

## Legacy Business Program Quarterly Report April through June 2018

### Introduction

This Legacy Business Program Quarterly Report for April through June 2018 summarizes activities of the Legacy Business Program, including the following: statistics, nominations received, business types, business assistance services, major accomplishments, the Business Assistance Grant, the Rent Stabilization Grant, press, tweets and major upcoming activities.

### Statistics (April – June 2018)

Nominations and Applications	April-June 2018	Fiscal Year (2017-18)	Program Total
Nominations Received	12	49	219
Applications Received	10	49	165
Application Fees Received	\$400	\$2,150	\$7,650
Applications Reviewed by the Historic Preservation Commission	5	39	136
Applications Reviewed by the Small Business Commission	6	42	135
Businesses Placed on the Legacy Business Registry	6	42	135

### Nominations Received (April – June 2018)

Business Name	District	Nominator	Date Nomination Received
Fireside Camera	2	Supervisor Catherine Stefani	4/9/2018
California Wine Merchant	2	Supervisor Catherine Stefani	4/9/2018
VIP Grooming SF Inc.	8	Supervisor Jeff Sheehy	4/28/2018
Animal Company	8	Supervisor Jeff Sheehy	4/28/2018
Jug Shop, Inc.	3	Supervisor Aaron Peskin	5/8/2018
Pier 39 Ltd Partnership	3	Supervisor Aaron Peskin	5/8/2018
Scoma's Restaurant	3	Supervisor Aaron Peskin	5/21/2018

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Business Name	District	Nominator	Date Nomination Received
Great Wall Hardware	4	Supervisor Katy Tang	6/1/2018
Hayes Street Grill	5	Supervisor London Breed	6/5/2018
Balboa Cafe	2	Supervisor Catherine Stefani	6/7/2018
New World Market	1	Supervisor Sandra Lee Fewer	6/8/2018
Alfred's Steakhouse	3	Supervisor Aaron Peskin	6/29/2018

### Business Types (Through June 30, 2018)

This quarter, for-profit businesses made up 83.3% of the 6 Legacy Businesses added to the Registry. For all 135 Legacy Businesses through June 30, 2018, for-profit businesses made up 80.7% of the businesses on the Registry.

	Number, This Quarter	Percent of Total, This Quarter	Number, Program Total	Percent of Total, Program Total	City and County of San Francisco <sup>1</sup>
For-Profit Legacy Businesses	5	83.3%	109	80.7%	94.3%
Nonprofit Legacy Businesses	1	16.7%	26	19.3%	5.7%
<b>Total</b>	<b>6</b>	<b>100.0%</b>	<b>135</b>	<b>100.0%</b>	<b>100.0%</b>

### Business Assistance Services

#### Doing Business with the City and County of San Francisco

The Office of Small Business is conducting outreach to City departments, commissions, committees and task forces to encourage them to patronize Legacy Businesses to the greatest extent possible. To do business with the City, Legacy Businesses must apply to be Suppliers with the City and County of San Francisco.

<sup>1</sup> All firms, 2012, U.S. Census Bureau, <https://www.census.gov/quickfacts/fact/table/sanfranciscocountycalifornia,US/SBO001212#viewtop> and Office of Economic and Workforce Development, <http://oewd.org/nonprofits-0>



Efforts by the Office of Small Business through June 2018 included the following:

- In November 2017, created a webpage to identify those businesses that are compliant Suppliers with the City and County of San Francisco: <https://sfosb.org/legacy-business/suppliers>.
- In March 2018, requested that the Controller’s Office revise the Supplier Portal so City departments know when Suppliers are Legacy Businesses. The Controller’s Office is currently working on this request.
- In May 2018, reached out to the Controller and the Purchaser & Director of the Office of Contract Administration asking them how best to reach out to City departments. They responded promptly with suggestions.
- In June 2018, did outreach to employees from various departments at a monthly *Delegated Departmental Purchasing (Prop Q)* training for City employees regarding the ordering of materials, equipment, supplies and general services up to \$10,000. Outreach at these monthly will be ongoing.
- In June 2018, encouraged Legacy Businesses to register as Local Business Enterprises, if applicable to their businesses.

The Office of Small Business will continue to do outreach to City departments, commissions, committees and task forces.

Summary of Services Through Technical Assistance Providers

*One-on-One Consulting*

The Legacy Business Program has been working with a team of technical assistance providers including the San Francisco Small Business Development Center (SFSBDC), Working Solutions and the Lawyers’ Committee for Civil Rights (LCCR) to assist businesses in need of lease negotiation, real estate assistance, one-on-one business consulting, and other business challenges. For the quarter from April 1 through June30, 2018, the Legacy Business Program has provided technical assistance to 14 unduplicated clients for a total of 152.70 hours of consulting. Since the program launched in 2016, the Legacy Business Program has served 88 unique clients for a total of 739.70 hours of consulting.

	This Quarter (April 1 - June 30, 2018)	Fiscal Year (April 1, 2017- March 31, 2018)	Program Total (All Years)
Number of Clients	14	49	88
Number of Hours of Technical Assistance	152.70	233	739.70



## Client Needs

### *Assistance with Legacy Business Registry Applications*

Businesses owners continue to require assistance with their Legacy Business Registry applications. Business owners needing help are paired with a business advisor who helps guide the client through the application process. The most common assistance sought by business owners is with writing the narrative section, but assistance is also provided with compiling back-up documentation and ensuring the application is complete before submission. In cases where business owners did not understand English well, an interpreter/advisor was assigned to facilitate communication.

### *Technical Assistance to Legacy Businesses*

Legacy Businesses face similar challenges encountered by non-Legacy Business. The two most common issues are primarily related to real estate and business performance. The majority of Legacy Businesses do not own their commercial property and, given the bargaining power of property owners, they encounter challenges when their leases are about to expire. It is extremely helpful for business owners to work with someone who understands the negotiating process, market rates and current real estate trends, as this helps balance the negotiating advantage of landlords.

In cases where business owners had intentions to move to new locations, SFSBDC was able to pair the business owners with real estate professionals for their relocation plans. Additionally, business owners were paired with a marketing and financial management advisor to help reduce the risk of poor sales and poor cash flow, which is inherent in a relocation.

Finally, some business owners have demonstrated a need for performance improvements. Such cases are referred to a specialized consultant to 1) help assess the business situation and diagnose the potential problems; and 2) provide one-on-one support in the areas of financial management, marketing assistance, business planning, access to capital, technology and strategy. The end-goal of the one-on-one assistance is to help establish the long-term sustainability of Legacy Businesses.

### *Assistance to Legacy Business Impacted by the Central Subway Construction Project*

During this quarter, five businesses located in various areas along the Central Subway construction sites, including 4th Street, Union Square and Chinatown that are negatively impacted by the construction project received assistance from SFSBDC in applying for the Central Subway Construction Mitigation Funds. They were awarded funds from \$5,000 to \$10,000. SFSBDC advisors helped these clients identify areas of improving the business and formulated action items to achieve that. With these additional funds, businesses were able to implement their action plans that aim to improve their businesses.

## Success Story

Technical assistance is provided to Legacy Businesses that are listed on the Registry as well as to Legacy nominees and applicants who are in the process of applying for the Registry. Below is a story showing the successful relocation of a business.



*ArtHaus Gallery*

411 Brannan St, San Francisco, CA 94107

Company Profile: For 21 years, ArtHaus has been presenting contemporary works, diverse in subject matter, media and style, by noteworthy New York and Bay Area artists. Their business is their livelihood and passion which allows them to share the artwork with the community and contribute to the unique fabric of San Francisco.

Challenges: Having relocated to SoMa in 2005 and witnessing the immediate recent changes, ArtHaus was coming up on their lease and was in fear of displacement with an older generation landlord. They wanted to secure their lease to prevent having to relocate or pay an insurmountable increase of rent.

Actions Taken: Iris and John from Working Solutions met with Annette and James from ArtHaus to describe the details and process of negotiating a rent while including the Legacy Business Rent Stabilization Grant. Iris reviewed their lease and provided detailed steps of how to proceed and approach the landlord. Iris drafted a Letter of Intent (LOI) for Annette and James to review before meeting with their landlord and explaining the process.

Results: After meeting with the landlord in July and proposing the new terms of the lease, he has signed a new lease with ArtHaus on August 30, 2017. This saves the gallery for the next three consecutive years plus seven one-year renewal options. This allowed ArtHaus to continue to share the artwork and culture of struggling artists in the Bay Area to San Francisco community. Working Solutions' Business Retention team will also be assisting the landlord with completing the Rent Stabilization Grant application to be eligible for funds.



Annette Schutz and James Bacchi, ArtHaus Gallery



Words from Business Owners, Annette Schutz and James Bacchi

*“The opportunity to consult with Iris Lee and John Rodriguez at Working Solutions, in regard to our honor of being voted a San Francisco Legacy Business, is truly a gift. Working Solutions provided us with a thorough and easy to understand overview of the benefits of the Legacy Program. Most importantly, Iris Lee worked together with us and our landlord to negotiate a lease that will afford ArtHaus the opportunity to continue our presence as a Legacy Business in the SoMa community. For this, we are most grateful.”*

**Business Assistance Grant**

Fiscal Year 2017-18 Grant

For fiscal year 2017-18, the Office of Small Business received 72 applications from 111 eligible businesses, which was a 64.9% application rate.

<b>Statistics (2017-18 Grant)</b>	
Number of eligible applicants	111
Number of applications submitted	72
Application rate	64.9%
Total FTEs	1,213
Average FTEs	16.85
Median FTEs	9.00
Total grant payments	\$625,321
Average grant payment	\$8,685
Median grant payment	\$4,640

Fiscal Year 2018-19 Grant

The Office of Small Business issued the 2018-19 grant on June 19, 2018. Substantive changes to the grant application include the following:

- 1) Reporting by the applicant as to whether the business was closed for any amount of time during the grant period (between July 1, 2017, and June 30, 2018).
- 2) Acknowledgement by the applicant that any unpaid obligations to the City as a result of fines, penalties, interest, assessments, taxes, fees, or any other financial obligations imposed by law, regulation, or contract that were delinquent as of the date of application must be paid in full by March 31, 2019, in order for the applicant to receive the grant.



3) Acknowledgement by the applicant that any current determinations or violations of the City's labor laws and/or outstanding penalties or payments ordered by the Office of Labor Standards Enforcement (OLSE) as of the date of application must be settled by March 31 in order for the applicant to receive the grant.

4) Reporting by the applicant on a comparison of rent/mortgage to gross revenue.

### Rent Stabilization Grant

The Office of Small Business paid 6 Rent Stabilization Grant applications during the quarter, including 5 new applications (first year) and one re-application (second year).

Landlord of Which Legacy Business	Lease Square Footage	Grant Amount	Date Paid
Phoenix Arts Association Theatre (Suite 601)	1,800.00	\$8,351.10	4/9/2018
Phoenix Arts Association Theatre (Suite 604)	1,250.00	\$5,799.38	4/16/2018
EROS: The Center for Safe Sex	5,000.00	\$23,197.50	6/7/2018
Good Vibrations	3,500.00	\$16,238.25	6/7/2018
Avedano's (235 Cortland Ave.)	1,490.00	\$6,912.86	6/7/2018
Avedano's (237 Cortland Ave.)	1,680.00	\$7,794.36	6/22/2018
<b>TOTAL</b>	<b>14,720.00</b>	<b>\$68,293.45</b>	
<b>AVERAGE</b>	<b>2,453.33</b>	<b>\$11,382.24</b>	

### Major Accomplishments (April – June 2018)

- Translated the *Legacy Business Program Resources Handbook* into Chinese, Spanish and Tagalog, and posted it on the Office of Small Business website: <https://sfosb.org/legacy-business/resources>
- Created an annual re-application process for the Rent Stabilization Grant.
- Tweeted 9 tweets on Twitter and posted 9 entries on Facebook about Legacy Businesses and the Legacy Business Program.
- Finalized rules and regulations for the Legacy Business Registry.
- Created *Becoming Employee-Owned* in partnership with the Democracy at Work Institute, a small business toolkit to introduce Legacy Businesses to the succession strategy of transitioning to employee ownership.
- Issued the Legacy Business Program Annual Report for fiscal year 2017-18.
- Issued the Business Assistance Grant for fiscal year 2018-19 in English, Chinese, Spanish and Tagalog.
- Partnered with the Office of Contract Administration to conduct outreach to City departments, commissions, committees and task forces to encourage them to patronize Legacy Businesses to the greatest extent possible.



### **Major Upcoming Activities (July 2018 and Beyond)**

- Finalize the Legacy Business Program logo with contractor Osaki Creative Group.
- Work with Osaki Creative Group on marketing and branding for the Legacy Business Program, including development of a logo and brand identity, collateral and public relations, marketing and website improvements.
- Receive, review and process Business Assistance Grant applications for fiscal year 2018-19.
- Create a toolkit for Legacy Businesses on how to do business with the City and County of San Francisco.
- Create a toolkit for Legacy Businesses on purchasing commercial property.
- Investigate providing incentives to Legacy Businesses to purchase the buildings from which they operate as a viable strategy for securing the future stability of San Francisco's long-operating businesses.
- Develop policies to measure and analyze the impacts of the Business Assistance Grant and Rent Stabilization Grant, and develop protocols to address the growing demand for the grants.

### **Press (April – June 2018)**

Following are press articles regarding Legacy Businesses:

[Two Sisters, Booksmith Owners Plan to Revamp the Alembic](#)

SF Eater, April 2, 2018

[San Francisco Wholesale Produce Market rebrands](#)

The Packer, April 2, 2018

['Kabuki Springs & Spa' Awarded Legacy Business Status](#)

Hoodline, April 9, 2018

[San Francisco Wholesale Produce Market Unveils New Moniker, Fresh Look](#)

PerishableNews.com, April 6, 2018

[Bayview's 'The Jazz Room' Awarded Legacy Business Status](#)

Hoodline, April 12, 2018

[San Francisco Bay ferries and tour boats soon to run on eco-friendly fuel](#) (Red and White Fleet)

San Francisco Chronicle, April 12, 2018

[Displaced legacy business finds new home, will reopen](#) (Navarro's Kenpo Karate Studio)

El Tecolote, April 19, 2018

[City plans to limit restaurants, preserve industrial space in SF's Mission](#)

Mission Local, April 20, 2018

[Neighborhood Notes: St. Francis Fountain turns 100 years old and plans to close for a few weeks](#)

Mission Local, April 27, 2018





[Specs celebrates 50 years in North Beach](#)

San Francisco Examiner, April 28, 2018

[North Beach bar and gathering spot Specs marks 50th anniversary with grand party](#)

San Francisco Chronicle, April 30, 2018

[San Francisco approves gay and leather cultural district](#)

Gay Star News, May 2, 2018

[SF's legacy restaurants hang on amid changing tastes](#)

San Francisco Chronicle, May 12, 2018

[Noe Valley pet merchants organize against LA-based chain](#)

Hoodline, May 16, 2018

[Best of San Francisco 2018](#) (Ten Legacy Businesses)

SF Weekly, May 17, 2018

[Bread Legacy: San Francisco Sourdough and French Baguette](#) (Boudin Bakery)

France Today, June 1, 2018

[2018 mayoral candidate questionnaire: Mark Leno](#)

Hoodline, June 4, 2018

[The Harlem of the West: What's to Become of The Fillmore?](#) (Two Jack's Nik's Place)

Bon Appetit, June 6, 2018

[John Konstin and Willie Brown host election day lunch](#) (Tommaso's)

San Francisco Chronicle, June 6, 2018

[Divisadero has become SF's most prolific new restaurant neighborhood](#) (Eddie's Cafe)

San Francisco Chronicle, June 8, 2018

[Is 24th Street's Latino Cultural District enough to stop gentrification?](#)

San Francisco Chronicle, June 15, 2018

[Two Noe Valley pet-related businesses receive legacy status](#)

Hoodline, June 18, 2018

[Lincoln Road keeps growing — and its small businesses keep closing](#) (Miami Beach, Florida)

Miami Herald, June 25, 2018

[Fuel-cell ferry coming to San Francisco Bay](#) (Red and White Fleet)

San Francisco Chronicle, June 25, 2018

[Planning rejects LA-based pet supply store for Noe Valley](#)

Hoodline, June 27, 2018



## Twitter (April – June 2018)

Following are tweets about the Legacy Business Program. The tweets were accompanied by associated, complementary posts on Facebook.

April 7, 2018

Did you know employee ownership can help carry on the legacy you've built as a small biz & offer a financially rewarding exit? Check out our toolkit to see why the Legacy Business Program & [@institute\\_coop](#) are excited about employee ownership. <https://sfosb.org/legacy-business/resources>

[Institute.coop](#)

[@Institute\\_coop](#)

We've partnered with the San Francisco Legacy Business Program at [@SFOSB](#) to help business owners explore selling to their employees - take a look at our toolkit that we've developed with them --> <https://sfosb.org/legacy-business/resources> [#smallbiz](#) [#successionplanning](#) [#employeeowned](#) [#gocoop](#)

April 9, 2018

A big win for Bayview-Hunters Point today! Join us in congratulating the Jazz Room, tonight's addition to the Legacy Business Registry. Family owned and operated for over 54 years & beloved by the neighborhood - a true community serving business. [#smallbiz](#)

Apr 23, 2018

The oldest shipping company in SF and a youth-serving nonprofit in the Mission and are being considered for the Legacy Business Registry today! Tune in to the Small Business Commission meeting at 2pm today. [#sflegacybusiness](#) [#legacybusiness](#) [#sf](#) [#smallbiz](#)

Apr 23, 2018

Congratulations to Mission Graduates, a nonprofit that offers college prep programs for Latino youth in the Mission & Marine Chartering Company, the oldest shipping company in SF, for being approved as Legacy Businesses today!! [#sflegacybusiness](#) [#legacybusiness](#) [#smallbiz](#)

May 7, 2018

Cheers to community-led Legacy Business events! Join in the celebration of Ingleside's four Legacy Businesses on 5/19, 6-8pm: [@TheAveBar](#), [@faxongarageinc](#), [#BeepsBurgers](#), [#OceanHairDesign](#). Leave your kids at home for this one, 21+ only.

May 16, 2018

Legacy Business [@TommasosSF](#) awarded SBA's 2018 Northern CA Family-Owned Business! [#SFLegacyBusiness](#) [#SFSBW2018](#) [#SF](#) [#SmallBiz](#)

May 22, 2018

Congratulations to San Francisco's newest Legacy Businesses: Knight's Catering, Marine Chartering and Mission Graduates. [@SFOSB](#) [@InvestSF](#) [#legacybusiness](#) [#nonprofits](#) <http://oewd.org/article/knights-catering-marine-chartering-and-mission-graduates-approved-sf-small-business>



June 12, 2018

Join us in congratulating two pet related businesses in Noe Valley, The Animal Company & VIP Grooming for being unanimously approved by the SF Small Business Commission yesterday for the Legacy Business Registry! [#SFLegacyBusiness](#) [#NeighborhoodServing](#) [@VIPScrubClub](#) [@jeffsheehysf](#)

June 27, 2018

Congratulations to [#SFLegacyBusiness](#) [@JeffreysToys](#) for the well-deserved recognition from [@sanfranmaq!](#)

[jeffreys.toys](#)  
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