




Council Memorandum

DATE: October 19, 2015

TO: Mayor and Council

VIA: Katie Lichtig, City Manager 

FROM: Derek Johnson, Assistant City Manager

BY: Lee Johnson, Economic Development Manager

ENC: City of San Luis Obispo-Historical Employment Report

SUBJECT: CITY OF SAN LUIS OBISPO EMPLOYMENT REPORT

The purpose of this memorandum is to inform the Council that the City's Economic Development Team in coordination with the San Luis Obispo Council of Governments (SLOCOG), California Employment Development Department (EDD), the Economic Vitality Corporation (EVC) and Beacon Economics to gain access to confidential employment data for the City of San Luis Obispo. The purpose for obtaining this information is to track and report job growth in the City. This initiative was undertaken as part of the City's Economic Development Strategic Plan (EDSP). For the first time, the City has access to employment and wage data for every establishment enrolled in the State's Unemployment Insurance Program.

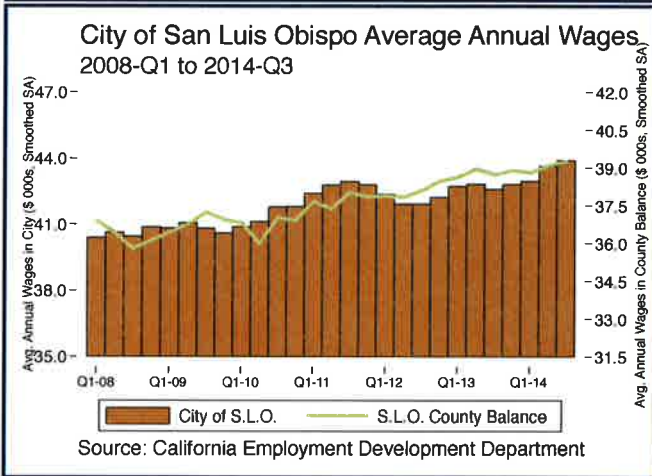
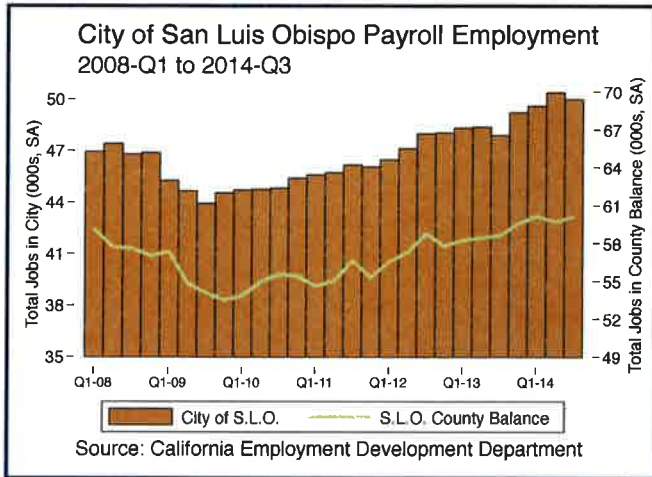
The data from 2008 through the third quarter of 2014 has been analyzed by Beacon Economics and presented in the attached report. Some highlights of the report include:

- Payrolls in the City of San Luis Obispo have grown 13.8% from the third quarter of 2009 to the third quarter of 2014, just ahead of the 11.5% mark set in the rest of San Luis Obispo County.
- Wages in the City of San Luis Obispo have also increased over the last five years with the average annual wage across all sectors growing by 8.7% compared to 9.5% in the rest of the county.
- Large firms have driven much of the growth in the City of San Luis Obispo as firms with more than 250 employees have increased their payrolls by 21.0% since the third quarter of 2009.

Moving forward, this data will continue to be provided by EDD and analyzed by Beacon Economics on a semi-annual basis. The City's Economic Development Program also has access to the raw data for analysis related to other aspects of the City's employment and wage situation not covered by the Beacon Report.

For more information about the report, please contact Lee Johnson at 805-781-7164 or Ljohnson@slocity.org.

City of San Luis Obispo Historical Employment Report



Establishment Births/Deaths: 2008 to 2014 YTD

Year	Firm Births	Firm Deaths	Net Total	Total Firms*
2009	129	67	+62	1,829
2010	117	92	+25	1,854
2011	112	87	+25	1,879
2012	113	83	+30	1,909
2013	124	95	+29	1,938
2014	87	105	-18	1,920

*Firms with 3 or more Employees

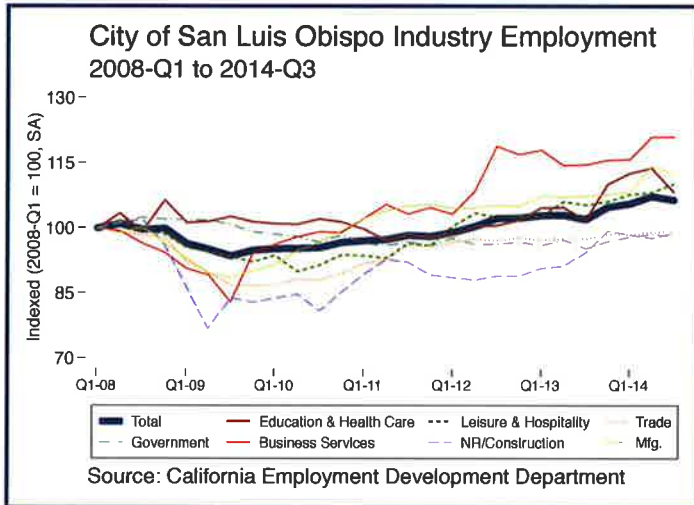
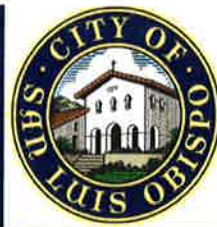
Employment Growth in 2014-Q3 by Establishment Size

Establishment Type	Total Employment (#)	Growth Since Q3-09 (%)
Less than 50 Employees	15,224	13.3
50 to 250 Employees	23,568	11.5
Greater than 250 Employees	10,545	21.0

SUMMARY

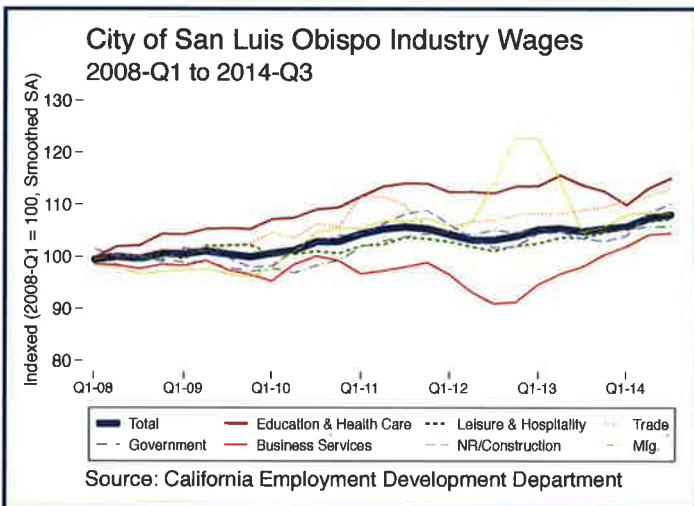
- Payrolls in the City of San Luis Obispo have grown 13.8% from the third quarter of 2009 to the third quarter of 2014, just ahead of the 11.5% mark set in the rest of San Luis Obispo County.
- The Administrative Support sector (117.5%), the Transportation/Warehousing sector (33.5%), and the Professional, Scientific, Technical, and Management sector (27.2%) have led industry level growth during this time period.
- Over the past five years, the Leisure & Hospitality sector, the Manufacturing sector, and the Education & Health sector have also added a significant number of new jobs in the City of San Luis Obispo.
- At the subsector level, Admin and Support Services, Nursing Care Facilities, and Transit and Ground Passenger Transportation have increased their payrolls at the fastest pace since the trough of the Recession in the third quarter of 2009.
- Wages in the City of San Luis Obispo have also increased over the last five years, with the average annual wage across all sectors growing by 8.7%, compared to 9.5% in the rest of the county.
- Over the past five years, wage growth in the Information, Retail Trade, and Financial Activities sectors has led the way in the City of San Luis Obispo.
- Large firms have driven much of the growth in the City of San Luis Obispo, as firms with more than 250 employees have increased their payrolls by 21.0% since the third quarter of 2009.

City of San Luis Obispo Historical Employment Report



Employment by Industry: 2014-Q3

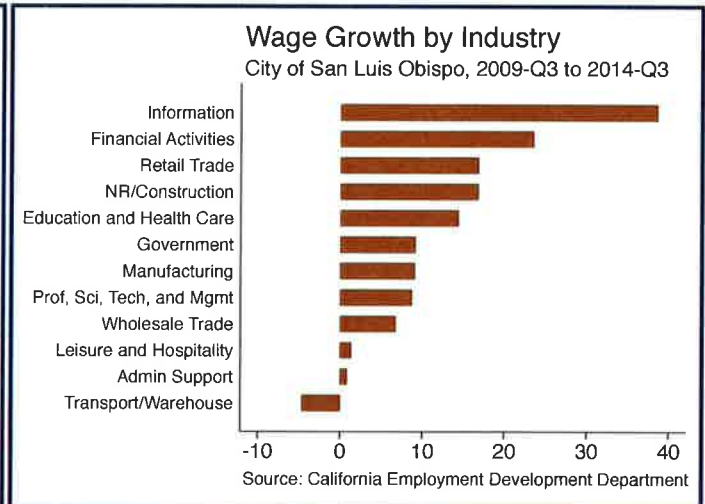
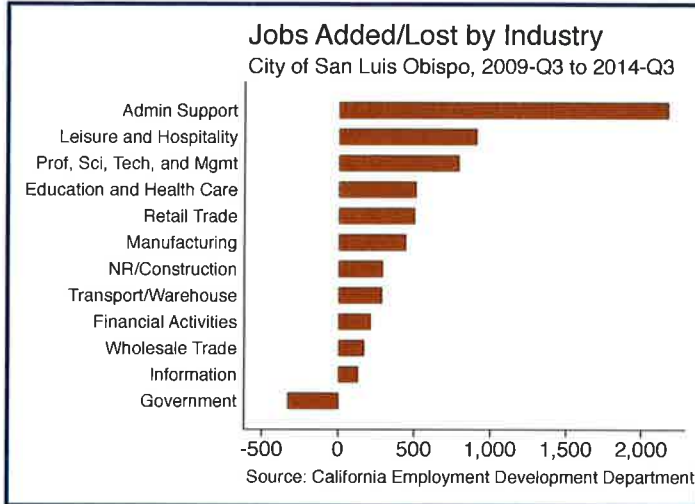
Industry	Employment (000s)	Growth Since Q3-09		City Share of County (%)
		City (%)	County Balance (%)	
Government	12.1	-2.7	-3.2	66.2
Education and Health Care	9.7	5.6	19.9	53.2
Leisure and Hospitality	5.9	18.0	10.6	34.1
Retail Trade	5.6	9.9	6.5	40.6
Admin Support	4.0	117.5	43.6	63.1
Prof, Sci, Tech, and Mgmt	3.7	27.2	-16.6	65.9
Manufacturing	2.1	27.1	23.9	30.1
NR/Construction	1.9	17.9	25.9	16.7
Financial Activities	1.9	12.6	-8.1	46.6
Transport/Warehouse	1.1	33.5	2.8	28.9
Wholesale Trade	1.0	19.9	15.7	36.6
Information	0.9	17.0	7.6	64.0
Total	50.0	13.8	11.5	45.5



Average Wages by Industry: 2014-Q3

Industry	Avg. Wage (\$000s)	Growth Since Q3-09		City vs. County Balance (%)
		City (%)	County Balance (%)	
Information	66.0	38.6	17.7	137.6
Financial Activities	62.9	23.5	23.1	138.7
Prof, Sci, Tech, and Mgmt	59.4	8.7	-5.5	126.2
Government	58.1	9.1	-1.3	139.6
NR/Construction	55.0	16.8	17.2	134.9
Wholesale Trade	52.2	6.7	13.3	115.1
Manufacturing	48.7	9.0	12.8	104.7
Education and Health Care	42.3	14.4	10.8	120.8
Transport/Warehouse	35.9	-4.6	15.6	33.0
Retail Trade	34.4	16.8	10.9	126.5
Admin Support	28.0	0.8	-4.6	105.0
Leisure and Hospitality	17.8	1.3	15.5	89.1
Total	44.4	8.7	9.5	117.1

City of San Luis Obispo Historical Employment Report



Five-Year Employment Growth

Fastest Growing Subsectors with 250+ employees: 2014-Q3

Region	Total Emp.	Growth (%)	Total (\$000s)
Admin and Support Svcs.	3,920	142.8	25.9
Nursing Care Facilities	705	74.6	28.7
Transit and Ground Passenger Transp.	326	72.6	29.0
Publishing Industries, Except Internet	490	52.2	72.3
Personal and Laundry Svcs.	296	46.1	19.4
Machinery Mfg.	286	44.8	57.7

Five-Year Wage Growth

Fastest Growing Subsectors with 250+ employees: 2014-Q3

Region	Wage (\$000s)	Growth (%)	Total Emp.
Publishing Industries, Except Internet	72.3	48.4	490
Membership Assoc. and Org.	23.3	43.6	1,624
Health and Personal Care Stores	49.5	40.3	301
Credit Intermediation	71.6	32.4	723
Electronics and Appliance Stores	92.1	31.0	277
Sporting Goods, Hobby, Book and Music Stores	28.0	29.9	980

DISCLAIMER ON CONFIDENTIALITY

The publication of data that would disclose an individual firm's employment or wage information is prohibited under the Bureau of Labor Statistic's guidelines of confidentiality. Aggregate data is not published if it represents fewer than three private employers or if one private employer represents 80% or more of the data.

CONTACTS

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Data Description

The data contained within this report are derived from establishment-level payroll data furnished by the California Employment Development Department (EDD). The EDD collects employment and wage data for every establishment enrolled in the State's Unemployment Insurance program. Entities such as nonprofit organizations that employ less than 4 workers, railroad workers, and workers in school systems that are owned and operated by religious institutions are omitted from this data set.

Each record typically represents an individual establishment. In some instances, larger firms with several establishments in a region report payroll information for all establishments as one record. To this end, Beacon Economics only considers single establishment employers and firms that report each establishment separately when analyzing employment by establishment size.

In order to link individual establishments from one quarter to the next, Beacon Economics developed a method of cleaning, processing, and linking the raw data provided by the EDD. This process amends, adds, or deletes data items, so there will not be a one-to-one relationship between the raw EDD data and the post-process data. Here is a list of a few key steps and assumptions made by Beacon Economics while processing the data.

Beacon Economics' methods explained below are continually being improved and the current data may be subject to revision as the methodology is refined.

- **Matching individual establishment records over time.** Data are merged/joined with the most recent quarter's data on a number of characteristics. Only data with exact matches along all selected criteria are merged at this stage, in order to isolate firms/establishments with identical information from quarter to quarter. The observations with exact matches are then incorporated into the database as a consistent time series of observations for that establishment.
- **Re-examining records without exact matches.** Any observations that do not have an exact match in future or previous quarters of data are flagged for a secondary, manual clerical review. To do this, Beacon estimates the missing data by calculating the employment/payroll growth from the quarters before and after the "hole" to interpolate the missing data based upon trends observed for that firm in surrounding quarters. Then, Beacon Economic investigates each firm individually to ensure every establishment's data is current, correct, and geographically relevant.
- **Creating consistent industry codes for establishments over time.** Many observations first enter the data under the catchall "999999" classification until EDD investigators are able to assign the establishment the correct industry/NAICS code. If the EDD finds that they have been misclassifying a particular establishment, the establishment's industry is re-coded from one NAICS code to another. However, the EDD does not update historical data to reflect these re-classifications, which can cause erroneous increases/decreases for the impacted industries.

A common classification issue involves government employment (2-digit NAICS 92). Some government establishments (e.g. public schools) are occasionally classified in the private sector, so employment figures for certain sectors will unintentionally include public sector employment. As a result, both public- and private-sector employment jumps around from quarter to quarter as these establishments move in and out of the public sector. To eliminate the artificial changes in employment caused by re-classifications, Beacon relies on the most recent classification for each establishment and applies that to the historical records for that establishment going back in time.