

**Public Comment Emails Received**

Below are the emails that were received at [minimum.wage@hayward-ca.gov](mailto:minimum.wage@hayward-ca.gov). Per the request of businesses and respondents, the comments have been edited to remove any reference to personal or business names to remain anonymous.

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I am glad I was able to attend the round table meeting a few weeks ago. We have been in Hayward for over 35 years at the (Business Name) Inn of Hayward. Understand the housing cost have rise in the bay area especially, If we can put some rent control on housing I think we would not have as much of a struggle . Living cost are too high.

We feel that the state hikes in pay rates are fine. Keep in mind we soon will be seeing a soft set back or recession. If so we want to be sure to keep businesses open, Ideally when we drive the city like to see businesses not vacancies. Many businesses in Oakland area are struggling from high pay rates.

I think we should obtain a census on how many people are earning less than minimum wage. With the report then we can see which direction we need go into.

I think its important to have employment as well as employees!

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I wanted to provide you with some information on minimum wage, including my original minimum wage email to City Council, which is below. I understand that City Council has made up their minds to increase minimum wage, regardless of staff report. Sadly, it is my belief that their decision will destroy (Business Name), which reminds me of the famed economist Ludwig von Mises who said it best when he mused about politicians and the economy in his 1962 masterpiece, *The Ultimate Foundation of Economic Science*: “No politician is any longer interested in the question whether a measure is fit to produce the ends aimed at. What alone counts for him is whether the majority of the voters favor or reject it.”

The following links are a series of referenced articles demonstrating the real economic consequences and impacts of increasing minimum wage. My letter to City Council below goes deeper into the real impact minimum wage has had on (Business Name).

**California's Shopping Businesses and Restaurants Continue to Struggle (October 2019)**

Local economies in California's major metro areas have been faltering, according to Yelp data. California's shopping and restaurant businesses have been hit the hardest, with restaurants in the top five major metro areas declining in range from 2.6%-9.3%. <https://blog.yelp.com/2019/10/californias-urban-centers-are-stagnating-according-to-yelps-economic-average>

**Bay Area Restaurants Closing (November 2019)**

<https://sf.eater.com/2017/9/22/16352884/restaurants-bars-closed-san-francisco-bay-area>  
<https://sf.eater.com/closings>

**NYC has lost 4,000 jobs in the restaurant sector alone in the last year (August 2019) (cont.)**

<https://fee.org/articles/nyc-has-lost-4-000-jobs-in-the-restaurant-sector-alone-in-the-last-year/>

**The fight for \$15 minimum wage is hurting the restaurant industry (May 2019)**

<https://www.fool.com/investing/2019/05/22/the-fight-for-15-minimum-wage-is-hurting-the-resta.aspx>

**Who Benefits from a Higher Minimum Wage? Texas A&M University (November 2018)**

An increase in the minimum wage can raise prices in a way that works against the poor, which contributes to higher prices for those goods and services produced with minimum wage labor. Those higher prices cost low-income households relatively more than high-income households, particularly since most minimum wage workers are employed in food service and a relatively higher share of low income households' budgets goes to the purchase of food products. The effect of these price increases on the poor is important because wages increase from an increase in the minimum wage accrue mostly to households that are not poor. The poor are then disproportionately taxed on their increase as seen in the next article

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from the Brookings Institute. <https://econofact.org/who-benefits-from-a-higher-minimum-wage>

**What happens to an employee's taxes when states raise minimum wage (2015)**

In the attached article from Brookings Institute, Tax Policy Center. In CA the \$15 minimum for a single mom and two kids had an \$850/month increase in earning, but after a decrease in SNAP benefits and increase in taxes the net benefit was only \$378/month. Minus the 38% increase in prices to pay for minimum wage and 10% sales tax, there is virtually no net gain in spending power. The winner is the government with \$154 SNAP savings and \$318 net tax increase, eating up 55% of her minimum wage boost. At BBB the increase from \$9-\$12/hr cost \$380,000/year. So 55% of the \$380,000.00 or \$209,000.00 that the government forces me to create from thin air goes back to the government. <https://www.taxpolicycenter.org/taxvox/what-happens-taxes-and-transfers-when-states-raise-minimum-wage>

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Dear Council Members,

I understand that some City Council members would like to increase minimum wage in Hayward. To those that do, I am disappointed that as a City Council member you not only believe in the myth of minimum wage, but find it necessary to increase it in Hayward when in 26 months it will be law in CA.

I would like to share my first hand experience with increasing minimum wage at (Business Name) going from \$9 (2014) to \$12 (2019). I can tell you based on (Business Name) structure and type of restaurant, "full service" dining, we will either transition to "fast casual" dining, eliminating (31) of our highest paid (tipped) employees, or close our doors and reopen as a different business concept before minimum wage hits \$15. Like other restaurants in (cont.) Berkeley, Emeryville, Oakland, SF and NY:

Emeryville Restaurants Closing and Not Returning

<https://evilleeye.com/news-commentary/council-considers-minimum-wage-pause-after-mills-study-reveals-struggling-local-emeryville-restaurants/>

Oakland Restaurants Closing

<https://www.epionline.org/oped/oakland-minimum-wage-hike-burdens-businesses-hurts-employees/>

Berkeley Restaurants Closing

<https://www.berkeleyside.com/2018/10/12/15-minimum-wage-berkeley-restaurants>

SF Restaurants Closing

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<https://www.epionline.org/oped/the-minimum-wage-eats-restaurants/>

NY Restaurants Closing

<https://hotair.com/archives/jazz-shaw/2019/09/30/nyc-restaurant-industry-jobs-evaporate-15-hr-wage-sets/>

<https://nypost.com/2019/09/29/15-minimum-wage-hike-is-hitting-hurting-nyc-restaurants/>

The last three years have been the most difficult out of the 26 years I've owned (Business Name). As Jerry Brown said, "Morally and socially and politically minimum wage makes sense, but economically, it may not make sense". Then he signed it into law. I hope that Council Members can demonstrate, where Jerry Brown could not, how raising minimum wage economically makes sense. <https://www.sacbee.com/news/politics-government/capitol-alert/article69842317.html>

Could you imagine if I could create a law, which took YOUR paycheck and transferred it to someone else? What's worse is you are targeting the individual who is least capable of paying. If 70% of all small businesses fail in 10 years, what makes you think I am the one best suited to pay this cost? Could you also imagine if after 10 years 70% of all government employees lost their jobs and pensions, like small business employers? Well, that's the reality, because every day that I come to work, the greater the likelihood that I'm going to fail. Increasing minimum wage only accelerates that end.

Increasing minimum wage from \$9 (2014) to \$12 (2019) has wrecked (Business Name). Our payroll increased \$380k/year. That's \$380,000.00 per year! The price of a hamburger increased from \$12 to \$17, a salad from \$11.75 to \$15, a pint of beer increased from \$6.75 to \$8.75, we terminated (2) management positions totaling \$120k/year, cut staff from 86 to 79, from December - March we now seasonally lay off an additional 15 employees, or 350 hours per pay period. Tipped employees now make more than Managers, so now there is no longer a path for advancement. The only path is to leave (Business Name) and find a better (cont.) paying job. The small business wage hierarchy has been ruined. No longer can I reward great employees with a raise because the government now requires me to give a raise to others, regardless of performance, which promotes complacency and mediocrity.

Ironically, when you consider how the minimum wage increase is divvied up you know that Jerry Brown was right; increased payroll tax, income tax, social security, unemployment insurance, reduction in hours, increase in prices (because a hamburger is now \$17 not \$12), and the increase in sales tax on the increase (\$0.50), you are in essence causing the minimum wage earner to pay for their own wage increase. This is why Jerry Brown said it didn't make economic sense. If you want to raise the standard of living, which is the true measure of a living wage, don't make them pay for it. I guarantee that a minimum wage household will see nearly zero increase in spending power after inflation caused by rising prices and taxes.

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If the government was so concerned about a living wage, then why do they take half of the employee's wage increase? In the attached article from Brookings Institute, Tax Policy Center. In CA the \$15 minimum for a single mom and two kids had an \$850/month increase in earning, but after a decrease in SNAP benefits and increase in taxes the net benefit was only \$378/month. Minus the 38% increase in prices and 10% sales tax, there is virtually no net gain in spending power. The winner is the government with \$154 SNAP savings and \$318 net tax increase, eating up 55% of her minimum wage boost. So 55% of the \$380,000.00 or \$209,000.00 that the government forces me to create from thin air goes back to the government. <https://www.taxpolicycenter.org/taxvox/what-happens-taxes-and-transfers-when-states-raise-minimum-wage>

Unions lobbied the hardest for \$15, and in fact spent over \$70 million to raise the minimum wage for small businesses. Just think, my labor competitor was able to buy a law, which is destroying me and enriching their employees and the government. How? Because union wages are tied to minimum wage, and an increase in minimum wage allows unions to give raises and circumvent collective bargaining. In California alone 223,000 union employees will receive a direct pay increase at the expense of small business employers. <https://www.forbes.com/sites/edrensi/2017/01/19/why-it-is-that-unions-fund-the-fight-for-15/#2c300a2850ce>

You might say that destroying me is overly dramatic, but I again would invite you to stand in my shoes and under threat of law be forced to create \$380,000.00 of profit a year and give half to the government and half to someone else. Or, you can read the Harvard Study, Survival of the fittest: *The Impact of the Minimum Wage on Firm Exit*. It's conclusion? Every \$1 rise in minimum wage leads to a 14% increase in the likelihood of failure for restaurants with a Yelp rating of 3.5 stars. (Business Name) has 3.5 stars, and we are in that fight. [https://www.hbs.edu/faculty/Publication%20Files/17-088\\_9f5c63e3-fcb7-4144-b9cf-74bf594cc308.pdf](https://www.hbs.edu/faculty/Publication%20Files/17-088_9f5c63e3-fcb7-4144-b9cf-74bf594cc308.pdf)

(cont.)

The minimum wage law is a fraud. It provides no increase in spending power or quality of life, nor does it provide a living wage when 55% is taken by the government and the rest is consumed by inflation and increased prices. But the even bigger fraud is how the law indentures small business employers to pay this debt for life. At some point we just walk away.

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Hayward doesn't need another reason to not open a businesses nor lose an existing one. This is another job killer for the Hayward businesses. All you have to do is look at SF, Seattle and LA that have done this, you know have more restaurants and retail centers closing than opening. Companies like Amazon, Apple, etc., don't care they can afford it. What this is going to do is kill the small shops, I thought that is what we all wanted was small local businesses that keep the money in our communities? These closings of retail and restaurants started two years ago, what could be the reason for it? Let's think what happened two years ago? Well, local governments decided to increase the minimum wage as a major part of it. Below is the best explanation of this economics 101 lesson, since the leaders at the City of Hayward seemed to have missed that college course.

To start, Jed explained, opening a restaurant in San Francisco is in and of itself challenging.

"If you're opening a restaurant, you have an average of 22 permits you have to file and pay for," she said. "Then once you get your doors open, the cost of labor and healthcare have really dampened the sustainability of restaurants in the city."

Over the past five years, minimum wage has gone up \$1.00 every year. Jed explained that when an employer adds in benefits it comes out to roughly an additional \$1.30. For Jed, who has 90 employees, that has translated to an additional \$30,000 a month increase to her bottom line of labor.

"So for each year of dollar increase, \$30,000 increase, cumulative \$60,000 increase, cumulative \$120,000 increase," she said, "And you start to do the math, if you're not bringing in more income, you're at a net zero gain."

Hayward like a lot of cities in the Bay Area are more concerned with handing out other peoples money then streamlining government services so the cost of business actually goes down and companies can provide better raises and benifets for people that help to make there business successful.

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(Business Name) has been serving the Developmentally Disabled as a community based behavior management program in Hayward since March, 2005. We are licensed thru the Community Care Licensing of Department of Developmental Services, State of California and vendorized by the local Regional Center, Regional Center of the East Bay.

Because of the nature of our clients; we are required to have a 3:1 ratio of client to staff. This means that we have a very large amount of employees for a relatively small business.

We are asking that the City Council exempt healthcare programs and businesses that are funded by the State of California. Department of Developmental Services.

The reason is fundamental; we are 100% funded by the State with no ability to raise our rates OR EVEN CUT OUR EXPENSES. Since we are required by law to have the client/staff (cont.) ratios, we cannot cut employees due to our health and safety requirements. We are not like a restaurant, or another business in Hayward that can increase revenue.

Additionally, the State of California will reimburse for the State mandated Minimum Wage but not for the local Minimum Wage increases. So when a local ordinance goes into affect ahead of the State of California, that potential revenue is lost forever and can never be recaptured.

I have also attached historical data which shows since 2002 the increases that have been given to Day Program operators in California. Not a pretty picture and further shows why every increased cost is a huge burden to programs like Mission Hope.

No ability to raise our rates and a permanent penalty barring reimbursed from the State of California creates an unfair situation. We respectfully request that the City Council exempt programs/businesses funded by the Department of Developmental Services from the pending Local Minimum Wage ordinance.

Lastly, we would welcome the opportunity to have staff or City Council members visit (Business Name) to see the work that we do and the special people that we serve. It will be an enriching experience for all parties to visit our clients.

Please keep up posted on meeting dates as they approach, we want to participate in this process.

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My wife and I both have businesses in the City of Hayward. We started my wife's business back in 1985 and over the years hired many employees. A \$15 per hour minimum wage for all employees might sound good to lawmakers but not for business owners for the following reasons. From an experienced employees' stand point the market will pay for what the employees' bring to the table. The minimum wage helps employees without any experience to enter the workforce. Raising the wage to \$15 per hour will reduce or maybe eliminate hiring anyone without experience. We as an organization would rather pay an experienced person more than the minimum wage than hire and train someone for the \$15 minimum wage. The \$15 hour person would cost us at least \$40 per hour. This is the cost of an experienced person's wages of \$25 to train the inexperienced person plus the \$15 for the inexperienced person not counting taxes, benefits, loss of business and productivity while the new person is coming up to speed. By passing this law you would be actually lowering the higher wage earner rate by allowing less employees to be hired therefore increase the supply and reducing the demand

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As discussed at one of the recent townhalls, I'd like to provide some feedback re: the city's minimum wage proposal. As was promised, please keep this feedback anonymous as it is shared further.

*Our general feedback re: the two alternatives that the city is evaluating is that the State of California has already weighed in on the minimum wage situation several years ago after considerable research and analysis. For each municipality in the Bay Area to then devise their own actions does not seem like valuable activity for each city.*

*That said, we have a much more strenuous objection though to Alternative One being considered. In our opinion, for the city to take a position like this with ~6 months' notice is unconscionable. Businesses should be planning with at least a one-year time horizon (cont.) and to institute this change with so little notice drastically impacts our ability to react. Our business, for example, had already communicated a fiscal 2020 price increase to our customers based on what we understood to be our upcoming labor cost increases, only to later find out that the city was investigating this action. To now implement a statutory change to our labor rates is unfair and leaves us with very little ability to go back to our customers so soon after we already communicated a price increase. Thank you for your consideration.*

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