



CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

SMALL BUSINESS COMMISSION
DRAFT MEETING MINUTES

Monday, April 24, 2017
2:00 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President
Stephen Adams, Vice President
Kathleen Dooley, William Ortiz-Cartagena
Irene Yee Riley, Paul Tour-Sarkissian, Miriam Zouzounis

1. **Call to order and roll call.**

The meeting was called to order at 2:03 PM.
Commissioners Adams, Dooley (arrived at 2:10 PM), Ortiz-Cartagena, Yee Riley, Tour-Sarkissian, and Zouzounis were present.
Commissioner Dwight was absent.

2. **General Public Comment.**

Henry Karnilowicz thanked Director Dick-Endrizzzi and the Commissioners who attended the gala.

3. **Approval of Legacy Business Registry Applications and Resolutions. (Discussion and Action Item)**

Richard Kurylo, Legacy Business Program Manager, presented 5 applications for inclusion on the Legacy Business Registry:

- a. Elbo Room (Application No.: [LBR-2016-17-072](#))
- b. Long Boat Jewelry (Application No.: [LBR-2015-16-046](#))
- c. Perry's San Francisco (Application No.: [LBR-2016-17-054](#))
- d. San Francisco Eagle Bar (Application No.: [LBR-2016-17-073](#))
- e. Cal's Automotive Center (Application No.: [LBR-2016-17-074](#))

Mr. Kurylo informed the Commission that all of the applications met the criteria for the Legacy Business Registry, and all of the applications received positive recommendations from the Historic Preservation Commission. Mr. Kurylo recommended that the Small Business Commission adopt 5 resolutions to include the 5 applicants in the Legacy Business Registry as Legacy Businesses under Administrative Code Section 2A.242.

Public Comment:

Margaret Butler spoke in support of Perry's San Francisco.
John Downing spoke in support of the Elbo Room.
Matt Shapiro spoke in support of the Elbo Room.
Alex Montiel and Mike Leon spoke in support of San Francisco Eagle Bar.

Commissioner Zouzounis commended all the applicants. Commissioner Adams spoke in support of Elbo Room, Perry's San Francisco and San Francisco Eagle Bar.

Motion: Commissioner Dooley motioned to adopt 5 resolutions to include the following 5 applicants in the Legacy Business Registry as Legacy Businesses under Administrative Code Section 2A.242: Elbo Room; Long Boat Jewelry; Perry's San Francisco; San Francisco Eagle Bar; Cal's Automotive Center.

2nd: Commissioner Yee Riley.

Aye: Commissioners Adams, Dooley, Ortiz-Cartagena, Tour-Sarkissian, Yee Riley, and Zouzounis.

Nay: None.

Absent: Commissioner Dwight.

Motion passed 6-0, 1 absent.

4. **Board of Supervisors File No. 170209 - Police Code - Bicycle Chop Shops.**

Bill Barnes (Legislative Aide, Office of Supervisor Jeff Sheehy) discussed the rationale and key provisions of the legislation.

Commissioners Yee Riley and Tour-Sarkissian inquired about Police authority to deal with bicycle chop shops. Commissioner Dooley asked about a financial deterrent and the Police Commission's thoughts. Commissioner Tour-Sarkissian asked about illegal activities on sidewalks, who can get a business license, and the logic of removing the criminal aspect. Commissioner Zouzounis requested clarification regarding the numerical limits in the legislation. Director Dick-Endrizzi asked why Police can't use peddler's permit as a means to remove individuals.

Public Comment:

Henry Karnilowicz spoke in support of the legislation.

Stephen Cornell commented that the Public Works Code may already contain these restrictions.

Scott Hauge spoke in support, noting that 5 may be a high number.

Commissioner Ortiz-Cartagena noted a preference for permit requirements and enforcement, rather than making a type of business illegal altogether. Commissioners Dooley and Tour-Sarkissian agreed that the language needed some refinement. Director Dick-Endrizzi asked why the Police couldn't use a Peddler's Permit violation. Commissioner Adams recommended approval. Commissioners recommended the removal of the "5" threshold in Section 5101(a)(1), consideration of whether existing Public Works Code Section 724 could be better enforced, and to permit the activity in such a way that it could be enforced.

The item was continued.

5. **Legacy Business Historic Preservation Fund Rules and Regulations for Rent Stabilization Grants and Procedure for Removing a Legacy Business from the Registry. (Action Item)**

Richard Kurylo (Legacy Business Program Manager, Office of Small Business) presented the proposed Rules and Regulations for removal of a Legacy Business from the Legacy Business Registry and recommended continuation of the item. Deputy City Attorney Matthew Lee was present to answer questions.

Commissioner Tour-Sarkissian inquired about the reasons for considering public requests for removal of a business from the Registry and expressed concern about the procedure for considering such requests.

Commissioner Zouzounis asked if the Office could define the process. Director Dick-Endrizzi provided an example in which a public request could provide valuable information to the Office. Mr. Lee noted that the stated concerns are one reason to continue the item so some of this can be ironed out.

Procedures for removing a Legacy Business from the Registry was continued to a future meeting.

Mr. Kurylo then presented two proposed additions to the Rules & Regulations for the Rent Stabilization Grants:

Proposed Rule 6: A lease or lease extension that satisfies the criteria for a grant under Administrative Code Section 2A.243(c) shall render a landlord eligible to receive a grant under Section 2A.243(c) as early as the fiscal year in which the lease or lease extension is executed, even if the lease or lease extension does not take effect until a later fiscal year. A Qualified Landlord need not wait for the qualifying lease or lease extension to

take effect before applying for or receiving a grant. If, however, the Qualified Landlord applies for a grant before the lease or lease extension has taken effect, the landlord must—as a condition of receiving a grant—agree to return the entire amount of the grant in the event that, for any reason, the qualifying lease or lease extension does not take effect.

Proposed Rule 7: Administrative Code Section 2A.243(c)(1) provides that a lease between Applicant (landlord) and a Legacy Business may include a provision making the lease (or any of portion thereof) contingent upon Applicant receiving a Rent Stabilization Grant from the City equal to \$4.50 square foot, up to the maximum 5,000 square feet per location, of the improvement area in San Francisco lease to a Legacy Business. Any lease that contains such a contingency provision, however, must also provide that Applicant must wait for the “Lease Year” versus the “Grant Year” to exercise the contingency provision in the case where Applicant applied for and received a grant when the lease or lease extension was executed (“Grant Year”) even though the lease or lease extension did not take effect until a later fiscal year (“Lease Year”).

Mr. Kurylo made the following key points:

- If a Legacy Business has a 5-year lease with 2 years left on the lease, this is considered an existing 5 year lease versus an existing 2 year lease with regard to the Rent Stabilization Grant.
- If Rule 6 were adopted, landlords would be encouraged to provide new leases or lease extensions many months or years in advance of the lease expiration date, which is consistent with the letter and spirit of the law.
- If the term of the Legacy Business’s existing lease is already at least 10 years, the landlord could get an annual grant for every year the lease is extended, per the City Attorney, because the ordinance tells us that a landlord is eligible for a grant for “each year that was added to an existing lease on or after January 1, 2016 (e.g., an existing five-year lease that is extended to 20 years on January 1, 2016, would entitle the landlord to 15 years of grants).”

Commissioner Tour-Sarkissian said that for Rule 6 the landlord should not be responsible for paying back an advance payment if the landlord is not responsible for the qualifying lease or lease extension not taking effect. This would be too heavy of a burden on the landlord and would discourage leases. Commissioner Yee Riley agreed.

Public Comment:

Ken Rowe, owner of the Legacy Business EROS: The Center for Safe Sex, discussed how the Rent Stabilization Grant benefitted his business.

Motion: Commissioner Tour Sarkissian motioned to amend proposed Rule 6 – as read by the Deputy City Attorney – by removing “for any reason” in the last sentence, changing the period to a comma, and adding “unless the Qualified Landlord shows, to the satisfaction of the Office of Small Business, that the Qualified Landlord is not responsible for the fact that the qualifying lease or lease extension does not take effect.”

2nd: Commissioner Yee Riley.

Aye: Commissioners Adams, Dooley, Ortiz-Cartagena, Tour-Sarkissian, Yee Riley, and Zouzounis.

Nay: None.

Absent: Commissioner Dwight.

Motion passed 6-0, 1 absent.

Motion: Commissioner Dooley motioned to adopt Rule 6 as amended and Rule 7.

2nd: Commissioner Yee Riley.

Commissioners Adams, Dooley, Ortiz-Cartagena, Tour-Sarkissian, Yee Riley, and Zouzounis.

Nay: None.

Absent: Commissioner Dwight.

Motion passed 6-0, 1 absent.

6. **Director's Report. (Discussion Item)**
Director Dick-Endrizzi reported that OSB is engaged in Salesforce improvements in conjunction with the Office of Economic and Workforce Development (OEWD) and the Legacy Business Program logo branding project has begun.
Public Comment: No members of the public requested to speak.
7. **Commissioners' Reports. (Discussion Item)**
Commissioners Adams and Yee Riley attended the Council of District Merchants (CDMA) dinner last Thursday. Commissioner Ortiz-Cartagena highlighted the passing of Robert Puccinelli.
Public Comment: No members of the public requested to speak.
8. **New Business. (Discussion Item)**
Commissioner Zouzounis requested that the flavored tobacco legislation and filter ban legislation come before the Commission.
Public Comment: No members of the public requested to speak.
9. **Adjournment. (Action Item)**
Motion: Commissioner Ortiz-Cartagena motioned to adjourn.
2nd: Commissioner Yee Riley.
Aye: All in favor.
Nay: None.
Absent: Commissioner Dwight.
Motion passed 6-0, 1 absent.
The meeting was adjourned at 4:09 PM.