



CITY AND COUNTY OF SAN FRANCISCO
LONDON N. BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

SMALL BUSINESS COMMISSION
DRAFT MEETING MINUTES

Monday, September 24, 2018
2:00 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 2:01 p.m.
Commissioners Adams, Corvi, Dwight, Dooley, Ortiz-Cartagena, Yee Riley, and Zouzounis were present.
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) California Wine Merchant (Application No.: [LBR-2017-18-037](#))
- b) Creativity Explored (Application No.: [LBR-2018-19-004](#))
- c) Great Wall Hardware (Application No.: [LBR-2015-16-033](#))
- d) IXIA (Application No.: [LBR-2018-19-002](#))
- e) The Jug Shop (Application No.: [LBR-2017-18-042](#))
- f) San Francisco Bay View National Black Newspaper (Application No.: [LBR-2018-19-001](#))

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

Public Comment:

- Tom Temprano from the Office of Supervisor Rafael Mandelman spoke in support of Creativity Explored and IXIA.
- Linda Johnson spoke in support of Creativity Explored.
- Michael Priolo spoke in support of the Jug Shop.
- Willie Ratcliff spoke in support of San Francisco Bay View National Black Newspaper.

Commissioner Dooley spoke in support of Creativity Explored and IXIA. Commissioner Zouzounis spoke in support of the Jug Shop. Commissioner Ortiz-Cartagena spoke in support of the Jug Shop, Creativity

Explored and San Francisco Bay View National Black Newspaper. Commissioner Dwight congratulated all six applicants. Commissioner Adams spoke in support of Great Wall Hardware, IXIA and the Jug Shop.

Motion: Commissioner Dwight motioned to adopt six resolutions to include California Wine Merchant, Creativity Explored, Great Wall Hardware, IXIA, The Jug Shop and San Francisco Bay View National Black Newspaper 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, Yee Riley and Zouzounis.

Nay: None.

Absent: None

Motion passed, 7-0

4. **Board of Supervisors File No. 180803 - Planning Code - Mission Alcoholic Beverage Special Use District and Mission Street Neighborhood Commercial Transit District (Discussion and Action Item)**

*Presenter(s): Amy Beinart, Aide to Supervisor Ronen
Diana Pone De Leon, Office of Economic and Workforce Development*

Motion: Commissioner Dooley motioned to approve as drafted.

2nd: Commissioner Ortiz-Cartagena seconded that with the emphasis that OEWD and Planning continuously monitor the accessory use.

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

Nay: None.

Absent: None

Motion passed, 7-0

5. **Presentation on the Enactment, Licensing Rules and Regulations of San Francisco Health Code, Article 19Q: Prohibiting the Sales of Flavored Tobacco Products and transitional support for small businesses affected by the ban. (Discussion and Possible Action Item)**

Derick Smith, from the Department of Public Health (DPH) provided the Commission an overview of ordinance and the June 6, 2018 voter referendum. Enforcement is only with retailers (brick and mortar) and not individuals. He also listed the programs that DPH provides that help individuals quit smoking, and is developing a media campaign to advertise for these programs

Janine Young, Senior Health Inspector, Retail Tobacco and Smoking Program provided a review of products that meet the definition of flavored tobacco products, covered the roll out of the ordinance, noted that it does not provide any exceptions or carve outs for any retailer (but did not clarify if this includes online retailers). The final date to sell flavored tobacco products was July 20, 2018. The law does provide DPH the opportunity to enforce after rules and regulations were adopted. Right now DPH is providing education and technical assistance to the retailers, so this is the only opportunity that brick and mortar retailers have to sell what is left in inventory. Janine reviewed the 2018 timeline for developing rules and regulations: September through November is Outreach and Education; October to December developing compliance checklist; December public hearings; and January 2019 final rules and regulations go into effect. DPH's outreach to brick and mortar retailers is focuses on informing the business on the discontinuance the sale of products, to purchase only products labeled unflavored or unsweetened, and have it be listening session with the site visits. Janine noted that DPH is consulting with OEWD to make sure DPH is conducting the right engagement with businesses and noted up to date information on rules and regulations is available to retailers on the website in addition to mailers being sent. Janine noted that project plan is dynamic so that if DPH finds it needs to add more time that will be taken into consideration. The rules and regulations at this time only deal with density amend to add flavored regulations, amend to improve explanation on density and more transparent on the whole tobacco licensing process.

Janine provided a list of four dates of the listening sessions beginning on 9/26 and ending on 10/9/18 to hear about the challenges from retailers.

Commissioner Questions:

Commissioner Riley wanted to know how many businesses are affected by this ordinance. Janine noted that there are 800 tobacco permits.

Commissioner Adams asked as to whether any enforcement has taken place to date and for clarification on Hooka businesses. Janine noted that no enforcement is taking place until the final rules and regulations are adopted that what is taking place is outreach, education and compliance checks with notices of correction without penalties. And in regards to Hooka, smoking any type of tobacco product is illegal indoors, if they Hooka business is using heated steamed stones, they are not regulated under the tobacco or flavored tobacco ordinance and do not have a tobacco permit.

Commissioner Zouzounis not that the presented did not provide specifics, there has been enough time to develop a mitigation plan. She would like for DPH to provide to the SBC how many meetings DPH has had with prior to the 9/24/18, SBC meeting and any planned after the above noted listening sessions. Commissioner Zouzounis stressed to both DPH and OEWD that feedback from businesses needs to be centralized so that all impacted businesses can hear each other's feedback and it needs to be shared and all meetings with the businesses have to include OEWD as mitigation is brought up. Janine noted that all feedback will be noted on DPH's website.

Commissioner Zouzounis ask Jorge Rivas from the Office of Economic and Workforce Development (OEWD) how they will bring other departments to the table to help with the mitigation process and how does the SBC and businesses get a list of mitigation support the City will provide? Jorge Rivas, OEWD, noted that both departments first want to hear from SBC on their recommendations of expected efforts from OEWD and DPH and what incentives and mitigation efforts need to be developed. Commissioner Zouzounis noted a beginning list:

- Business technical support in applying the newly proposed zoning regulations such as Flexible Retail for tobacco businesses to add in new retail element into businesses.
- Overall general technical assistance.
- Office of Cannabis- Allow tobacco paraphernalia shops to sell cannabis, allow the selling of cannabis products as accessory use and begin now to create the pathway.
- Feed Mitigation: Determine appropriate adjustment for DPH fees as the number of products, Cigarette Litter Abatement Fee, Deemed Approved Use should not be paying the amount of fees with the reduction of inventory.
- Enforcement: Increased enforcement efforts across the board is a scary time for immigrant owned businesses and there need to be some sort of coordination and acknowledgement of the impact of increase enforcement effort with this new law.
- Inquire into the process of the alcohol license buy back and how that works and how that could be applied to tobacco. Some businesses are completely devalued with this law. As this is a government takings of a businesses. Eminent Domain – how is OEWD taking a look at this response?

Mr. Rivas noted that the list Commissioner Zouzounis provided requires a deeper dive and review as some of the requests are out of the scope of the ordinance and will need to do further exploring of what is within the purview of this particular effort and if there are other efforts and go through the appropriate venues. Commissioner Zouzounis requested that Mr. Rivas and the City be creative and not due just the bare minimum as the impact of the law is part of a broader context.

Director Dick-Endrizzi noted that it will be important to hear from OWED as to what can be done in this current budget year and what list of mitigation efforts need funding for the 19/20 budget year.

Commissioner Ortiz-Cartagena: noted he has spoken to businesses impacted, noted the voters did not want it, but reiterated Commissioner Zouzounis that this is similar to eminent domain and the buyback has to be commiserate to the value the business, not a one size fits all buy back. Small Business set their business plan, signed leases years ago and never knew this was to come on board.

Commissioner Zouzounis noted that gentrification and displacement is a public health issue, shutting down these business is not to the well-being of the public.

No members of the public requested to speak.

Motion: Commission Zouzounis made a motion that included Commissioners Adams two items 1) OEWD and DPH work with the Office of Cannabis to allow for smoke shop tobacco owners first rights of selling cannabis, 2) Work with other departments to develop mitigation efforts and work with the stakeholders on the mitigation, and DPH and OEWD are start working the list the mitigation efforts the SBC is providing and it is to be included as part of the plan and timeline. The list of mitigation efforts for DPH and OEWD to start with are:

- Feed Mitigation: Determine appropriate adjustment for DPH fees as the number of products, Cigarette Litter Abatement Fee, Deemed Approved Use should not be paying the amount of fees with the reduction of inventory. These fees are included in the Tax and Treasures Office in the fee justice program. Reassessment of industry fees on Convenience Stores.
- Work with the Office of Cannabis on accessory use and small business pathway for businesses for businesses willing to get rid of their tobacco licenses (in addition to the motion on smoke shops).
- Implement flexible retail legislation and how that pairs with small businesses.
- Develop a plan for buying back tobacco licenses by taking a look at the alcohol license buy back model and to integrate into the current technical assistance and listening session asking how much is the value of the various businesses.
- Taylor the listening sessions towards the mitigation efforts and provide dates as to when you think that centralized feedback will be issued and up on the website.
- Have one big meeting after the small ones so that the different stakeholders can hear all the feedback given.

2nd: Commissioner Adams

Aye: Adams, Corvi, Dooley, Dwight, Ortiz-Cartagena, Yee-Riley and Zouzounis

Nay: None.

Motion passed, 7-0

6. **Quarterly Report for the Legacy Business Program for April through June 2018. (Discussion and Possible Action Item)**

Richard Kurylo (Legacy Business Program Manager, Office of Small Business) presented the [Legacy Business Program Quarterly Report, April through June 2018](#). In April through June, the Office of Small Business received 12 Legacy Business Registry nominations, 10 applications and \$400 in application fees. The Small Business Commission listed 6 businesses on the Registry. Since the program began, there have been 219 nominations, 165 applications and \$7,650 in application fees received, and 135 businesses were listed on the Registry as of June 30, 80.7% of which were for-profit businesses versus nonprofit organizations. For Business Assistance Services, technical assistance was provided to 49 unduplicated clients and 233 hours of consulting this fiscal year. Since the program launched, the Legacy Business Program has served 88 unique clients and has provided nearly 740 hours of consulting. Business assistance services include one-on-one consulting, assistance with Legacy applications, technical assistance, and all training workshops offered via the San Francisco Small Business Development Center. For the Business Assistance Grant, there was an

application rate of 64.9%, with 72 of 111 eligible Legacy Businesses applying. There was an average of 16.85 full-time equivalent employees per applicant and an average grant payment of just over \$8,685. Total grant payments were slightly over \$625,000. For April through June, we paid six Rent Stabilization Grants to landlords of Legacy Businesses. The average square footage of the six applications was about \$2,500 square feet, and the average grant was about \$11,400. There have been numerous press articles about Legacy Businesses, and the Office of Small Business did 9 tweets about the Legacy Business Program between April and June. Mr. Kurylo covered major accomplishments from April through June, as well as major upcoming activities for July and beyond.

Commissioners Adams and Dooley thanked Mr. Kurylo.

No members of the public requested to speak.

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

Director Dick-Endrizzi provided an update of the Accessible Business Entrance Program, including the 1990 checklist submitted to date, and developing grant program from the Disability Access Funds collected through business registration; noted the Legacy Business logo will be presented at the October 22, 2018 and an update on the two grant programs. The Director noted legislation scheduled for upcoming meetings – BOS File No. 180805 -Agreements Between Cannabis Businesses and Labor Organizations - Hiring Graduates of Apprenticeship and Pre-Apprenticeship Programs and BOS File No. 180912 -Police and Health Codes - Regulation of Cannabis Businesses and three State Bills the Governor signed and a status update on the hiring of the Policy Analyst/Commission Secretary.

No members of the public requested to speak.

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

Commissioner Yee-Riley noted today September 24, 2018 is the official date for the Autumn Moon. The Autumn Moon Festival and Parade was held in Chinatown on the September 15-16, 2018. Mayor Breed and Assemblymember David Chiu were in attendance for the parade.

No members of the public requested to speak.

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

No New Business introduced by the Commission

No members of the public requested to speak.

10. **Adjournment. (Action Item)**

Motion: Commissioner Dwight motioned to adjourn.

2nd: Commissioner Ortiz-Cartagena

Aye: All in favor.

Nay: None.

Motion passed, 7-0

The meeting was adjourned at 3:54 PM.