

## **Summary of Business Retention and Expansion (BRE) Interview Findings, 2015 Executive Summary**

This is an update to the 2013-14 BRE interviews of San Rafael businesses. The San Rafael Chamber asked members of its Economic Vitality Committee (EVC), Board of Directors, staff and members of the Governmental Affairs Committee to interview 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 were as follows:

- Perform outreach to at least 100 Chamber members and other San Rafael businesses;
- Collect information from the business owner to help identify any obstacles or common themes for businesses operating in the city and help build awareness of any issues that may impact economic vitality in San Rafael; and
- Find out attributes about doing business in San Rafael that may be strengths to build upon and also considerations for public policy makers to make doing business easier.

There were 122 interviews overall. Eleven questions were asked of each interviewee. Questions 1 through 5a provided demography information about those interviewed. The results here gave a brief overview of the set of businesses interviewed:

- The businesses interviewed were representative of industries based on San Rafael's mix, but more businesses can always be interviewed;
- 83% of the businesses interviewed had less than 25 employees, which reflects San Rafael's business demography of over 90% of businesses have less than 25 employees;
- Most of the businesses interviewed have parts of Marin County as their main market areas;
- Over 56% of businesses interviewed have headquarters in San Rafael (where the leadership works), while 34.4% were branches of a larger businesses with multiple locations; and
- About one quarter of the businesses interviewed were new to San Rafael (less than 3 years in their current location) and about 40% had been in the same location for 15 years or more.

Questions 5b through 10 were about the interviewed businesses' outlook in terms of their own businesses and issues within San Rafael that may affect their business. The first of these five questions was for a one-year forecast concerning their specific business and revenues. The next question was where the business was most concerned about the general economy and their ability to work within it. The third question asked why the business was located in San Rafael, and what about San Rafael was the strongest attribute. The fourth question was about what could be improved, and the final question was an open-ended question that allowed the person/business interviewed to say what they wanted to say. The results here gave a brief overview of the set of businesses interviewed:

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- Over 90 percent of those that provided an answer as to how San Rafael (as an economy) supports their current location says it does (over 20 percent of the interviewees provided no answer);
  - Only 12 of the 122 interviewees see the economy as getting worse in the next year;
  - The responses on business concerns were more spread in 2015 than in the 2013-14 survey;
    - The economy and individual business growth were top concerns;
    - Market exposure and regulations were a close second;
    - Talent shortages, while still an important issue for businesses, were not as important as the 2014 survey;
      - May be that talent shortages are now the norm, and there are shifts in what businesses are currently concerned with versus difficulty in hiring.
  - Businesses are located in San Rafael for the following reasons, in priority order:
    - Demographics (a large concern for retail businesses in specific);
    - **Proximity to the San Francisco Bay Area (was 3<sup>rd</sup> last time, and now is a higher priority than resources);**
    - Resources (markets, labor, space) all available here;
  - Business concerns about San Rafael as a place to do business were for the following reasons, in priority order:
    - Lack of parking, housing and talent all seen as major concerns
      - Somewhat contradicted evidence above;
    - The regulatory environment, but mainly state and federal, where local regulations continue as a concern for bars, restaurants, hotels, and other tourism/hospitality businesses;

The final question asked for anecdotes and opinions from the interviewees, and some of those are provided within the study in their raw form. Generally, the data suggest that there are many things going right for businesses in San Rafael, but concerns exist about issues beyond local control.

Issues of commute, traffic and affordable housing remain as common themes of local businesses. Planning and permitting were identified as common obstacles to business growth. Regulations continue to be a focus, with little discrimination about whether the regulation issues are city, county, state or federal.

Below are some recommendations for further survey work and city and chamber collaborations to improve the business environment in San Rafael.

**Recommendations:**

***Business Needs:***

- The city and chamber should continue to work together on parking issues, including:
  - Increase availability during downtown events.
- The homeless situation was less prominent in this survey:
  - The city's efforts to mitigate problems may be working.
- Comments continue to be positive about City planning and permitting processes:
  - The City should continue its practices in reducing time and costs.

***Survey Specific:***

- San Rafael Chamber should continue annual interviews.
  - Would be good to use the same businesses as possible to see changes over time; and
  - Add a question as to whether business is a chamber member or not (good to interview outside).

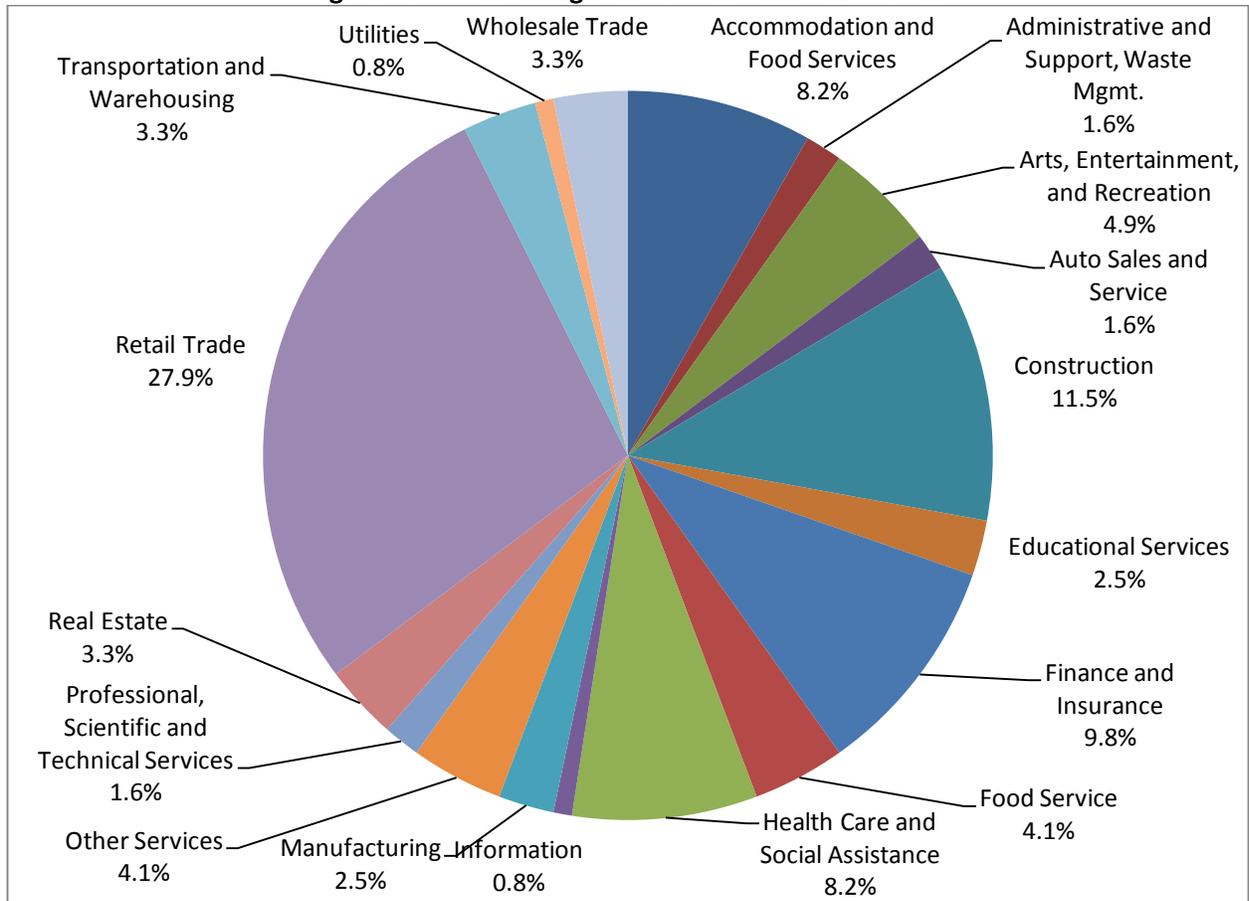
**Summary of BRE Interview Findings**

Below is a summary of the Business Retention and Expansion (BRE) interview findings conducted by the San Rafael Chamber between January 2015 and April 2015. These interviews provide a sample of local businesses and their thoughts on the economy and doing business in San Rafael.

**Question 1: What industry/classification would your business fall under? (Based on the North American Industry Classification System (NAICS)), select all that apply.**

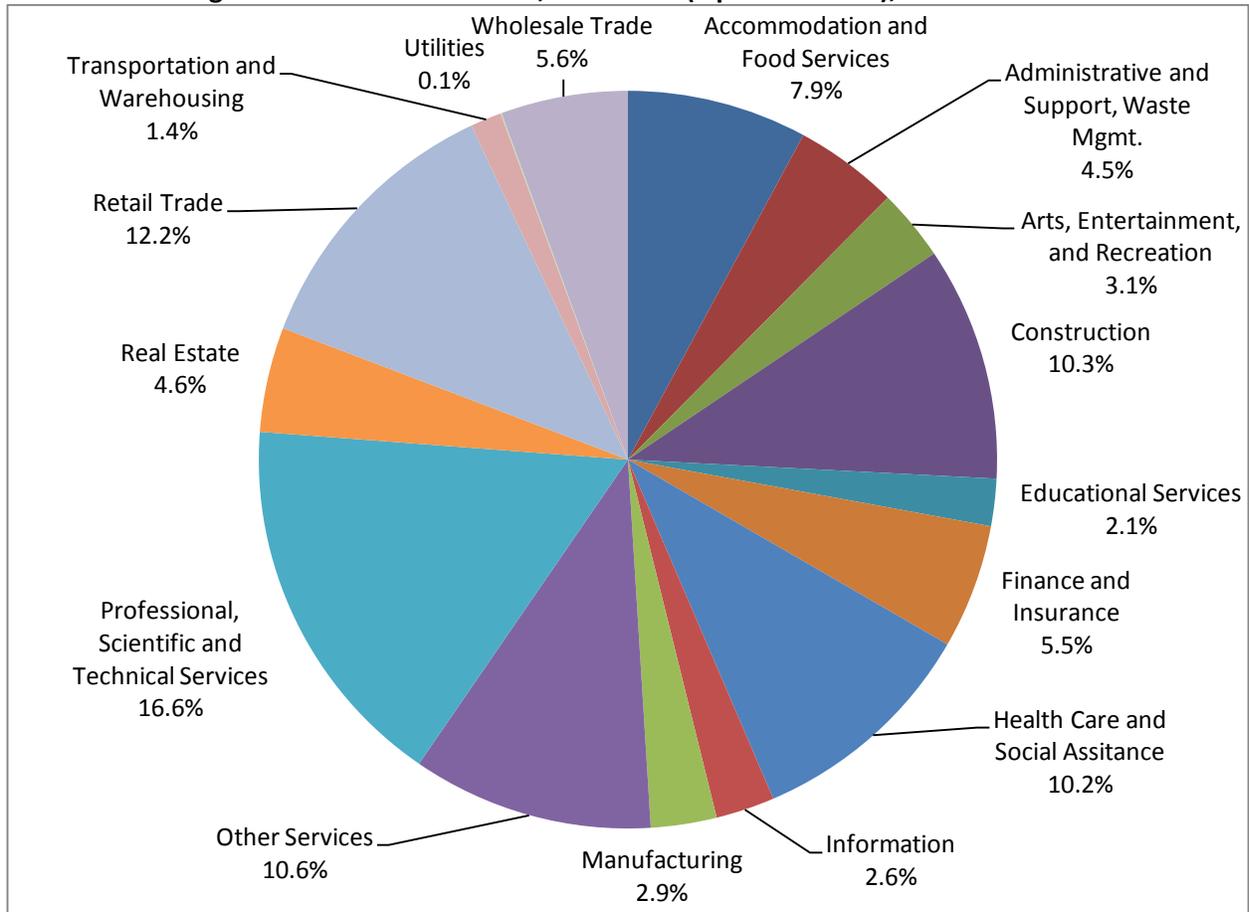
The NAICS codes are high-level industry classifications that provide an apples-to-apples comparison of businesses in areas throughout North America. For San Rafael, Figure 1 shows the codes used by the interviewees to describe themselves:

**Figure 1a: NAICS Categories for Business Interviewed**



One should not infer the business mix in San Rafael from these data, but it may be a decent way to consider the overall diversity of businesses. 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.

**Figure 1b: 2013 Business Mix, San Rafael (Zip Code 94901), Census Bureau**

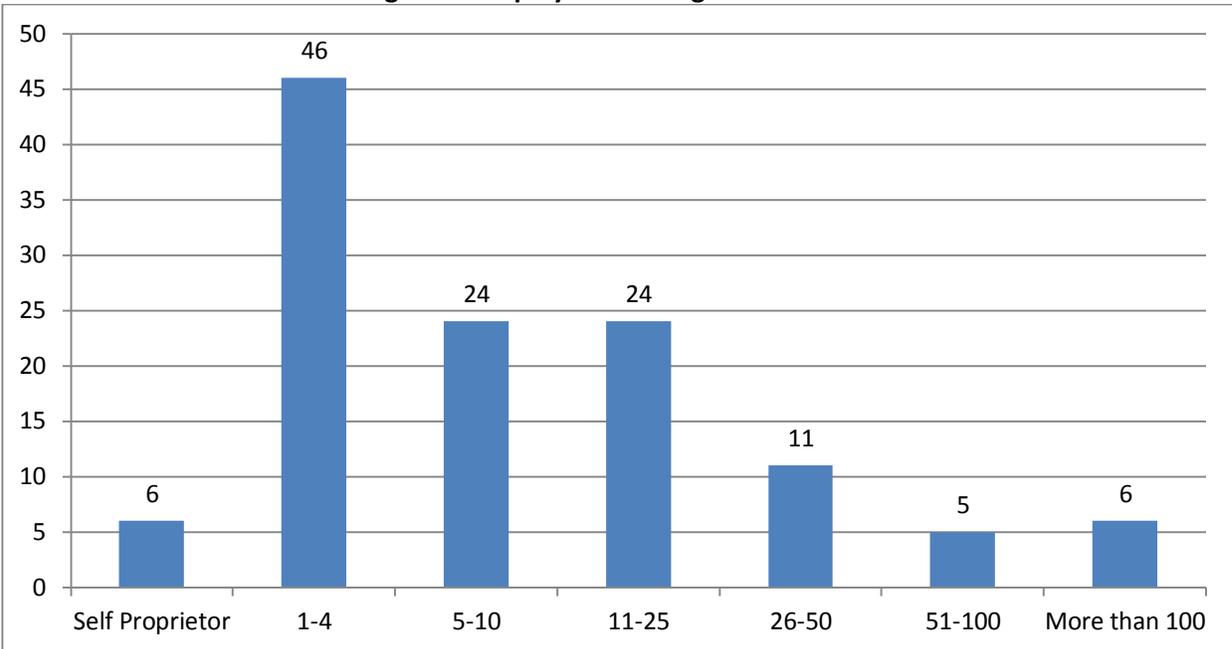


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**Question 2: How many full-time employees do you have? (Locally)**

This question gave demographic information about the employment footprint of the interviewed employers in San Rafael. These data are meant to show the relative size of the businesses that were surveyed.

**Figure 2: Employment Categories Provided**

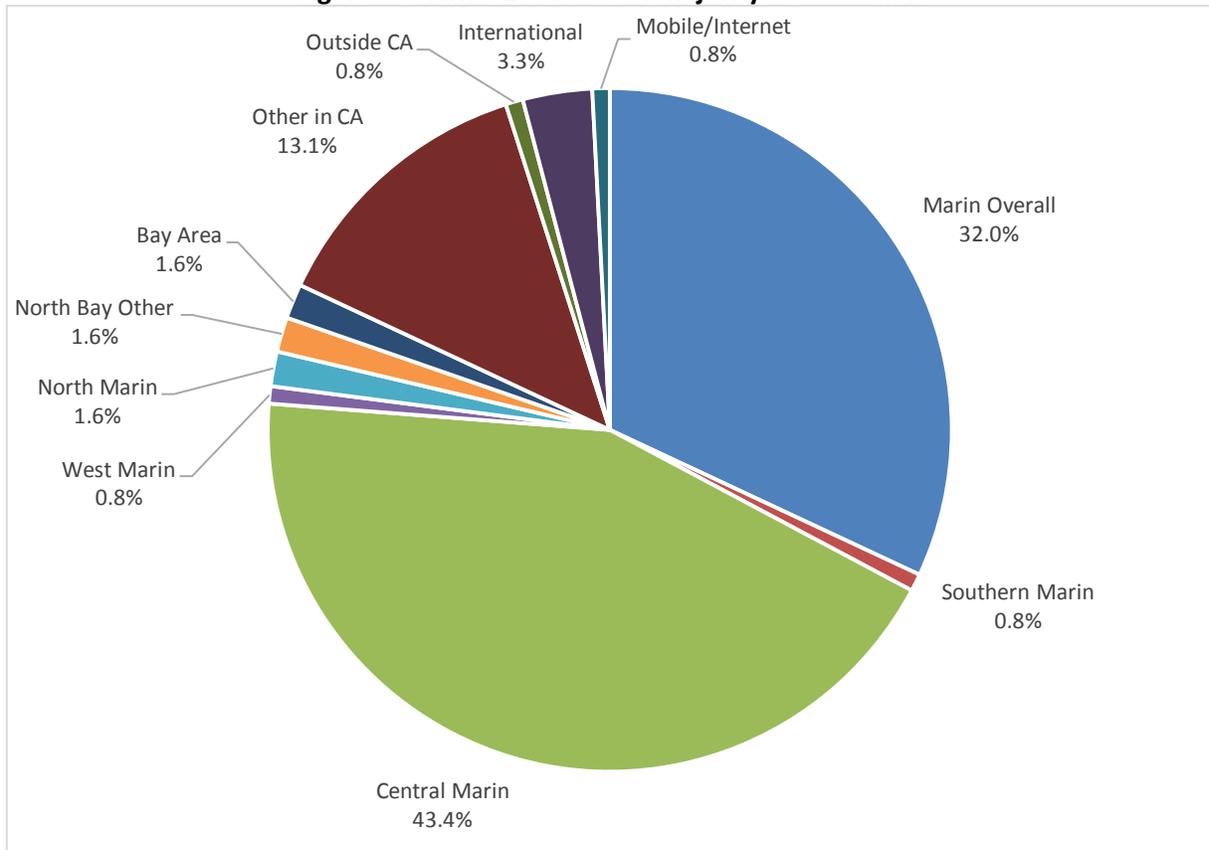


While it makes sense that the number of employees is dominated by those under 25 workers, the group between 51 and 100 workers suggests that San Rafael is also a place for medium size businesses to grow and prosper. Services firms tended to be the larger firms in this sample, specifically professional services and retail. Further, in contrast to the 2013 version of this survey, the interviewees this time were more balanced in terms of small, medium and large employers.

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

This question aimed at asking where customers originate, and it seems like many businesses may have local markets. Figure 3 shows that about 43.5 percent of the customer focus is for central Marin with those employers that were interviewed in 2015. However, over 76 percent of the customer focus is on Marin County overall.

**Figure 3: Market Locations of Majority of Customers**



Notice the number of businesses with international markets versus those that are in the Bay Area beyond Marin County. Services firms, including health care, tend to be more focused on local markets; while arts and entertainment and accommodation and food services have markets beyond the local.

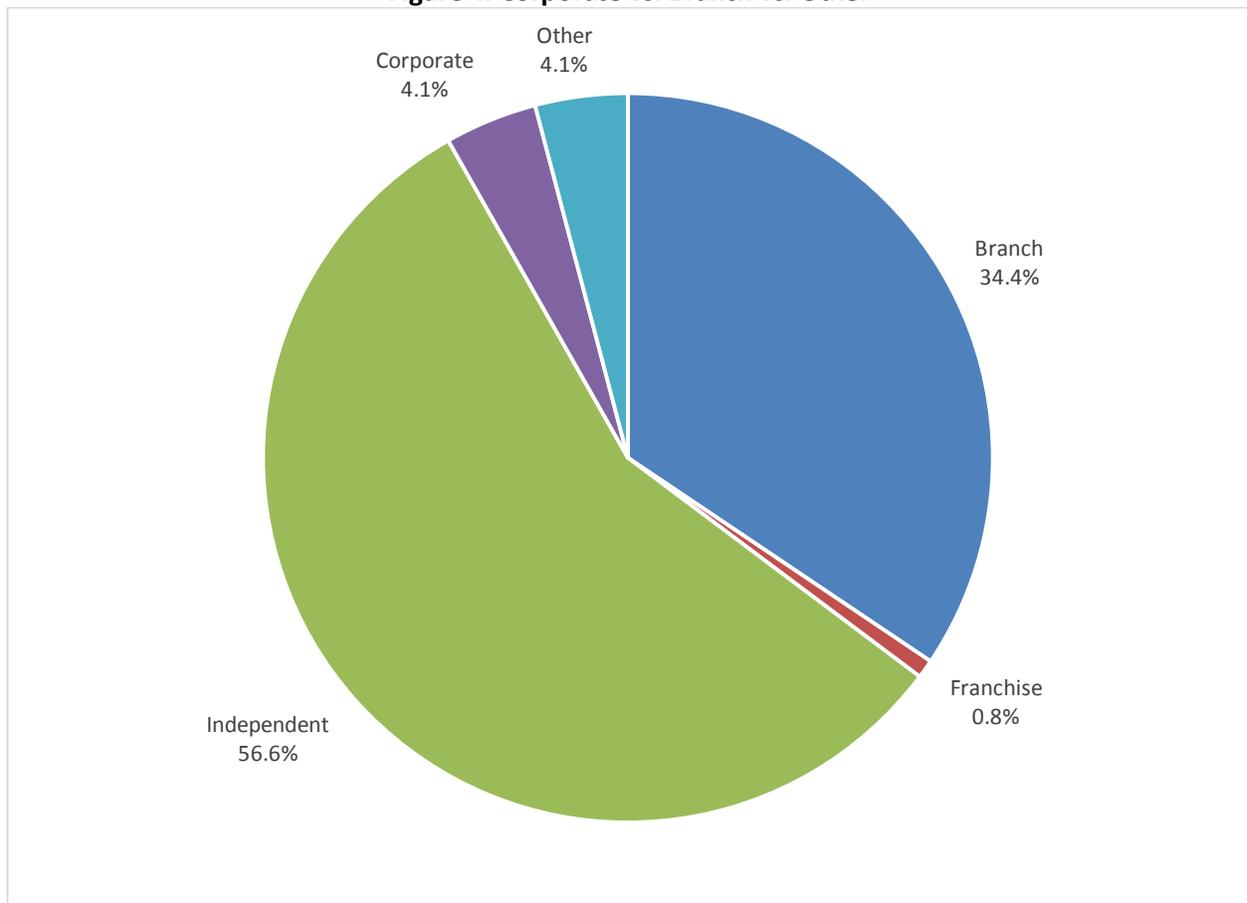
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**Question #4: Is this the Company's Corporate Office or a Branch Office?**

One concern is that a large number of businesses are branches of a larger entity and can be easily relocated. Flight from San Rafael may be easy under those conditions. Figure 4 shows there is a tight mix of corporate and branch businesses. Such a mix may need a deeper analysis; those businesses that labeled themselves as corporate may be branches of larger firms. However, the idea is that the "corporate" office is the headquarters.

Healthcare and retail were generally in the "Independent" category, while professional services finance, educational and utilities were more corporate than branch.

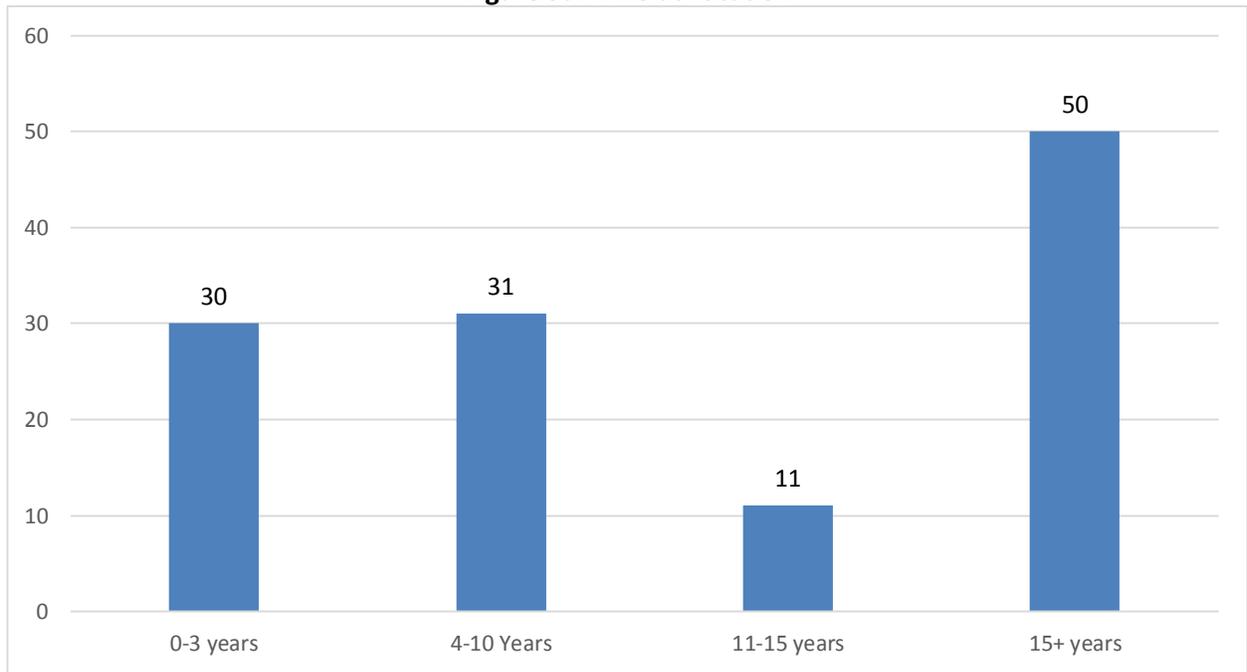
**Figure 4: Corporate vs. Branch vs. Other**



**Question 5a: How long have you been in San Rafael?**

This question was refined since the 2013 version of the survey to be more general in terms of the time the business has been in San Rafael. Figure 5 shows the mix is broad and that businesses have been in San Rafael for over 15 years generally, but that many are also just starting out. Looking more deeply at the data, restaurants had been in San Rafael across all year groupings. Retail stores and construction-related businesses were among the oldest businesses in San Rafael.

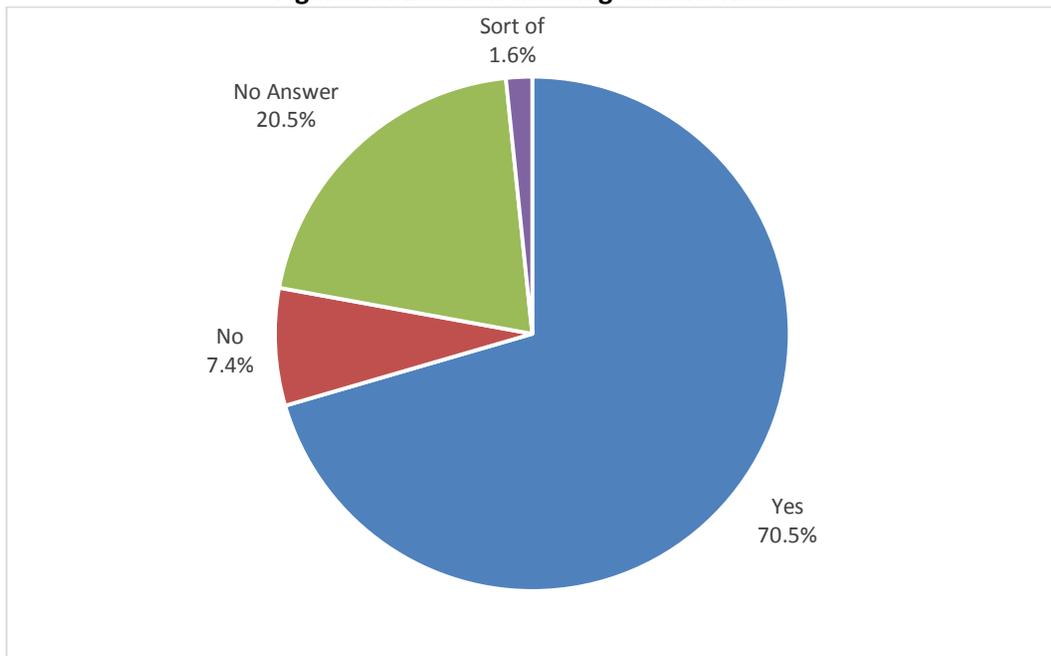
**Figure 5a: Time at Location**



**Question 5b: Is your current location meeting your business needs?**

This question provided the other part of question 5 that was more specific to the business’ current location and how the San Rafael markets and political environment support the business continuing in the space, at the specific street location, and the retention aspects of remaining at that space into the future. Generally, the opinions on how San Rafael supports local businesses were good; retail and construction businesses said “No” to this question, but only a small number of each.

**Figure 5b: Location Meeting Current Needs**



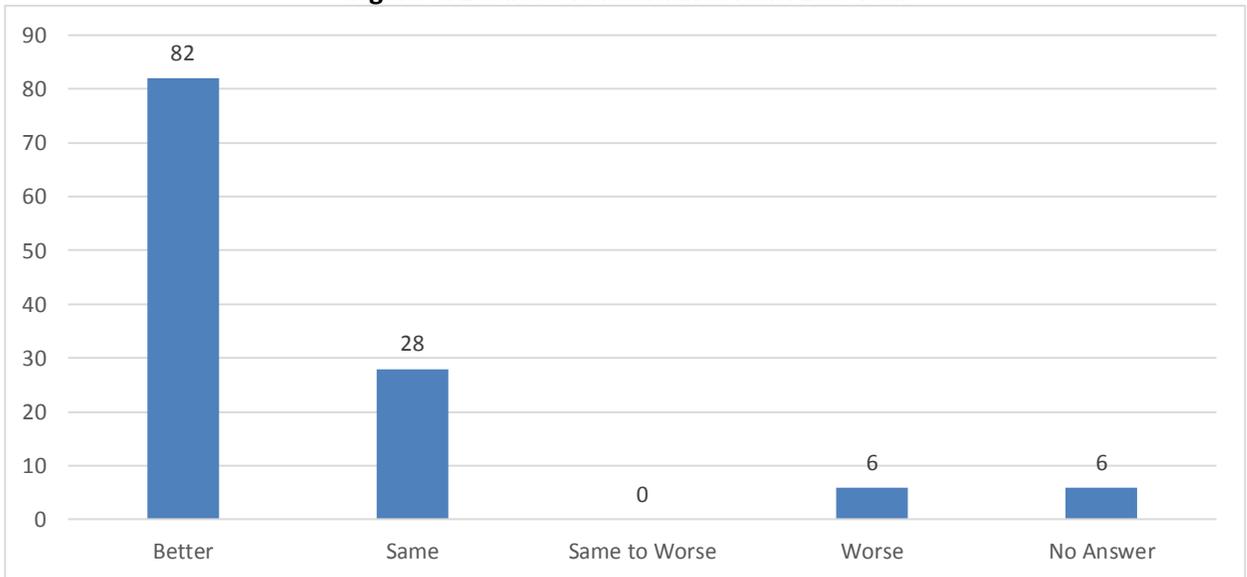
Below are the comments for those that said “Other” to this question:

- 4th street homelessness, city work disruption, and lack of parking
- But would like to purchase
- Customers outside area would like to see other/add'l locations
- Foot traffic has dropped off
- Lincoln st and Court bad for pedestrians
- May need more space soon
- Need more customers
- Not enough foot traffic
- Often overlooked due to location
- Own building
- Road needs to be paved fresh
- Too expensive
- Too small, moving to bigger spot still in the city
- Wants own building

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

This question is the temperature check on how each business forecasts performance with respect to the previous year. Given that 2014 remained a strong year economically (though more of a roller-coaster than 2013), the data here should support positive economic change. Figure 6 shows that was the case; there are some anecdotes provided here as well. Retail businesses were the main businesses that said their business was worse.

**Figure 6: Business Performance from Last Year**



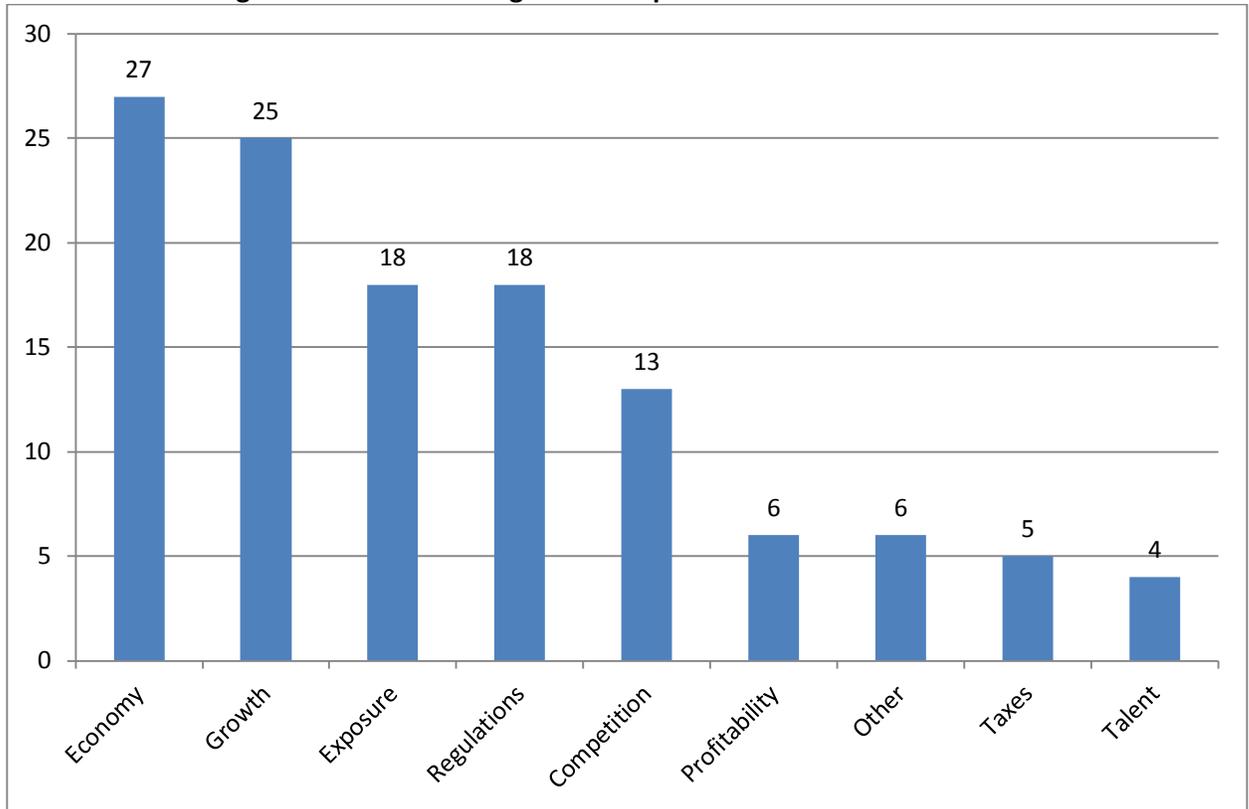
**Anecdotes on reasons for increased business success in 2013:**

- Better in San Francisco
- but not good enough to stay
- by factor of 18 or 19 (insanely good)
- Customer experience affected by local construction
- cyclical for the year, ebbs and flows
- EV Hybrids and new product offerings boosting sales
- good management
- health issues slowed business
- more work coming from Marin and Bay area than before
- Plenty busy when your free, no lack of business opportunities
- Small retail (main business) leaving
- tightening up
- We keep growing and we don't know how!
- word of mouth ads and high school sports announcements have increased customer base

**Question 7: What is the single most important factor facing your business?**

This question asked about important issues to businesses in San Rafael, and can be considered the largest business worry also. As Figure 7 shows, there are many issues and the spread is relatively uniform across the choices. Maintenance of profitability was the largest factor.

**Figure 7: What is the Single Most Important Factor in Your Business?**



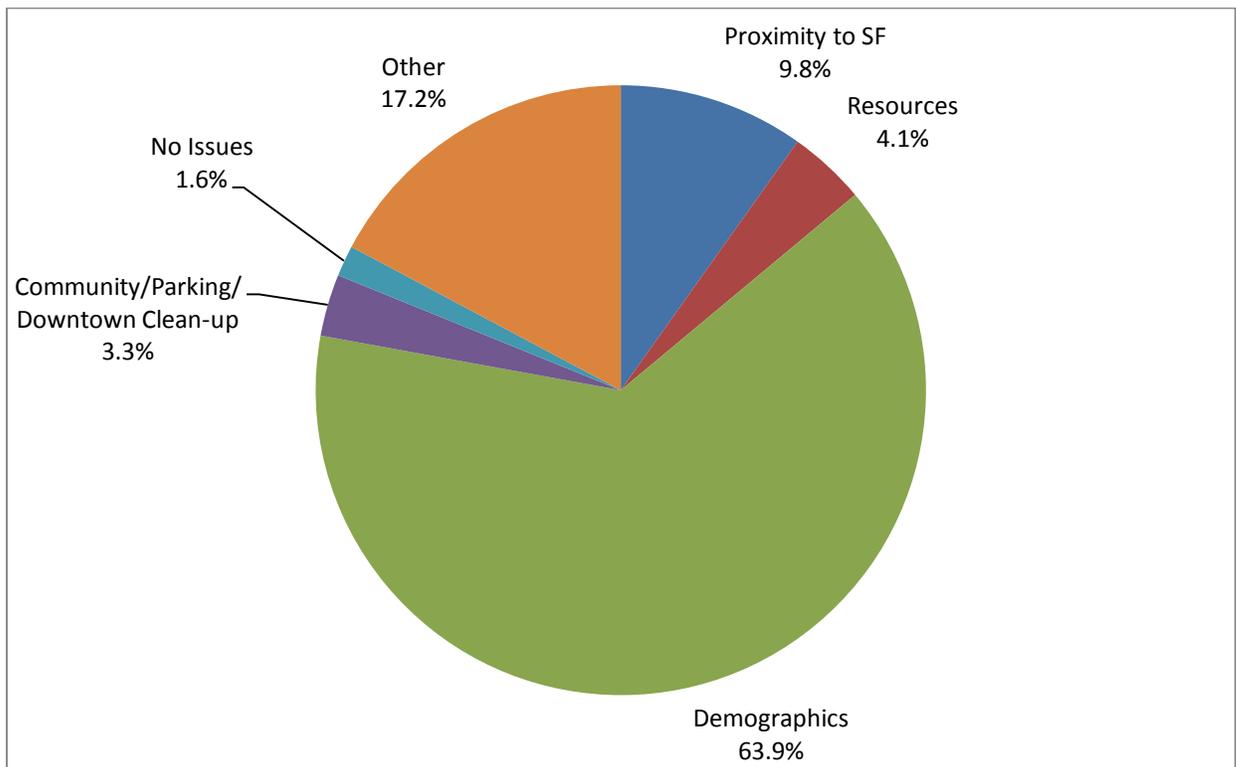
Businesses that had the largest concerns on local regulations were food services businesses. Real estate, finance, health care, and transportation/warehousing were concerned about state and federal regulations. Financial businesses were concerned about growth. The overall strength of the economy remains a factor for all types of businesses interviewed. Market exposure, future profitability and competition were concerns for businesses across industries. No one industry otherwise dominated or had most of the interviewed business in one category versus another. The results were relatively widespread.

The following is a list for Question 8 that is related to Question 7 and based on what is missing for those that do business in San Rafael.

**Question 8: What is missing as a Business Service or Provider in San Rafael?**

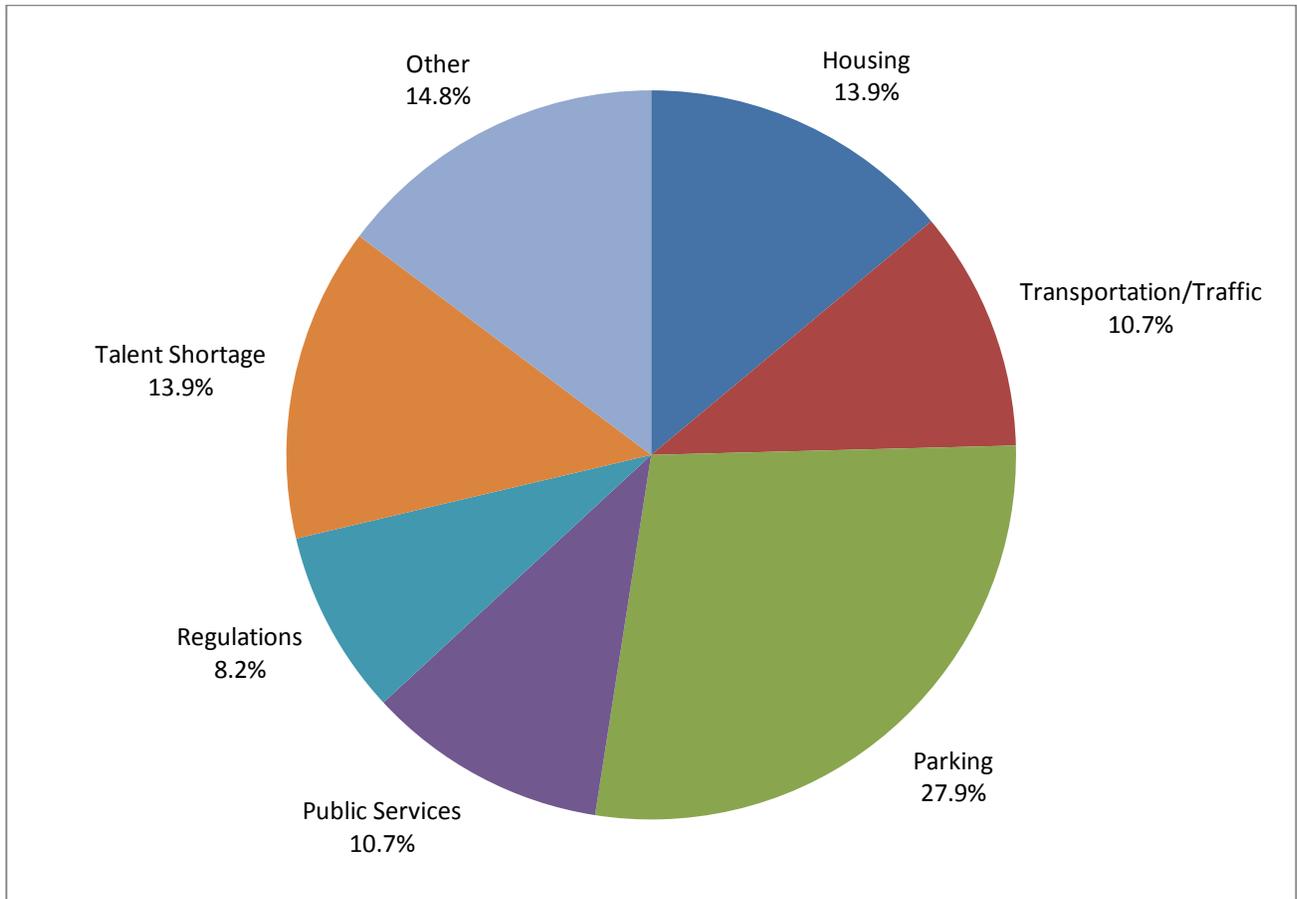
Office Supplies	2
Wholesale Restaurant	2
Commercial Space	3
None missing	102
Design Stores	1
Internet Providers	1
Manufacturing Materials	1
Something is Missing, no specificity	10

**Question 9: What do you like about doing business in San Rafael?**



This question asked about the major themes that describe what is attractive about doing business in San Rafael. Notice that figure 8 shows that local businesses like the demographics of the market (age, education level, income level) as a way to support their businesses. Retail stores were most concerned with demographics in San Rafael. Proximity to the greater Bay Area seemed less important as where markets are; the industries interviewed made a difference based on local markets. In retail and other locally-serving industries, proximity to the greater Bay Area was less important than to service businesses with larger markets. Proximity to San Francisco and the Bay Area otherwise was a good thing for almost all businesses involved in the study. Similar to Question 7, no one industry was dominant in any of the categories; this may be an issue with the survey design. We suggest that the next survey should ask for the most important factor only.

**Question 10: Which of the following areas do you believe if addressed, would most improve local business conditions?**



This question was about improvements and what issues need to be tackled to help support local businesses. Traffic, parking, lack of workforce housing and the regulatory environment were the dominant themes. The lack of public services also came up, much of it around the homeless and cleaning up the downtown area.

This question is likely of importance to local policy makers. Parking was the issue of importance for finance and retail businesses. Accommodations, food services and other tourism businesses were concerned about local public services availability and regulations. Housing was a general concern to all businesses; no one industry stood out in terms of concern about the availability of workforce housing.

For those that chose “Other” to question 10, the following answers were provided:

Bigger space

Chamber does great. We need exposure for our business

Economic growth of business community

For us personally it would be restrictions on the boat live aboard at the harbor adjacent to our business. They attract drug dealers, prostitutes, people from America's Most Wanted, and they do not have proper sewer hook ups or garbage receptacles and leech off the businesses at the Harbor Center. The Harbor Master is also certifiable.

Income Tax

More support for small business

No one wants to visit, unsafe downtown, no longer commercial center

Parking Availability & Finding/Retaining Qualified Talent

traffic on 101

All of the above: mainly parking, second would be workforce housing, local permitting is expensive and homeless cause a concern for public safety

Traffic can be a nightmare, poorly laid out, like Nov. Bigger SQ used to live in Gierstel Park

**Question 11: Would you like to share any additional information about your experience doing business in San Rafael?**

This question asked for anecdotes and simple statements about doing business in San Rafael. Below are some of those responses in their raw form. Each individual box represents a respondent’s comments summarized by the interviewer. The responses shown below are partially alphabetized; comments provide both insight and comedy about operating a business in San Rafael.

#9-LocationProblems Insurance cost and overhead expense
3 Kids in school district and having a local biz is amazing and invaluable Bill Daniels took me under his wing.
As long as Marin County, economically speaking, does well, they do well. They are very much linked to Marin County.
Being downtown is good for business, built up very loyal clientele over the years which are beneficial for business.
Believes youth under 18 should be able to use city bus for free (like in SF); this will help to stabilize our economy because they can get jobs. There also needs to be more affordable housing.
Business is great!!
Business is marvelous
Central, convenient, happy with current space
College prep HS from Sausalito transformative, move unexpected took a while to build up
Competition is another factor
deal with the homeless, but parking meters, reload times and unease of use needs to be solved
Demographic, Pressure
East San Rafael is a prime location for us. WE can easily move equipment, materials and men in and out of the area. There is not too much congestion although Francisco Blvd is turning into a heavily traveled area. I like the City. I like the people, they are reasonable to get along with and the atmosphere is not too antagonistic.
Got to increase the number of people on Fourth. Closing Business
growth of customer base
Happy to be in San Rafael! Look forward to grow the local economy
happy with the Showcase

Homeless situation in the Downtown
Housing is a big issue as some of the employees come from Sacramento. Homeless people issue too
Internet disrupts downtown flow, city government should deal with present and not the future, driven away business community, take action now, 25% vacancy in downtown.
It seems like business is doing better over past several years.
Kudos for new businesses and opportunities coming into the area. Lack of stop signs at mission and court is crazy. Homeless issue, move shelter somewhere else
lack of consistency in permitting process
lack of housing and parking
Lack of vision for downtown, and lack of affordable housing
Like the Downtown
Like to see a smaller scale info center about alternatives - something like Whole Foods, combined with charging station and info about EV for consumers
Likes customer demographics, good weather, and people are transitional but nice.
local permitting is a process that is need of improvement
Love doing business in San Rafael
Love the diversity of customers and people are always willing to buy their furniture
Loves being in San Rafael-no plans to leave! Diverse & Friendly Community Wishes it was more affordable
Loves community environment, easy to network with people. The pace of Marin is easier to deal with then down San Francisco. It is conducive towards building relationships with people. He also likes the political climate which is progressive or liberal.
Majority of business is word of mouth.
More & More people are coming from out of the area to use/obtain public services because they are so complete. Retail down 50%!
more training for youth in wood working
need a bigger facility but likes current rent
Needs to build client base
Nice to do business in San Rafael
Not Looking to Leave.
Our growth is attributable to HARD WORK!
Parking in Montecito plaza is the most important concern
Parking is really bad.
People aren't loyal, will go to another business for cheaper products.
People need to support local stores more rather than wholesales
Permits were easy to obtain
Pleasant place. Continue the Street Fair, need to create an economy for the youth
Ritter House (Non Profit) has high rate of users which causes loitering
San Rafael guy! heart and soul of Marin
San Rafael has a vibrant group of entrepreneurs and innovators ... There is a lack of awareness around the tech community in this area, as well as the fact that the tech world could be extremely beneficial for our local economy.
See last comment. And seems to be missing opportunity for promoting and supporting small business networking
Still a new company, so growth is something SWT needs to work on
Teach him how to use parking meters
Thank you and excited to be part of the Chamber!
The Chamber is one of the most important business connections, only problem is the businesses don't use the Chamber's enough. They don't understand how important Chambers are to their business.
The new on-line business license renewals are a huge improvement. There should be some benefit for business to business transactions within San Rafael.

<p>There was a fire a few years ago and there was a long process involved in dealing with the aftermath. They had to through a permit application process that was same for both residential and commercial properties. The restaurant was closed for 8 months and there was 2 months where the store could have been opened but wasn't. There process should be streamlined and made faster and the permit process should be expedited. Such a process can be understood for remodeling but not this.</p>
<p>They are being hurt by income tax, sales tax, employee tax etc. It is a mom and pop business that has been around a long time and the federal taxes are taking a toll. They also don't believe a nearby Chipotle take their business because it's not real Mexican food.</p>
<p>They sell Mediterranean and Middle Eastern food. They benefit because such food is hard to find anywhere else. They would prefer, however, more American customers than the Persians who currently frequent. They would like to have more advertising of their food. They also want more local small business support. Trader's Joes doesn't take away business because it is American food. It actually even helps bring customers to Jasmine Market. For example, the hummus at Jasmine is distinctly different from the one at Trader Joes which is more Americanized and doesn't have the special taste. Specialty products like saffron can only be found at Jasmine, aiding their business.</p>
<p>traffic issues are a concern for business and finding qualified talent</p>
<p>Tried SSU internship. SRJC program - no response. Local community, love doing business in Marin, sales staff from here and happy.</p>
<p>Very competitive, nice health program, functional health care</p>
<p>Very positive Loyal Customers, Growth younger clientele</p>
<p>We have a customer base of 500.</p>
<p>Welcoming, Warm Demographics</p>
<p>Would be more successful if food was served, and business is worse in the winter season</p>