

# San Rafael Chamber

## Summary of Business Retention and Expansion (BRE) Interview Findings 2018 Executive Summary

This updates BRE interview data of San Rafael businesses. This is the fifth year of data collection. The San Rafael Chamber asked members of its Economic Vitality Committee (EVC), Board of Directors, staff and members of the Governmental Affairs Committee and the Business Improvement District to survey local businesses in a variety of classifications using a standardized interview format developed by the Chamber, Marin Economic Forum (MEF) and the City Economic Development Department. The goals of these interviews include:

- Perform outreach to Chamber and Business Improvement District members;
- Collect information from business owners to help identify any obstacles or common themes for businesses operating in the Downtown area and help build awareness of any issues that may impact economic vitality in Downtown San Rafael; and
- Find out attributes about doing business in Downtown San Rafael that may be strengths to build upon and also considerations for public policy makers to make doing business easier.

In 2018, 52 companies were asked a variety of questions regarding their local business. Fourteen questions were asked of each interviewee. Questions 1 through 5a provided demographic information about those interviewed. Questions 5b through 10 were about the interviewed businesses' outlook in terms of their own businesses and issues within the Downtown corridor that may affect their business. The final questions asked for opinions from interviewees, which generated important qualitative data. Some of these responses are provided within the study in their raw form.

Below is the list of questions asked in the interview as well as a summary of the findings.

### Questions Asked:

1. What industry/classification would your business fall under? (based on the North American Industry Classification System, NAICS <http://bit.ly/2qAnlel>). Select all that apply.
2. How many full-time employees do you have? (Locally)
3. Where are the majority of your customers coming from?
4. Is your San Rafael location your company headquarters, branch office or single location?
5. How long has your business been in San Rafael?
  - a. Is your current location meeting your needs?
6. How is your business performing compared to last year?
7. What is the single most important challenge facing your business?
8. What suppliers are missing in this area?
9. Do you feel your wage range is above, at, or below the national average?
10. What wage range are you having the most trouble attracting talent for?
11. What do you like about doing business in San Rafael?
12. Which of the following areas do you believe, if addressed, would most improve local business conditions?
13. Please check your top 4 Downtown beautification priorities. Please select 4 only!
14. Please share any additional information about your experience doing business in San Rafael?

## Observations:

- The majority of businesses interviewed have been in San Rafael for more than 5 years
  - The city needs to look at increasing the number of start-ups and developing businesses
- San Rafael continues to satisfy the desires of local businesses
  - For second straight year, over 80% of businesses report that their needs are being met
- 72% of businesses are generating their customers from within Marin County
  - Local businesses are utilizing the strong consumer markets that Marin offers
- 40% of businesses saw improved performance in 2018 compared to 2017. 50% saw the same.
  - This displays that San Rafael provides an environment where businesses can prosper and grow
- Exposure was ranked as the number one challenge presenting the interviewed businesses
  - San Rafael must work to help these businesses gain greater exposure within Marin County and the greater Bay Area
- Parking availability in San Rafael is not satisfying the needs of several businesses
  - The interviews contained several comments about the need for more parking
- Businesses do not see regulations or taxes as an issue
  - This includes city, county, and state regulations
  - This is a great sign because regulations, especially at the state level, are very difficult to change and amend
- The homeless population is seen as a major problem for local businesses
  - Anecdotal answers reveal businesses are having issues with homeless soliciting money and making customers feel uncomfortable
  - The city must continue to work on improving this issue
- The most important issue the city must improve to help business owners is public safety
  - Selected by over 20% of businesses as the local business condition that could be improved the most
- Businesses feel they pay wages that are above the national average
  - This can be used as a great marketing tool to help bring skilled workers from other counties into the San Rafael workforce

## Summary of BRE Interview Findings

Below is a summary of 52 Business Retention and Expansion (BRE) interviews and findings conducted by the San Rafael Chamber. These interviews provide a sample of local businesses, their thoughts on the economy as well as doing business in San Rafael.

**Question 1: What industry/classification would your business fall under? (based on the North American Industry Classification System, NAICS <http://bit.ly/2qAnlel>). Select all that apply.**

The NAICS Codes are high-level industry classifications that provide an apples-to-apples comparison of businesses in areas throughout North America. For San Rafael, Figure 1a shows the codes used by interviewees to describe themselves:

Figure 1a

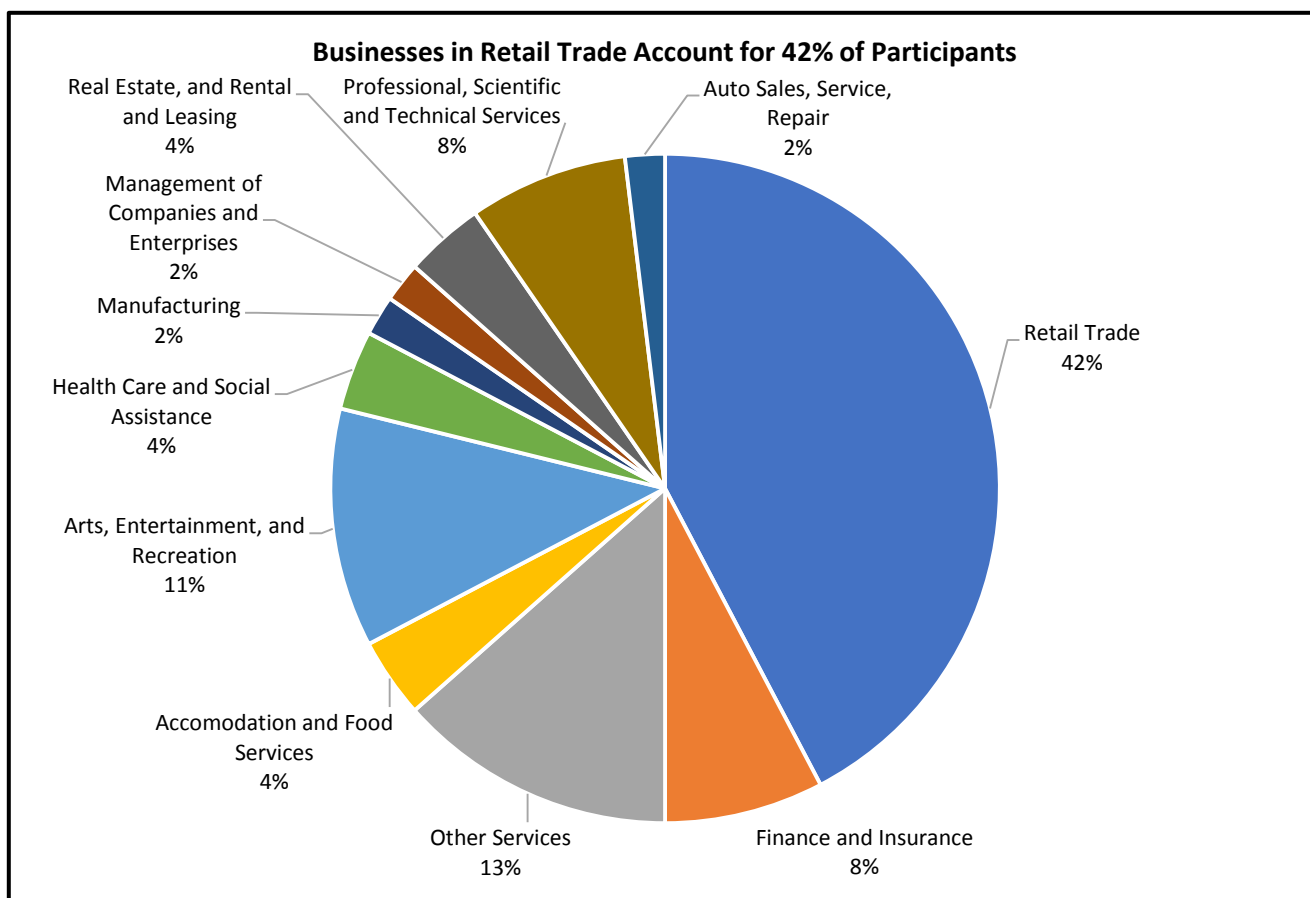
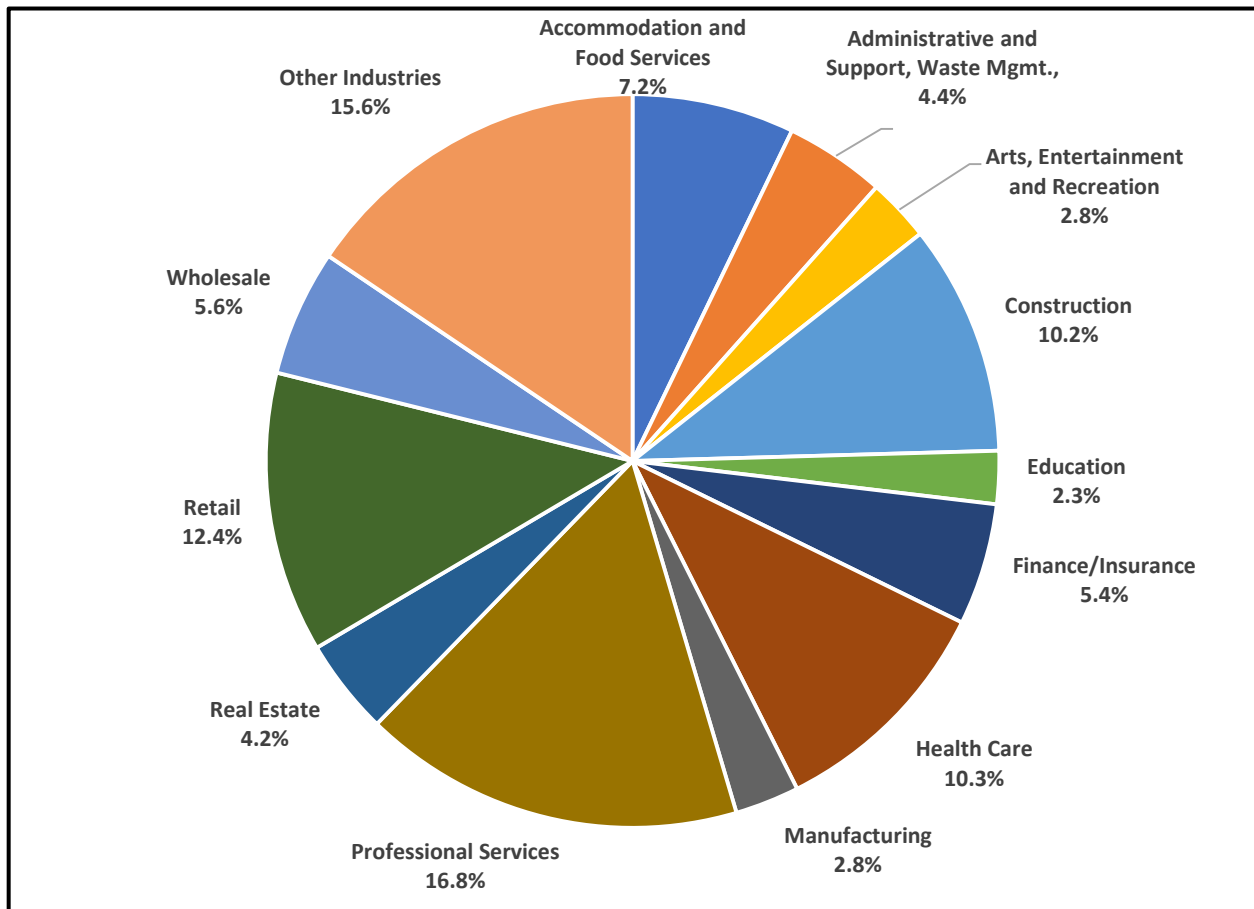


Figure 1b is the current estimate for the 94901-zip code in terms of business mix using the NAICS codes at the industry sector (2-digit) level. These data have not been updated by the Census Bureau since 2016, and that was for the start of 2015. No release date is set yet for 2016 data by the Census Bureau.

**Figure 1b: 2015 Business Mix, San Rafael (Zip Code 94901), Census Bureau**



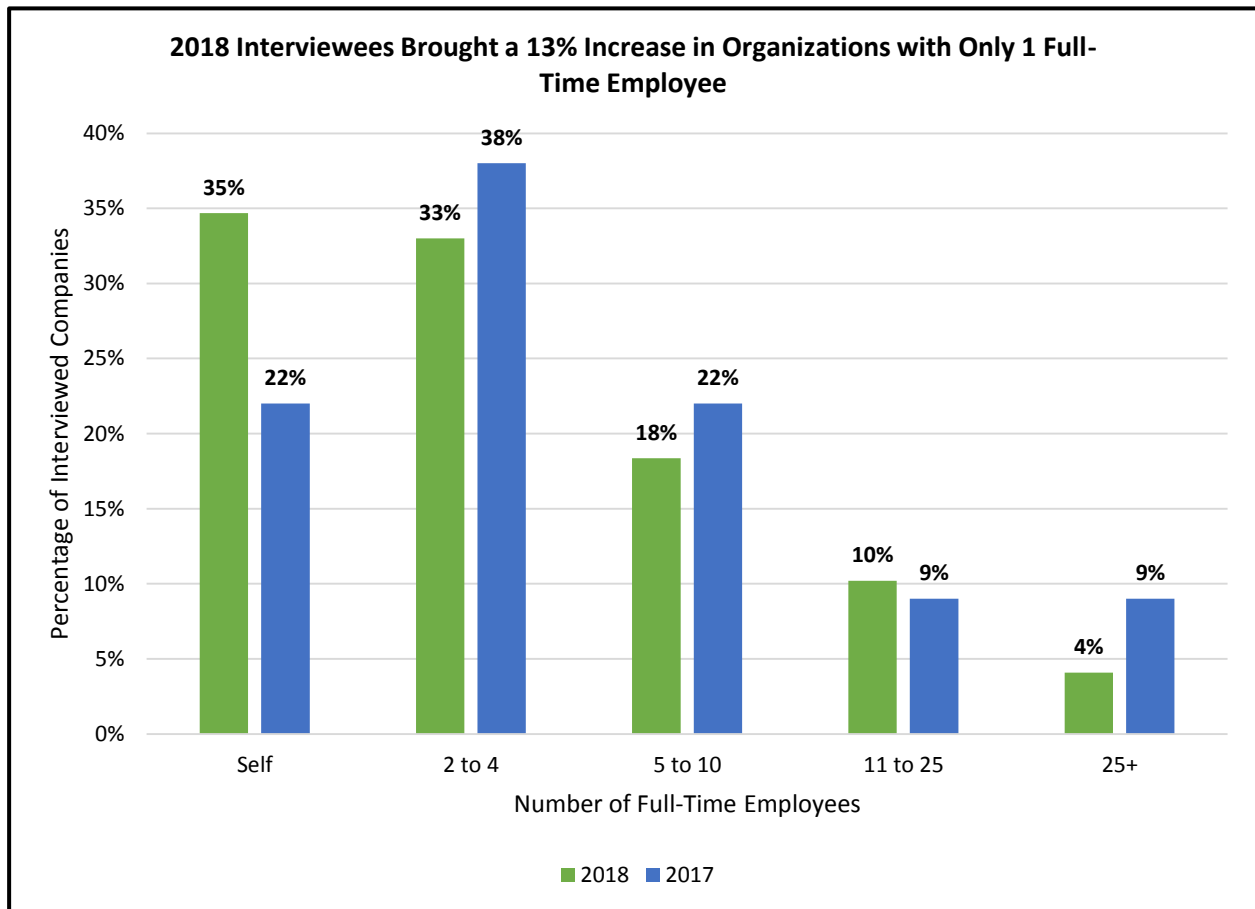
Source: Census Bureau, the 2015 data are the latest available

The interview mix was weighted toward retail in 2018. In the latest Census data on business mix in the 94901-area code, a mix of many parts of San Rafael, professional services are a dominant industry group (legal offices, accounting, engineering, architecture, etc.). However, this is consistent with the makeup of ground floor merchants in Downtown.

## Question 2: How many full-time employees do you have? (Locally)

This question gave some demographic information about the employment footprint of the interviewed businesses in San Rafael. The data is designed to show the relative size of the businesses that were surveyed.

Figure 2

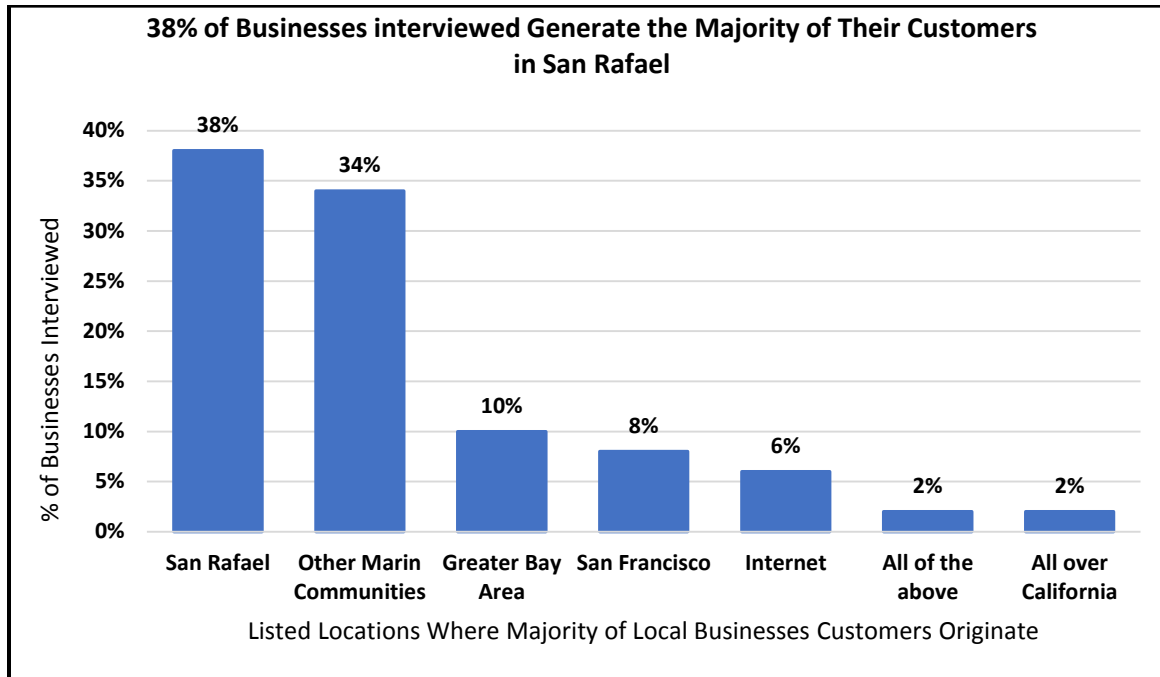


This chart displays an increase in the percentage of businesses interviewed that were self-employed (only 1 full-time employee) in 2018 compared to 2017. 68% of the businesses interviewed in 2018 had 4 or less full-time employees, compared to 60% in 2017. While it is important to note that the sample size went from 100 businesses in 2017 to 52 in 2018, this chart suggests that San Rafael remains an attractive option for small companies to be located.

### Question 3: Where are the majority of your customers coming from?

This question asked where customers originate, and it is evident that many interviewed businesses utilize local markets. Figure 3 displays that the greatest percentage of interviewed businesses (38%) receive the majority of their customers from San Rafael. The second largest location was Other Marin Communities at 34%. Combining these two, 72% of interviewed business have the majority of their consumer base located within Marin County.

Figure 3



Answers to Question 3 yielded several interesting trends. The three companies that generate the majority of their customers from the Internet have only had their business located in San Rafael for an average of 2.64 years. This is a much smaller number than most business interviewed in 2018 and suggests that businesses in San Rafael are able to obtain more local customers the longer they are located in San Rafael.

**Question 4: Is your San Rafael location your company headquarters, branch office or single location?**

Fifty percent of the businesses interviewed in 2018 listed San Rafael as the single location their firm has. While this is a slight drop off from the 55% recorded in 2017, it is still a significant percentage. This high number suggests that many small businesses owners view San Rafael as the ideal place to conduct business. Businesses are going to invest time, money, and resources into selecting their physical locations, so they will always attempt to pick an area with the proximity and local market for their product or service to prosper, especially if the business will only have one location.

Figure 4a: 2018 Results

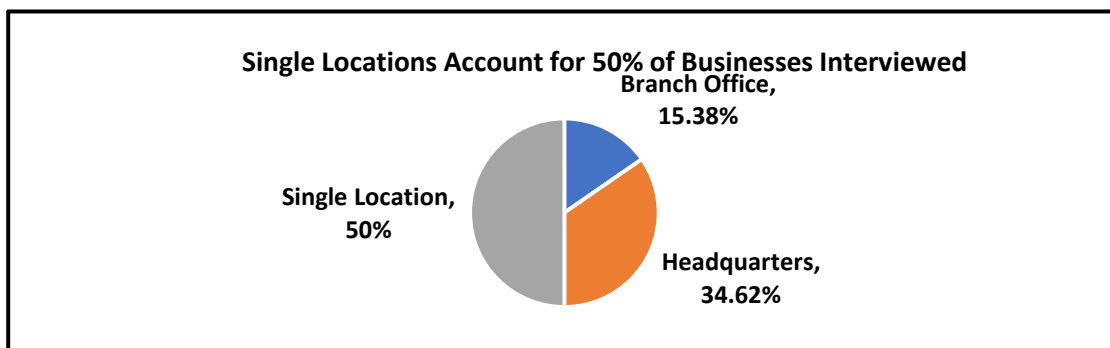
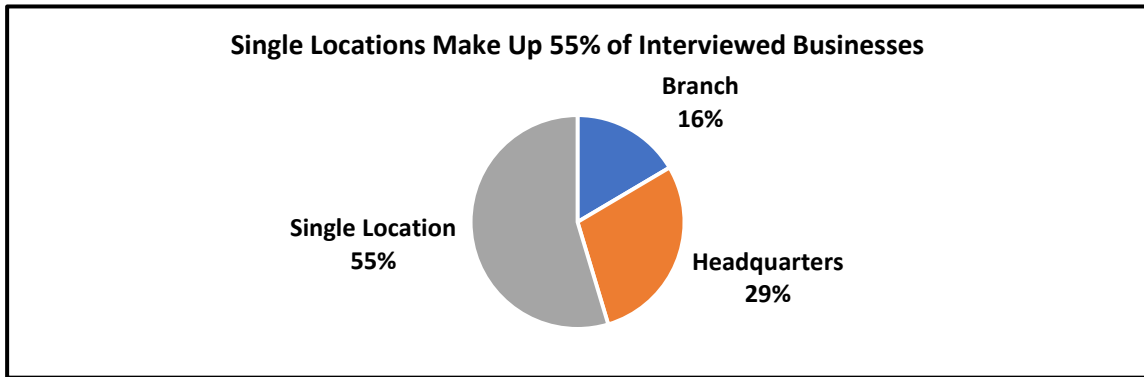


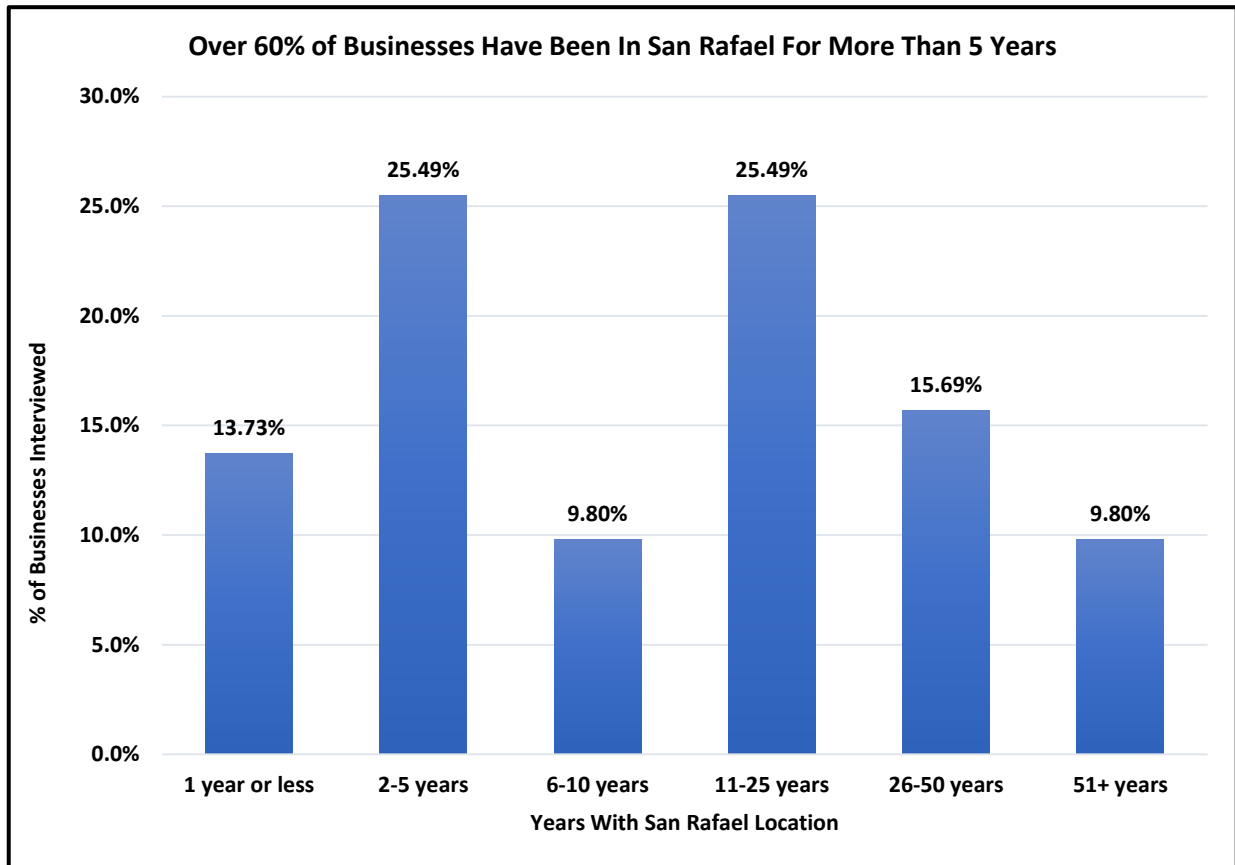
Figure 4b: 2017 Results



**Question 5: How long has your business been in San Rafael?**

Figure 5a displays that San Rafael has a combination of new and longstanding businesses. 49.02% of businesses interviewed in 2018 have been present in San Rafael for 10 years or less, while 51.98% have been located in San Rafael for more than 10 years. The low percentage of businesses in the 6-10 year time period could be the result of a smaller sample size in 2018 (52 businesses interviewed), or it could suggest that struggling businesses tend to leave San Rafael after the 5-year mark, and only prosperous businesses will continue to keep an office in San Rafael.

Figure 5a



## Question 5a: Is your current location meeting your needs?

For the second consecutive year, over 80% of the businesses interviewed stated that San Rafael is satisfying their needs. The percentage dropped slightly in 2018 compared to 2017, moving from 85% to 82.69%. Nevertheless, over 82% remains a very high percentage and shows that San Rafael business owners have high approval of the city's work environment.

Figure 5b: 2018 Results

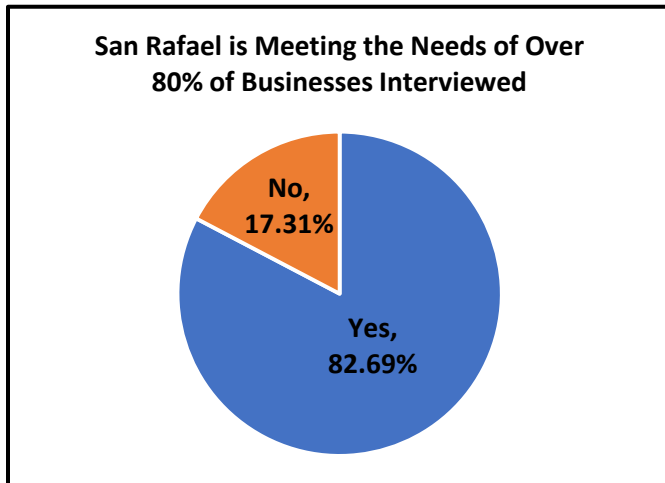
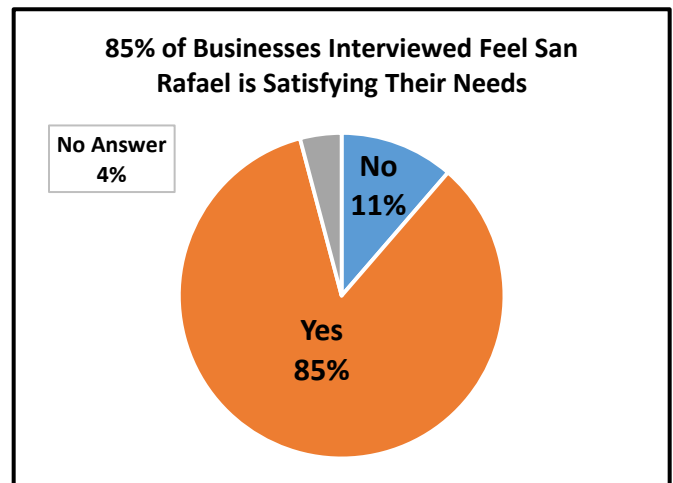


Figure 5c: 2017 Results



Below are the comments for those that said “No” to the question:

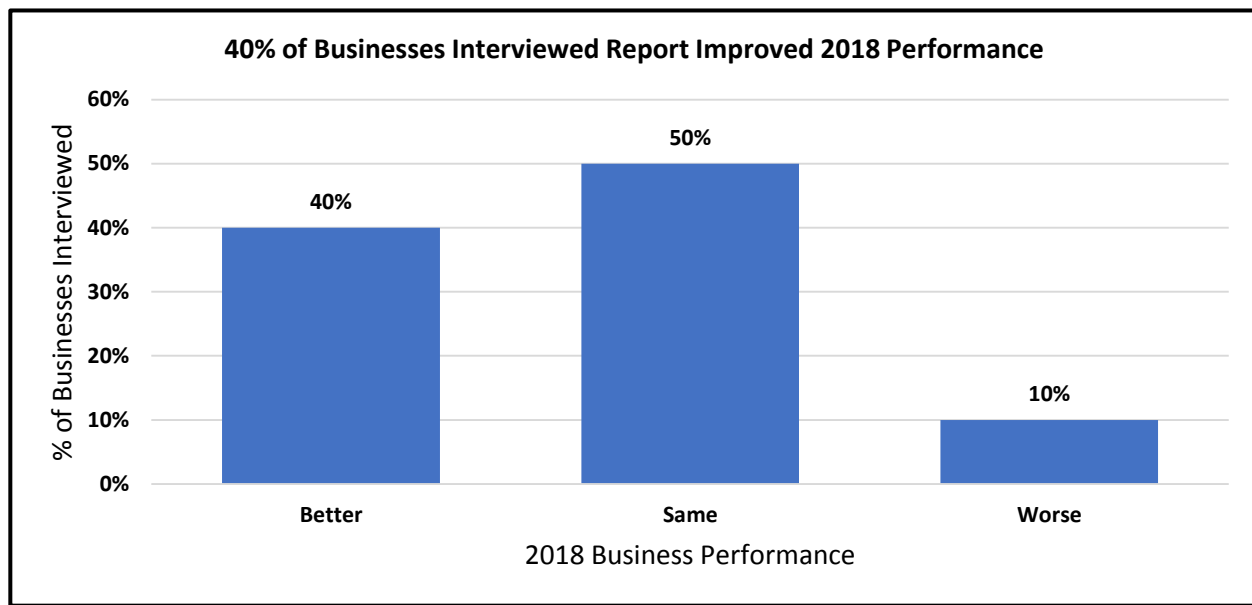
- “Homeless problem is scaring customers away and making my employees feel unsafe and my windows have been broken multiple times”
- “Difficulty for suppliers to make deliveries. City trees blocking store signage”
- “Need more affordable small private offices to offer coworking members. NO space in building and nothing available in area”
- “Parking”
- “We own it but it is not large enough to accommodate our full business, and we have to rent a second location in the Canal community. We are located right under Hwy 101 which is very dirty and noisy - an unhealthy place to spend 40 hours a week!”
- “Not enough foot traffic or west end activity”
- “Partially, yes. No because of inadequate parking and short meter times/high fees. People rush in and out and many get ticked and don't bother coming back”
- “Foot traffic is low, homelessness is a problem”
- “Not enough traffic, and it is really dirty here with trash on the street because the garbage gets over filled right away! Too many homeless”



## Question 6: How is your business performing compared to last year?

This question was a check on how each interviewed business views its performance in 2018 versus 2017. 40% of the business reported improved performance, which is lower than the 56.7% of businesses that recognized improvement when asked the same question in 2017.

Figure 6

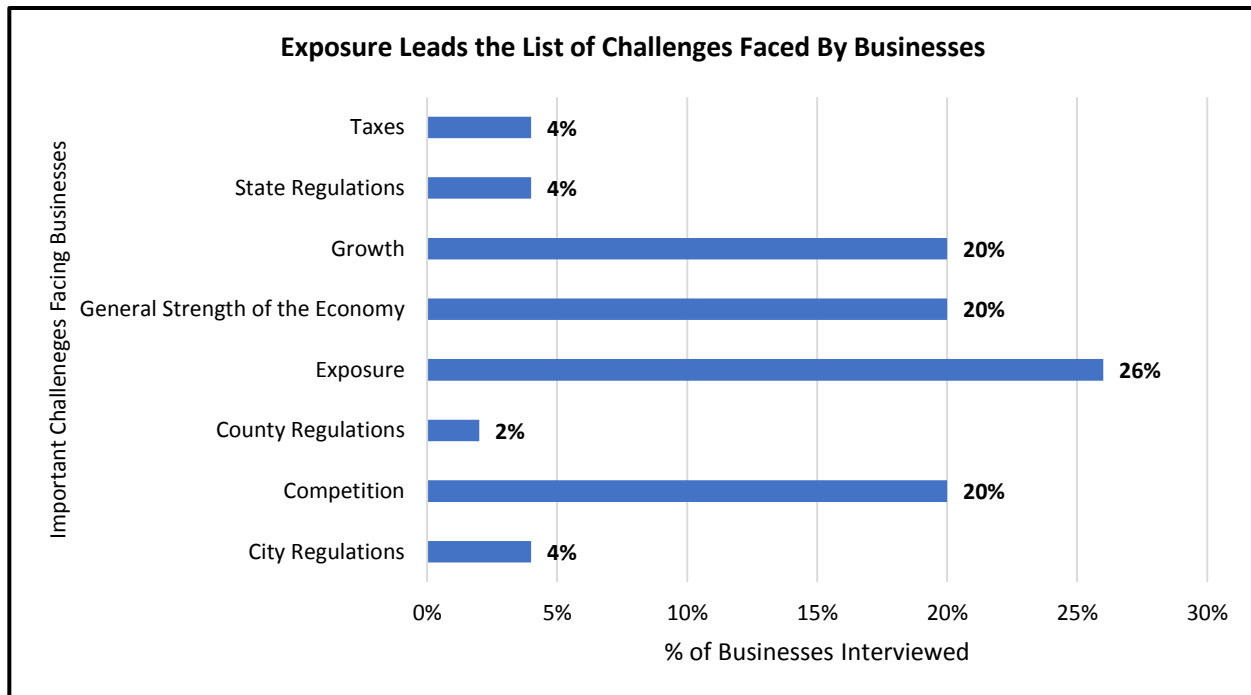


### Anecdotes on increased business success in 2018:

- “Doubled members in 2018. Revenues up 50%. Held 3 major business conferences and summits in 2018. Green Business of the Year. The only company named "Gamechanger" by North Bay Business Magazine in 2018”
- “More efficient”
- “More people coming to San Rafael”
- “People are getting to know us”
- “More visibility, foot traffic and seems the public has a high interest in arts & crafts”
- “We are growing”

## Question 7: What is the single most important challenge facing your business?

Figure 7



Exposure was determined as the greatest challenge for the business interviewed in 2018. This is a noticeable change from 2017, when exposure was the 4<sup>th</sup> largest challenge that interviewed businesses faced. Exposure made up 26% of the responses from the interviewed businesses. Growth and the General Strength of the Economy tied for the second greatest challenge facing interviewed businesses, as both were selected by 20% of business. Those two areas will be important to monitor for future business success in San Rafael.

Businesses are clearly not concerned with taxes or regulations (state, county, and city), as only 14% of interviewed businesses thought any of those topics were the greatest challenge they faced. This is a positive sign, as the interviewed businesses do not see the financial laws and business legislation of San Rafael, Marin County, or California to be a detriment to their business success.

## Question 8: What suppliers are missing in this area?

This question was a follow up to #7, and it asked businesses what suppliers were missing in the most challenging areas for their business. Below are some the comments:

- “None”
- “Not sure”
- “Restaurant supply store”
- “Gas supply, restaurant equipment supply”
- “Relevant Retail to attract people downtown”
- “Affordable office space”
- “Skilled employees”
- “Better restaurants”
- “A good coffee shop”

## Question 9: Do you feel your wage range is above, at, or below the national average?

54.35% of the businesses interviewed in 2018 feel their wages are above the national average. This is a very strong number, and it represents an increase from the 52.6% reported by businesses asked the same question in 2017. Higher wages are required in Marin County, as the cost of living is so high. Nevertheless, the fact that most businesses feel they pay above the national average is a positive sign and can be used to attract and bring more skilled workers to Marin County.

Figure 9a 2018

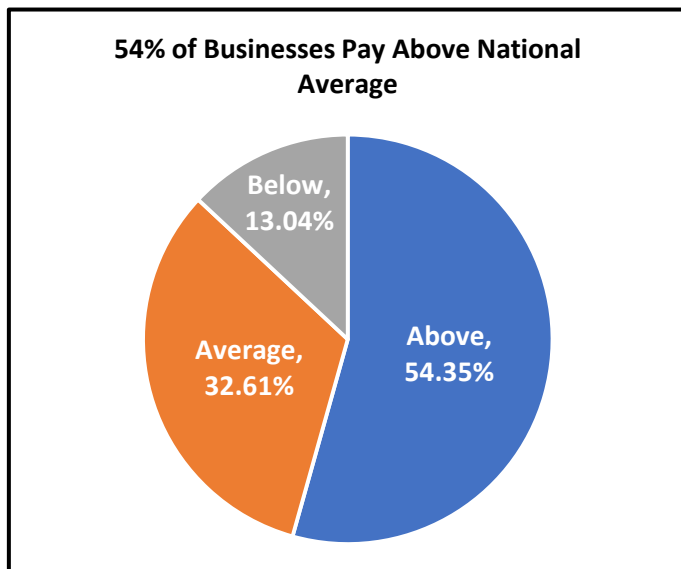
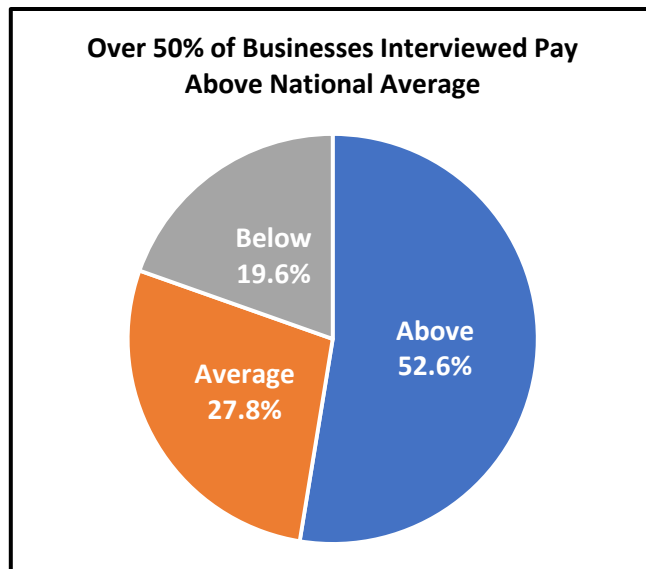


Figure 9b Last Year



## Question 10: What wage range are you having the most trouble attracting talent for?

Question 10 asks about the wage range that creates the most hiring problems. This question recognizes that even in businesses where labor is plentiful and wages are above average, some trouble spots exist. Notice the wage and salary ranges shown below are a vast range of possibilities.

- “Entry Level”
- “\$60-75k/per year”
- “\$80-120k”
- “All, too expensive to live here or commute”
- “Under \$40k”
- “\$14-16 per hour”
- “\$90 per hour”
- “\$75-100k”
- “\$20-25 per hour”

## Question 11: What do you like about doing business in San Rafael?

For the second consecutive year, customer demographics was selected as their favorite part of doing businesses in San Rafael. Other important aspects that businesses liked about San Rafael in 2018 was the location. Anecdotal evidence displayed that location was a positive for several businesses in terms of proximity to home, proximity to other cities within Marin Country, and proximity to San Francisco.

Figure 11a: 2018 Results

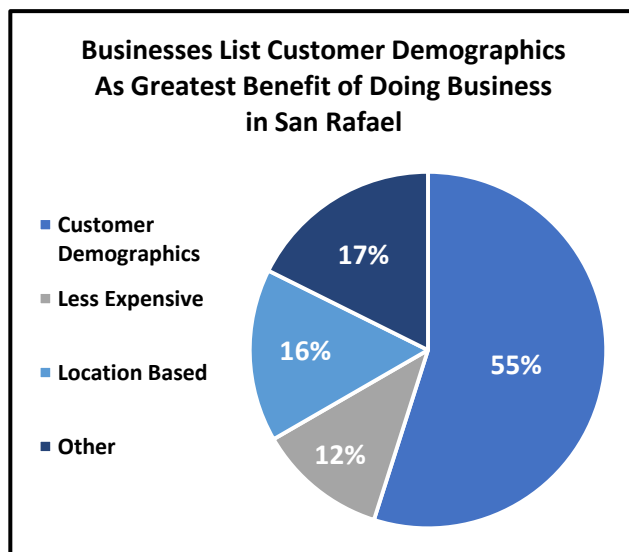
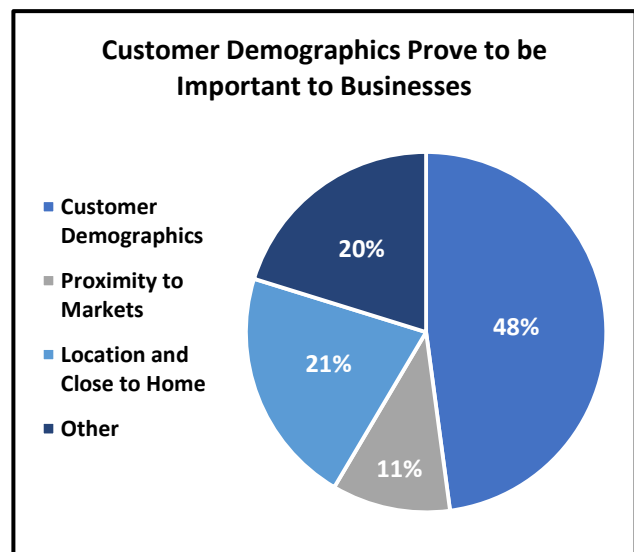


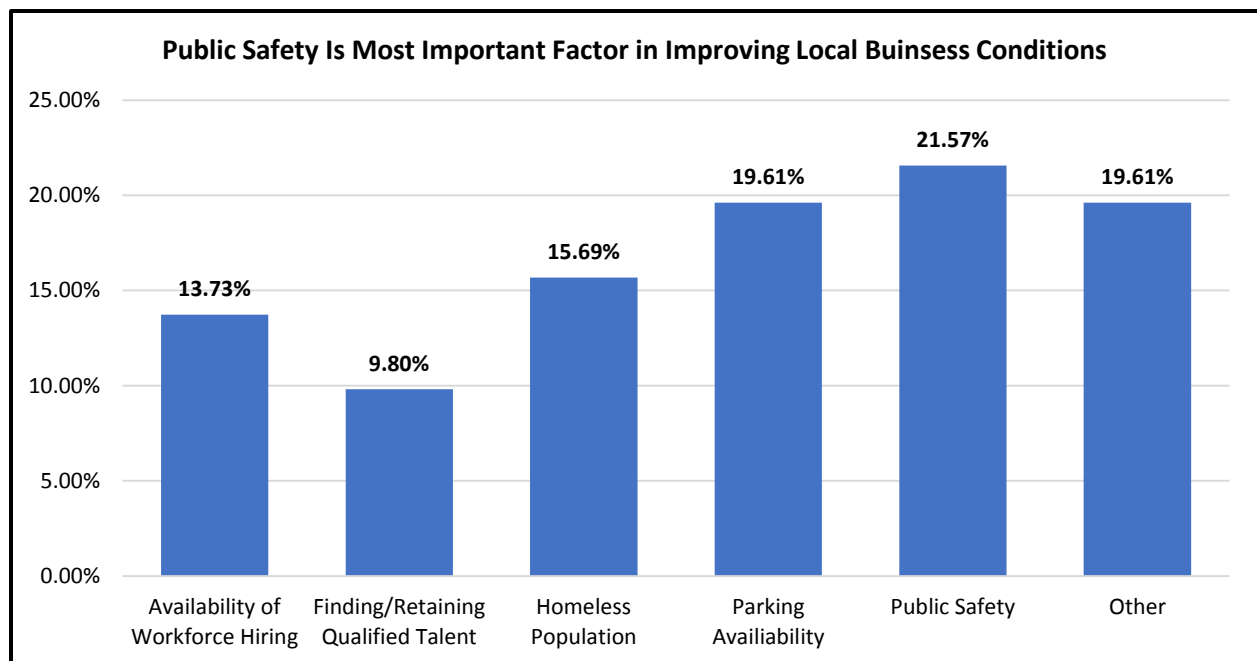
Figure 11b: 2017 Results



**Question 12: Which of the following areas do you believe, if addressed, would most improve local business conditions?**

Question 12 asked what local businesses saw for area of improvements in San Rafael. Public safety generated the largest percentage of selections with over 21% of businesses choosing that as the number one area of improvement. Another area that many businesses believe needs to be improved is parking availability. However, the biggest takeaway from this data is the rise in businesses that list the homeless population as a main issue. In 2017, businesses did not find the homeless community to be a burden on local business conditions. 2018 showed a major change on this front, as over 15% of businesses listed the homeless population as the major area that should be addressed to improve local business conditions. This suggests that the homeless population has increased in number or visibility since last year, which will be important to monitor and improve going forward.

**Figure 12**



Several responses from those that selected “Other”:

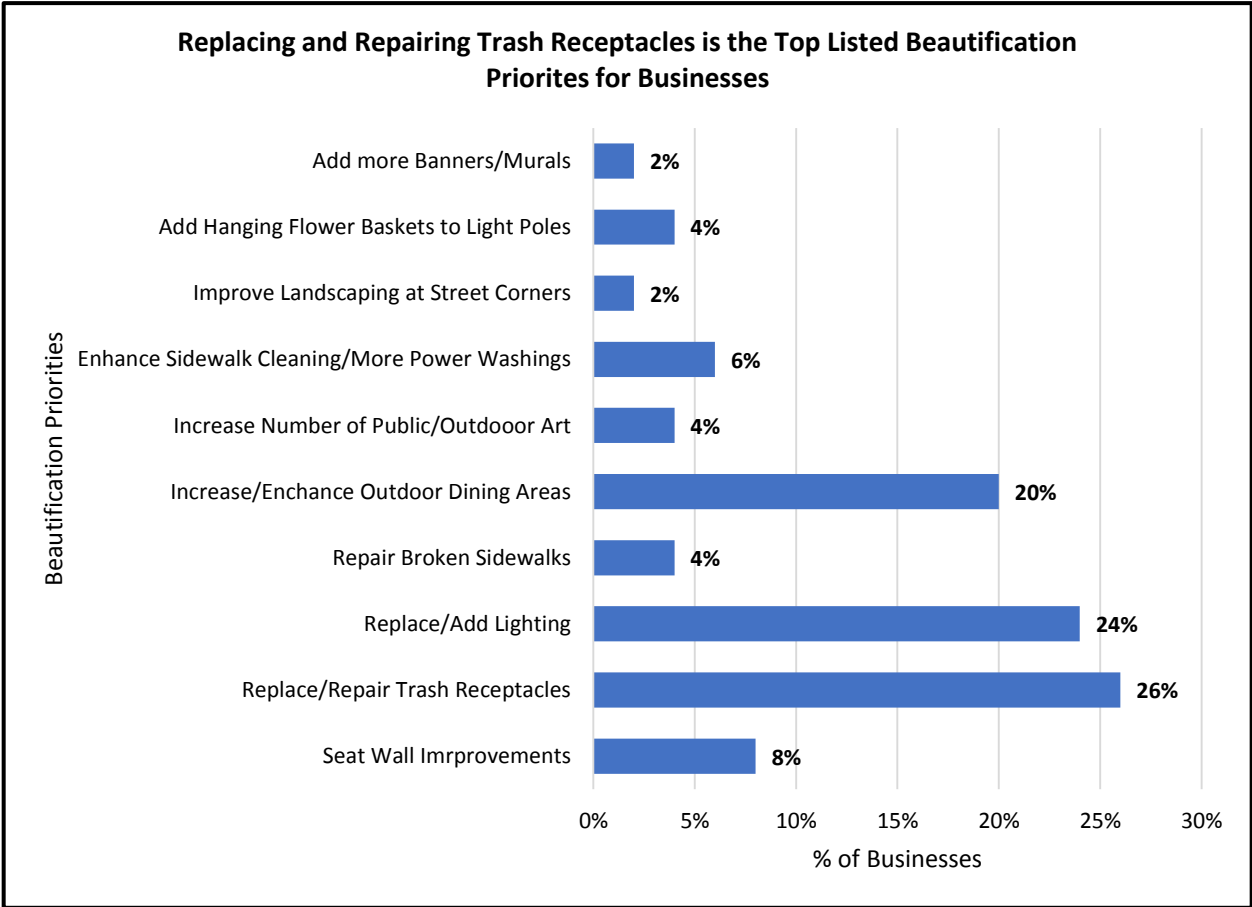
- “A diverse and attractive shopping district”
- “Attracting strong merchants, less aggressive parking enforcement”
- “Local permitting”
- “Transportation”
- “Vagrants, graffiti, sidewalk conditions”

**Question 13: Please check your top 4 Downtown beautification priorities. Please select 4 only!**

Question 13 asked businesses to select their top 4 Downtown beautification priorities. This question brought a variety of responses, as businesses felt there were several important ways to make downtown San Rafael more beautiful. While businesses were able to select four different priorities, the data was

rearranged to display which beautification options were selected as the first priority by the greatest number of businesses. Figure 13 displays the results, which shows that replacing and repairing trash receptacles is the beautification priority that was selected first by the greatest number of interviewed businesses in 2018.

Figure 13



# San Rafael Chamber

## Question 14: Please share any additional information about your experience doing business in San Rafael?

This question asked for anecdotes and statements about doing business in San Rafael. Below are some of those responses in their raw form. They are a combination of positive remarks and problems that San Rafael businesses are facing. This commentary provides important insight about operating a business in San Rafael:

I chose to have my business in downtown San Rafael because it is the most vibrant, interesting and important area in Marin County
My clients constantly complain about coming to San Rafael because of parking, homeless not being managed properly, and most importantly - a lack of credible businesses worth visiting.
Its been very positive since I have opened up the business my customer base ranges from age 4 to 85. People on the most part are very friendly, curious and excited to experience the arts.
Must house homeless. Must keep Julia Street cleaner-too much garbage and rats.
Being constantly accosted by the unsheltered is a problem for us and our clients
I would love to have better social media and email blasts to promote downtown events well in advance of the event happening
Need more shopping stores or center to increase foot traffic
I would like to see More shelters for homeless. More mental health facilities for homeless. Bring the rent down for commercial building.
So many people say to me they don't want to go to Downtown SR for shopping because of homeless population It scares people and they shop at the malls or online
There are a lot of people that solicit on the streets and feel it's okay to come in and disrupt business. Mixing city services with downtown shopping is not a mix that interacts well together. People do not feel safe.
4th Street has the potential to be THE best shopping area in all of Marin. I watched 4th Street in Berkeley turn into a magnet for shops and restaurants and we could and should do it here. Clean, safe streets with great shops, restaurants, cafes, pubs will bring people here.
I love the diversity of San Rafael however the street scape is grey and boring. It's a lively center and feels surprisingly uncreative -- the street scape could use some TLC to make the downtown look and feel more vibrant.
More west end activities please.
Homeless is a problem, City is doing what they can, but still room for improvement. City needs to recognize Internet & impact it is having on small merchants. Vacancies. We are adapting, but like so many stores we are point of destination. Need to find ways for shoppers to go to additional stores while downtown.
Great regional hub for financial institutions