

Highlights

This month's County's Business Outlook Index™ remains steady at **+29.5**

Businesses located within the City are more optimistic about the next three months than those located outside the City

A growing number of businesses are concerned about a local increase to minimum wage

Three-quarters of businesses believe water independence is important for San Diego County

**Note: Data for this report was collected April 24-30, 2014.*

BUSINESSES OPTIMISTIC YET ANXIOUS ABOUT MINIMUM WAGE INCREASE

Nearly six months into 2014, San Diego County businesses remain optimistic for the remainder of the year. After the County's Business 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 concerned about 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 cited the Affordable Care Act (ACA) and other challenges related to business-specific issues and competition as other concerns.

This month's survey also shows that the Silvergate Bank-sponsored Business Forecast, which started in July 2013, shows that all four of the Index's components continue to remain strong with business conditions and revenue outshining the prospects for employment and work hours. Businesses within San Diego city limits are significantly more optimistic about the next three months. The Index shows a high +33.6 in the city versus a +19.0 in other parts of the County.

Survey respondents were also asked about the cost and supply of water, as well as the importance of water independence for San Diego County. Results were mixed. More than 30% expressed serious concern about the issue whereas 44% were unconcerned.

Survey results also varied by industry and geography. Business people with firms in the County's north inland suburbs were generally very concerned. When it comes to San Diego's need to achieve water independence, more than three-quarters believe it is a priority for the region.

The *San Diego Business Forecast* is sponsored by Silvergate Bank and conducted by Competitive Edge Research. The monthly report provides valuable insight into future trends of the regional business community. Responses are collected from San Diego Regional Chamber of Commerce and East County Chamber of Commerce businesses. Learn more at www.sdchamber.org.