business Retention Program is a collaboration between the City of Berkeley's Office of Economic Development, Uptima Business Bootcamp and Bay Area Organization of Black Owned Businesses to support small businesses that are at risk of displacement or closure in Berkeley.

The business assistance part of the program is provided by Uptima Business Bootcamp. It includes free one-on-one business advising and workshops to help you create an action plan, find funding, and implement your plan to maintain and grow your business in your community.

If you operate a small business in Berkeley, find out if you are eligible for these free services to keep your business in Berkeley.

**Apply for a one-on-one
consultation today:**

uptimabootcamp.com/apply

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One Page Brochure

City of Berkeley Business Retention Program

Keep Your Small Business in Berkeley

What is it?

The Berkeley Business Retention Program is a collaboration between the City of Berkeley's Office of Economic Development, Uptima Business Bootcamp and Bay Area Organization of Black Owned Businesses to support small businesses that are at risk of displacement or closure in Berkeley.

The business assistance part of the program is provided by Uptima Business Bootcamp. It includes free one-on-one business advising and workshops to help you create an action plan, find funding, and implement your plan to keep your small business in Berkeley.

Who's eligible?

Existing independently-owned small businesses based in the City of Berkeley that:

- Are potentially at risk of displacement or closure
- Have the potential to retain existing jobs or create new jobs in Berkeley
- Need business support to stay in place or relocate elsewhere in Berkeley
- Can commit the time and effort to put in place a plan to maintain and grow their business

How do we help?

We offer free customized, one-on-one business advising to help you maintain and grow your small business in Berkeley.



Apply for a one-on-one
consultation today

uptimabootcamp.com/apply

Create an Action Plan	Find Funding	Implement Your Plan
<ul style="list-style-type: none"> • Develop strategies to increase your sales and profitability • Prepare to renew your existing commercial lease or relocate your business • Research costs to upgrade, relocate or expand your business • Plan for retirement by developing a succession plan 	<ul style="list-style-type: none"> • Learn what funding options are available and how to access them • Prepare your business to raise money • Connect with potential funders • Get assistance in navigating the funding process 	<ul style="list-style-type: none"> • Create or enhance your online presence • Improve your operations, finances and administration • Mitigate business disruption before, during and after relocation • Transition ownership of your business

ABOUT THE PARTNERS

City of Berkeley's Office of Economic Development assists businesses, entrepreneurs, artists and community organizations to access services, feel welcome in Berkeley and thrive.

Uptima Business Bootcamp is a member-owned business accelerator dedicated to providing entrepreneurs with greater access to hands-on education, resources and community to create thriving businesses.

Bay Area Organization of Black Owned Businesses is a membership organization committed to connecting, promoting, informing, and representing black-owned and led businesses and nonprofits throughout the Bay Area.

CONTACT

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One Page Brochure
(front)

SELLING TO YOUR EMPLOYEES AS AN

EXIT STRATEGY

FOR YOUR BUSINESS

Why should I consider converting my business?

You are able to create a flexible exit strategy and realize a fair sales price with tax advantages while taking care of your employees who helped build the business. Broad-based employee ownership sustains quality jobs, creates stronger businesses, and preserves your company's legacy.

How are employee-owned businesses structured?

It is important to choose the form of employee ownership that is the best fit for you and your business. ESOPs and worker cooperatives have been around for decades. Worker coops are 100% employee-owned, and have democratic practices such as majority board representation built in to the structure. ESOPs can be fully or partially employee-owned, and Democratic ESOPs integrate employee voting and board representation.

How does employee ownership work as an exit strategy?

An owner sells the business or its assets to a new employee owned business of which the employees are members. Or, in the case of an ESOP, sells the company shares to a trust that acts on behalf of the employees. This sale is typically financed by debt (non-voting equity is possible in a worker coop transition). Then, the newly employee-owned company pays down the financing out of future profits.



ONLY 15%
of businesses succeed to the next generation.

Realize market value with tax advantages.

Preserve your company's culture and its legacy in the community.

A GREAT SOLUTION FOR BUSINESSES OF ALL SIZES!

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BUSINESSES



- Higher productivity & growth
- Lower employee turnover
- Improved lifespan
- Owner receives market value

COMMUNITIES



- Retain good businesses & jobs
- Experience greater civic engagement
- Circulate more money locally

EMPLOYEES



- Enjoy better pay & benefits
- Build assets & equity
- Have a voice in key decisions
- Grow leadership skills

CALLING BERKELEY BUSINESSES!

**BUY LOCAL
HOLIDAY
GIFT FAIR**

50 spots available for Berkeley small businesses
to sell their products as holiday gifts!



WEDNESDAY, DEC 5TH • 4 - 8 PM
THE UC THEATRE

Chamber & WEB members - FREE | Non-members early bird - \$100



**BERKELEY
HOLIDAY
GIFT FAIR**

WEDNESDAY DECEMBER 5TH
THE UC THEATRE | FREE
40 LOCAL VENDORS | 4 - 8PM

Source: Berkeley Chamber (distributed November & December 2018)