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# San Diego Business Forecast

**FOR IMMEDIATE RELEASE**

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## **SAN DIEGO BUSINESSES REMAIN OPTIMISTIC YET ANXIETY ABOUT PROPOSED MINIMUM WAGE INCREASE GROWS**

*Businesses also surveyed about local water issues, other challenges*

**SAN DIEGO (May 22, 2014)** – Nearly six months into 2014, San Diego County businesses remain optimistic as summer draws near. After the San Diego County Business Forecast’s Outlook Index™ (BOI) hit its high in February of this year, the Index has continued to be positive coming in at +29.5 for May.

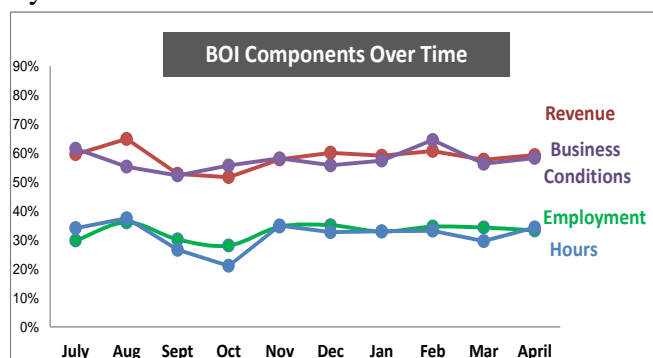
While optimism remains high, the number of businesses citing the challenge posed by the proposed local increase of the minimum wage has grown. As one owner of a medium-sized Mira Mesa business stated in this month’s survey, “I’m worried about the increase of minimum wage for hourly workers. Payroll is a huge expense for our business and it would make an impact in our hiring decisions.” Some businesses also cite the Affordable Care Act (ACA) and other challenges related to business-specific issues and competition as other concerns.

“As the deadline for California’s minimum wage increase approaches, some firms are clearly becoming worried about the impact it will have on their business,” said Chamber CEO, Jerry Sanders. “That is why it is especially important for our leaders in San Diego to listen to these concerns and refrain from burdening local businesses further with an additional local increase.”

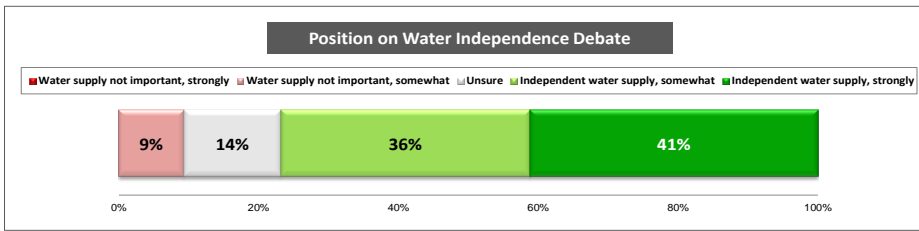
All four of the Index’s components have remained positive since its debut in July 2013, with business conditions and revenue consistently outshining the prospects for employment and work hours. The chart below shows the percentage of firms with a positive outlook for each component and illustrates the large and regular gap between predictions about the labor force and predictions related to earnings. Also, this month’s BOI for businesses within San Diego city limits is significantly higher than it is for other areas. The Index shows a high +33.6 in the city versus a +19.0 in other parts of the County.

“It is encouraging to see all four components of the Business Forecast’s Index remain strong nearly halfway into 2014,” said Alan Lane, president of Silvergate Bank. “However, with labor consistently underperforming revenue, businesses remain cautious on hiring.”

This month’s survey also asked about the cost and supply of water, as well as the importance of water independence for San Diego County. Results, however, were mixed and varied by industry and geography. More than 30% expressed serious concern about the issue whereas 44% were unconcerned. Business people



with firms in the County's north inland suburbs were very concerned. At the same time, executives in the financial services and cyber industries showed very little concern. When it comes to San Diego's need to achieve water independence, more than three-quarters believe it is a priority for the region



Businesses were also asked about new challenges they were facing. Concerns over minimum wage seem more focused on a proposed local increase than on California's mandate

to set the minimum hourly wage at \$9.00 an hour on July 1<sup>st</sup>.

The May 2014 report was fielded April 24-30, 2014 by [Competitive Edge Research](#) using responses from 213 randomly selected members of the San Diego Regional Chamber of Commerce and the East County Chamber of Commerce. [Click here](#) to see the full April report or previous reports of San Diego County Business Forecast.

### ***About The San Diego County Business Forecast***

*The San Diego County Business Forecast is a monthly report that compiles insights and analysis on survey responses from more than 200 local business executives from the San Diego Regional Chamber of Commerce and the East County Chamber of Commerce. It is sponsored by [Silvergate Bank](#) and conducted by [Competitive Edge Research](#). Non-profit organizations are excluded from the results and all members are invited to complete the survey either online or over the phone. Results are based a Business Outlook Index™ which runs from -100 to +100, with zero being a neutral outlook. [Click here](#) to see past Business Forecasts.*

### ***About Silvergate Bank***

*For more than 25 years, Silvergate Bank has provided the highest level of personal service to customers in San Diego. A commitment to customized banking solutions that satisfy both current and long-term needs to redefining the way our bank partners with companies and individuals. To learn more, visit [www.silvergatebank.com](http://www.silvergatebank.com).*

### ***About The San Diego Regional Chamber of Commerce***

*The San Diego Regional Chamber of Commerce is the leading, most effective voice for business policy and connections in the San Diego-Baja region. As the largest Chamber on the West Coast, representing more than 3,000 businesses and 400,000 employees, the SDRCC is committed to organizing the business community to make San Diego the best place to do business and create jobs. For more information, please visit [www.sdchamber.org](http://www.sdchamber.org) or call 619/544-1300.*

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