



**SMALL BUSINESS COMMISSION
MEETING MINUTES**

Monday, September 10, 2018
5:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Stephen Adams, President
Mark Dwight, Vice President
Matthew Corvi; Kathleen Dooley; William Ortiz-Cartagena;
Irene Yee Riley; Miriam Zouzounis

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

The meeting was called to order at 5:34 p.m.
Commissioner Corvi arrived at 5:36 p.m. during Item 2.
Commissioner Dooley arrived at 5:41 p.m. during Item 3.
Commissioners Adams, Corvi, Dooley, Dwight, Ortiz-Cartagena, and Zouzounis were present.
Commissioner Yee Riley was absent.
Staff in attendance: Regina Dick-Endrizzi (Executive Director) and Richard Kurylo (Legacy Business Program Manager).

2. **General Public Comment. (Discussion Item)**

No members of the public requested to speak.

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

- a) Chloe's Café (Application No.: [LBR-2017-18-011](#))
- b) FTC Skateboarding (Application No.: [LBR-2018-19-005](#))
- c) Haight and Fillmore Whole Foods (Application No.: [LBR-2018-19-006](#))
- d) Marina Supermarket (Application No.: [LBR-2017-18-036](#))
- e) Pier 39 Ltd Partnership (Application No.: [LBR-2017-18-041](#))

Richard Kurylo (Program Manager, Legacy Business Program) informed the Commission that all five of the applications met the criteria for the Legacy Business Registry, and all five received positive recommendations from the Historic Preservation Commission. Mr. Kurylo recommended that the Small Business Commission adopt five resolutions to include the five businesses listed above (3a through 3e) on the Legacy Business Registry as Legacy Businesses under Administrative Code Section 2A.242.

Public Comment:

- Kenneth Puccini spoke in support of Marina Supermarket.
- Aaron Jackson spoke in support of Haight and Fillmore Whole Foods.
- Sue Muzzin, PIER 39's Vice President of Advertising, Public Relations, & Integrated Media spoke in support of Pier 39 Ltd Partnership.

Commissioner Ortiz-Cartegena spoke in support of Pier 39 Ltd Partnership and Marina Supermarket.
Commissioner Zouzounis congratulated all five applicants and spoke in support of Pier 39 Ltd Partnership.

Commissioner Dwight spoke in support of Pier 39 Ltd Partnership.

Commissioner Adams congratulated all five applicants and spoke in support of FTC Skateboarding.

Motion: Commissioner Dwight motioned to adopt five resolutions to include Chloe's Café, FTC Skateboarding, Haight and Fillmore Whole Foods, Marina Supermarket, and Pier 39 Ltd Partnership on the Legacy Business Registry as Legacy Businesses under Administrative Code Section 2A.242.

2nd: Commissioner Dooley.

Aye: Commissioners Adams, Corvi, Dooley, Dwight, Ortiz-Cartagena, and Zouzounis.

Nay: None.

Absent: Commissioner Yee Riley.

Motion passed 6-0, 1 absent.

4. **Board of Supervisors File No. 180757 -Health Code - Massage Practitioner and Business Permits (Discussion and Action Item)**

Jennifer Callewaert from the Department of Public Health presented on this Ordinance which amends the Health Code to comprehensively revise the regulation of massage practitioners, massage establishments, massage outcall services, and sole practitioner massage establishments by, among other things:

- 1) authorizing the Director of Health (“Director”) to access local, state, and federal criminal history information of permit applicants and permit holders;
- 2) eliminating temporary massage practitioner permits;
- 3) clarifying the administrative process by which permit applicants and permit holders may appeal a decision to deny, suspend, or revoke a permit;
- 4) authorizing the Director to deny a massage establishment permit to an applicant who has been convicted of any offense related to prostitution or solicitation of prostitution;
- 5) adding or revising massage establishment operating standards relating to vermin, employee areas, locked doors, residential use, and advertising;
- 6) prohibiting a massage business from operating a massage school on the same premises as a massage establishment;
- 7) establishing a massage establishment reinspection fee of \$191 per hour;
- 8) updating administrative and permit penalties;
- 9) authorizing the imposition of a lien on a property that has contributed to a violation of Article 29 of the Health Code (“Article 29”) to collect unpaid administrative penalties, enforcement costs, fines, interest, and attorneys’ fees;
- 10) authorizing the City Attorney to institute civil proceedings for injunctive and monetary relief for violations of Article 29;
- 11) declaring violations of select provisions of Article 29 to be public nuisances; and,
- 12) discontinuing the acceptance of applications for massage practitioner permits effective January 1, 2019.

The amendments to the Ordinance modernize the existing language in that it strikes language that refers to codes that no longer exist, clarifies Director’s hearing procedures, and adds standardized language around change of ownership in order to comport with other change of ownership requirements. It also clarifies transfer of permit language to make clear that permits could not be transferred. The Ordinance also streamlines the background check investigation process by having them completed in-house and not outsourced to another agency. The additional 30-day timeline language was also added to afford more time for the permitting and tax processes. The permitting process will also be streamlined to align with permitting requirements set by the State of California. Regarding the two massage therapist limit for the sole practitioner permit, should an entity want more than two they will be required to obtain a General Establishment permit. Enforcement language was also clarified to close operational loopholes that allowed illegitimate establishments that engaged in additional bad practices to remain in operation. Additionally, the burden for

compliance is on the business owner and not the practitioners themselves. For massage practitioners who may have been in violation of Article 29, resources will be made available by the Community Health Equity and Promotions branch with help with housing, legal assistance, and possibly other jobs.

Commissioner Dooley asked for more detail regarding disallowing illegitimate establishments to continue operating. Ms. Callewaert confirmed that the changes to the enforcement language will mitigate this issue and will serve to address bad practices. 15 permits were removed last year alone from businesses engaging in illicit and lewd acts, and this language will prevent those bad actors from easily moving locations, from receiving new permits, and expand the timeframe in which the violation stands to prevent the business owner from continuing their practice.

Commissioner Dooley also asked for clarification regarding the language regarding employee areas and residential use. Ms. Callewaert did clarify that massage business owners will now be required to have a dedicated employee break area. The intent is to avoid businesses to also use their establishments as their home. Commissioner Dooley then expressed concern for the sole practitioners who do operate out of very small spaces. Ms. Callewaert clarified that there is no square footage requirement.

Commissioner Adams expressed thanks to Supervisor Katy Tang and commended this Ordinance's alignment with State requirements.

Commissioner Zouzounis requested information regarding the amendment that would limit a Sole Operator Permit to two persons rather than four. Ms. Callewaert replied that no comment from the industry had been received and currently no permits have been issued for four practitioners. Additionally, permits are granted by location, not determined by who is full or part time. A General Permit allows for more than two practitioners at one address and a Sole Practitioner permit allows for up to two. Director Dick-Endirzzi clarified that the Annual fee is \$1,389.00 for a General Permit and for a Sole Permit it is \$686.00. OSB also did not receive any feedback regarding this change.

Public Comment: No members of the public requested to speak.

Motion: Commissioner Adams motioned support the Ordinance as written.

2nd: Commissioner Dwight.

Aye: Commissioners Adams, Corvi, Dooley, Dwight, Ortiz-Cartagena, and Zouzounis.

Nay: None.

Absent: Commissioner Yee Riley.

Motion passed 6-0, 1 absent.

5. **Board of Supervisors File No. 180806 -Planning Code - Flexible Retail Use
(Discussion and Action Item)**

Supervisor Katy Tang from the Board of Supervisors and Lisa Pagan from the Office of Economic and Workforce Development presented on this Ordinance amending the Planning Code to create a new Use allowing flexible, multi-use retail; making Flexible Retail principally permitted in Supervisorial District Four.

Supervisor Tang highlighted the challenges that small businesses in San Francisco face and that she sees this Ordinance as a means of attracting more businesses to commercial corridors. The Ordinance, in sum, creates a new definition in the planning code which is "Flexible Retail". This Ordinance would essentially be piloted in District Four with the hopes of expanding city-wide. The Ordinance would allow for a space to interchange uses between arts activities, limited restaurants, general retail sales and services, personal services, retail professional services, and trade shops. As such, any business would be allowed to operate a combination of the aforementioned activities. Details are still being worked out with the Planning Commission so amendments are anticipated however, the general intent will remain the same. In District Four, administration may be relatively easy given that the all intended uses are principally permitted. In other

Districts this may pose a greater challenge as zoning requirements already established must also be met with regard to allowing for Flexible Retail Use.

Commissioner Dwight expressed enthusiasm for this Ordinance. He asked how this Ordinance's requirements will be enforced and if there would be room to circumvent other normal requirements. Supervisor Tang clarified that the establishment would have to meet all the same requirements that they would otherwise have to meet the Ordinance simply allows multi-use more freely. There is also a difference between pop-up and flexible retail in that flexible retail is longer term.

Commissioner Dooley expressed that she did not feel that including limited restaurants would be appropriate and would like to see this legislation be sensitive to disallowing a commercial use to start as one primary use and then to become another primary use (e.g., a bookstore that becomes a restaurant). Supervisor Tang explained that this is why it is being piloted out in District Four.

Commissioner Zouzounis thanked Supervisor Tang for continuing to be attentive to small business needs. She questioned as to whether there would be training/public education on this legislation for small businesses and, if alcohol would be able to be served in a flexible retail environment if it is permitted to be served in that zone. Supervisor Tang clarified that appropriate alcohol licensing would still need to be procured, though the legislation was not intended to encourage more alcohol sales. More, she hopes that OSB and OEWD will be able to help with the educational piece.

Commissioner Ortiz-Cartagena thanked Supervisor Tang for her work on this. This piece of legislation is a creative policy solution to encourage business growth.

Lisa Pagan of the Office of Economic and Workforce Development spoke relative to her work on this legislation. Specifically that this legislation was a recommendation from the Retail Study published by her office earlier in the year. In this regard the intention is to help businesses become more viable, to streamline processes, and to be more creative in their pursuits. Consumers are seeking a particular experience while shopping and this allows for this to occur. She also stressed that existing zoning requirements would not be overridden by this piece of legislation.

Public Comment: No members of the public requested to speak.

Commissioner Adams echoed Commissioner Ortiz-Cartagena's comments.

Director Dick-Endrizzi clarified that the SBC's recommendation would be submitted to approve the legislation as written, with the understanding that it is a pilot.

Motion: Commissioner Dwight motioned approve as written.

2nd: Commissioner Corvi.

Aye: Commissioners Adams, Corvi, Dooley, Dwight, Ortiz-Cartagena, and Zouzounis.

Nay: None.

Absent: Commissioner Yee Riley.

Motion passed 6-0, 1 absent.

6. **Director's Report. (Discussion Item)**

Director Dick-Endrizzi worked OEWD to work on joint responses to what was outlined in the Mayor's Small Business and Job Creation summit summary document and will send the draft to the Commission for review. She also shared that DPH will present on their proposed implementation plan for the flavored tobacco ban. Specifically on their business communication strategy and anticipated timeline. A presentation is also expected on MAP 2020, and the Apprenticeship Program for Cannabis Business. Mr. Kurylo will also present on the Legacy Business Program's annual report. Joaquin Torres has also been invited to the Commission to introduce himself as the new Director of OEWD.

The Legacy Business Program (LBP business assistance grant deadline is three weeks away. The LBP Logo is still being finalized and Osaki Creative Group is expected to present on their work. The marketing and outreach plan will include providing window decals for Legacy Businesses and plaques for Legacy Businesses who would like to purchase them. OSB is developing a toolkit for Legacy Businesses to engage in self-marketing and promotion, as well as a brochure. They are also working with the Historic Preservation team at the Planning Department to discuss including a Legacy Businesses in the CB3P- specifically to assist Legacy Business Mindful Body.

OSB is finalizing the second round for the Small Business Commission Secretary/Policy Analyst position.

Public Comment: No members of the public requested to speak.

7. **Commissioners' Reports. (Discussion Item)**

Commissioner Ortiz-Cartagena discussed the passing of SB-1235, Truth-in-Lending, to prevent predatory business lending, particularly to small businesses. He also commended the Opportunity Fund team for doing an amazing job.

No members of the public requested to speak.

8. **New Business. (Discussion Item)**

Commissioner Zouzounis followed up on flexible retail, an item that she had mentioned at a previous meeting, and the flavored tobacco plan. She also proposed discussing Accessory Use process with the Office of Cannabis and engage in discussions on legalizing a buyback on tobacco licenses.

Public Comment: No members of the public requested to speak.

9. **Adjournment. (Action Item)**

Motion: Commissioner Ortiz-Cartegena motioned to adjourn the meeting.

2nd: Commissioner Dwight.

Aye: All in favor.

Nay: None.

Absent: Commissioner Yee Riley.

Motion passed, 6-0, 1 absent.

The meeting was adjourned at 6:42 p.m.