



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

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

**SMALL BUSINESS COMMISSION
MEETING MINUTES**

Monday, October 22, 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 2:03 p.m.
Commissioners Adams, Dooley, Dwight, Yee Riley, Corvi, and Ortiz-Cartagena were present.
Commissioner Zouzounis was absent.
Commissioner Dooley left the meeting after Item 7 was heard.
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. Recognition of Petyr Kane, owner of BODY Clothing. (Discussion Item)

Commissioner Adams honored Petyr Kane for his 29 years of business and community involvement in the Castro. Commissioner Adams also shared a proclamation of recognition from Supervisor Mandelmen and the Board of Supervisors for Petyr's decades of service to the community as a merchant in the Castro neighborhood. He shared that the Board of Supervisors extends their highest commendation and appreciation to Petyr Kane for his work.

Daniel Bergerac of the Board of Castro merchants thanked Petyr Kane for all that he has done for the Castro community and neighborhood.

Petyr Kane thanked the Small Business Commission (SBC) and the Board of Supervisors for the honor.

No members of the public requested to speak.

4. Approval of Legacy Business Registry Application and Resolution. (Discussion and Action Item)

- a) Balboa Theatre (Application No.: [LBR-2018-19-007](#))
- b) Fireside Camera (Application No.: [LBR-2017-18-038](#))
- c) House of Bagels (Application No.: [LBR-2018-19-003](#))

Richard Kurylo (Program Manager, Legacy Business Program) informed the Commission that the above applications met the criteria for the Legacy Business Registry, and received a positive recommendations from

the Historic Preservation Commission. Mr. Kurylo recommended that the SBC adopt a resolution to include the businesses listed above on the Legacy Business Registry as a Legacy Business under Administrative Code Section 2A.242.

Public Comment:

- Supervisor Fewer spoke in support of Balboa Theatre and House of Bagels.
- Mike Puente, owner of House of Bagels, spoke in support of his business.
- Adam Bergeron, owner of the Balboa Theatre, spoke in support of his business.
- Spencer Pawn, one of the owners of Fireside Camera, spoke in support of his business.
- Henry Karnilowicz, President Emeritus of the Council of District Merchant, spoke in support of the businesses.

Commissioner Dwight thanked all the business owners and extended a special thanks to Supervisor Fewer for her nominations. He emphasized that Supervisors play an essential part in the Legacy Business process.

Motion: Commissioner Dwight motioned to adopt three resolutions to include Balboa Theatre, Fireside Camera, and House of Bagels on the Legacy Business Registry as a Legacy Businesses under Administrative Code Section 2A.242.

2nd: Commissioner Yee Riley.

Aye: Commissioners Adams, Dooley, Dwight, Yee Riley and Zouzounis.

Nay: None.

Absent: Commissioners Zouzounis.

Motion passed 6-0, 1 absent.

5. Legacy Business Program Marketing and Branding. Presentation and adoption of the Legacy Business Program logo and presentation of the Legacy Business marketing and branding program. (Discussion and Action Item)

Kurt Osaki and Robert O'Riley of the Osaki Creative Group presented on the Legacy Business Marketing and Branding Project and logo development. Kurt shared that their product is a result of 10 months of engaging the community and businesses in order to best design the logo. Robert then described the six phases of the group's project development which included: local research, a survey of 156 Legacy Businesses, interviews with 10 Legacy Businesses, meetings with the Legacy Business Program Marketing and Branding Committee, concept development, design, and final logo delivery. Kurt then described the inspiration for and the design elements of the logo. Kurt and Robert then shared examples of how the logo could be applied. And, shared that the logo would be translated into Chinese, Japanese, Russian, Spanish, Tagalog, and Vietnamese.

Commissioner Dwight thanked Osaki Creative Group for presenting and noted what a milestone this is for the program. This logo will allow the program to start publicly promoting. He also thanked Commissioner Dooley and Director Dick-Endrizzi for their work on this as well as Diane Matsura of the Historical Preservation Commission, and others in the Office of Small Business and City Hall.

Commissioner Dooley also thanked Osaki Creative Group for their work.

No members of the public requested to speak.

Motion: Commissioner Dwight motioned to approve logo as presented.

2nd: Commissioner Dooley.

Aye: Commissioners Adams, Dooley, Dwight, Yee Riley and Zouzounis.

Nay: None.

Absent: Commissioners Zouzounis.

Motion passed 6-0, 1 absent.

6. Board of Supervisors File No. 180912 –Police and Health Codes - Regulation of Cannabis Businesses (Discussion and Action Item) Explanatory Documents: File No. 180912. [Legislative Digest](#); [Legislation](#)

Recusal of Commissioner Dooley for Items 6 and 7 (Action Item)

Commissioner Dooley requested that she recuse herself from the meeting for Items 6 and 7 because she works in the cannabis industry.

Motion: Commissioner Adams motioned to approve.

2nd: Commissioner Dwight

Aye: All in favor.

Nay: None.

Absent: Commissioner Zouzounis

Recused: Dooley.

Motion passed 5-0, 1 absent, 1 recusal.

Nicole Elliot, Director of the Office of Cannabis presented on this legislation. She noted that much had been accomplished in the year since the legislation was first passed and that much work remains to get done. The amendments reflects revisions to Police Code Article 16 and Health Code Article 33 govern the regulation of commercial cannabis. In sum, the amendments: reflect refinements to the administrative requirements; strengthen the Equity Program; restructure some permit criteria and the prioritization process; and, it extends certain timeframes relative to permitting requests.

Commissioner Comments:

Commissioner Adams thanked Director Elliot for her work on this legislation.

Commissioner Dwight also thanked Director Elliot and concurred that this is uncharted territory and that this is helpful.

Public Comment:

- Silas Patino spoke in support of the legislation.
- Christina Ewing spoke in support of the legislation and also request that discarded cannabis that may still be used be provided to those who can't otherwise afford it.
- George-ann Ross spoke in support of the medical cannabis industry, particularly compassionate care.
- John Martinelli spoke in support of the medical cannabis industry, particularly as it relates to helping Veterans.
- Shona Gochenaur, Executive Director of Axis of Love, spoke in support of medical cannabis and compassionate care.
- Denise Dorey of Axis of Love, spoke in support of medical cannabis and compassionate care, and against the commodification of cannabis.
- Victoria Wong, resident of San Francisco, spoke in opposition to the legislation.
- Cherry (last name inaudible), spoke in opposition to the legislation.
- Sonja Ng, spoke in opposition to the legislation.
- So Wong spoke in opposition to the legislation.
- Richard Lau spoke in opposition to the legislation.
- John Delaplane, Director of Access SF with the San Francisco Cannabis Retailers Alliance spoke in support of the legislation and requested that Sec. 1604 C be applied to any new Equity Incubator Applicants. He also shared that: finding capital for Equity Applicants is difficult and creating pathways to procuring secure capital would be helpful and that the Office of Cannabis seems to be underfunded and could use more resources. He also suggested studying the impacts of lowering the Cannabis tax would be beneficial for helping retailers increase their sales.
- Martin [no last name provided] of the Vape Room, spoke in support of the legislation.
- Jim Lazarus of the San Francisco Chamber of Commerce spoke in support of the legislation.

Commissioner Adams concurred that the Office of Cannabis needs more resources. He also shared that extending out the medical marijuana rule would be helpful.

Commissioner Dwight had a question regarding the 800 sq. ft provision that would affect a cannabis operator, can the legislation address this? Director Elliot confirmed that the Office of Cannabis is seeking to apply an amendment addressing this prospectively. The Office of Cannabis is also looking at more flexible permitting options for cannabis operators.

Motion: Commissioner Dwight motioned to approve as presented.

2nd: Commissioner Adams.

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

Nay: None.

Absent: Commissioner Zouzounis

Recused: Dooley.

Motion passed 5-0, 1 absent, 1 recusal.

Commissioner Yee Riley suggested clarifying for the public that this item and Item #7 does not address whether cannabis businesses may be allowed to operate. Commissioner Adams concurred and asserted that both medical and recreation cannabis is allowed in the State of California. The Office of Cannabis regulates both uses. Commissioner Yee Riley also shared that the members of the public should address their concerns with their Board Supervisor.

7. Board of Supervisors File No. 180805 - Police Code - Agreements Between Cannabis Businesses and Labor Organizations - Hiring Graduates of Apprenticeship and Pre-Apprenticeship Programs.

Explanatory Documents: File No. 180805. [Legislative Digest](#); [Legislation](#)

Suhagey Sandoval, Aide to Supervisor Safaí and Josh Arce, Director of Workforce Development (OEWD) presented this legislation. This legislation is meant to expand the San Francisco's City Build Job Training Program through including the cannabis industry. This will be done through the creation of a Pre-Apprenticeship and Apprenticeship program named City Grow. City Grow will be a hands on cannabis cultivation program that would provide job training and placement for job seekers. City Grow will be modeled after City Build's structure.

Director Arce spoke on behalf of OEWD and their support for this legislation. He highlighted the importance of the SBC's role in this process and in advocating for the interests of the small business community who are interested in becoming involved in the cannabis industry and participating in the Equity Program. He stressed that OEWD is seeking SBC feedback on this legislation to ensure that small business interests are considered during the legislative process. OEWD likes this proposal in particular because it builds on the foundation of the City Build program and accounts for the successes and challenges the program has had thus far. Director Arce also emphasized that this program will serve to streamline workforce development compliance for employers and is better for workers and expands upon equity goals.

Tajuana Gray, Compliance Officer with OEWD's City Build program spoke specifically to what the ordinance will accomplish and also described what exactly the three amendments would require of the cannabis retailers in San Francisco.

Nara Babakhanyan, City Build Employment Liaison presented the City Grow Draft Training and Service Model.

Director Arce reemphasized that City Grow builds upon and complements the City Build program. He also reiterated that City Grow's implementation is dependent on the State of California's approving one or more

of the proposed apprenticeship programs and that the City of San Francisco then certifies the approved apprenticeship programs as City Certified Equity Programs.

Commissioner Comments:

Commissioner Adams expressed his thanks to all the presenters and shared his excitement for this legislation and commended the Supervisor's staff and OEWD for working on this. He was particularly happy to know that this program would be based off of City Build which has been an incredible success.

Public Comments:

- Jackie Flynn, Executive Director of the A. Phillip Randolph Institute spoke in support of the legislation.
- Shona Gochenaur, Executive Director of Axis of Love, spoke in support of the legislation.

Commissioner Ortiz-Cartagena expressed his thanks for the presenters and echoed the sentiments of Commissioner Adams. He asked for clarification regarding the decoupling of the Labor-Peace Agreement or collective bargaining requirement. Director Arce replied that a cannabis business must agree that 35% of its new hires will be graduates of apprenticeship programs approved by the State or pre-apprenticeship programs certified by the City, if a relevant program of either type exists. If graduates of such programs are not seeking employment in sufficient numbers to satisfy 35% of the cannabis business's new hiring needs, then the cannabis business would be required to hire such graduates to the extent feasible. Commissioner Ortiz-Cartagena also asked for clarification on whether recruitment through Community Based Organizations is required. Director Arce replied that it isn't currently but welcomed the Commission to make a recommendation. Ms. Sandoval concurred regarding the decoupling aspect of the ordinance and assured the Commission that the Supervisor's office would consider the recruitment suggestion.

Motion: Commissioner Ortiz-Cartagena motioned to approve as presented with the condition to amend the language mandate the requirement that recruitment for hiring be sourced through Community Based Organizations.

2nd: Commissioner Yee Riley.

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

Nay: None.

Absent: Commissioner Zouzounis

Recused: Dooley.

Motion passed 5-0, 1 absent, 1 recusal.

8. Board of Supervisors File No. 180646-3 - Environment Code - Refuse Separation Compliance. (Discussion and Action Item) Explanatory Documents: File No. 180646-3. [Legislative Digest](#); [Legislation](#)

Commissioner Dooley returned to the dais.

Suhagey Sandoval, Aide to Supervisor Safaí presented this legislation to the Commission. She shared that this legislation was drafted in response to learning that the City and County of San Francisco would not meet its 2020 Zero Waste goals and that it was grossly behind. This piece of legislation follows other environmental protection efforts on the part of Supervisor Safai. She summarized that this ordinance amends existing law and would require audits every three years of large refuse generators for compliance with refuse separation requirements and establish enforcement measures applicable to large refuse generators found noncompliant. If passed, the new requirements would go into effect July 1, 2019. She explained that, large refuse generators are defined as commercial property refuse account holders and City-owned and operated facilities that have roll-off compactor service, or generate 30 cubic yards or more of refuse per week. Large refuse generators would be subject to visual inspection audits of their refuse not less than every three years. The Director of the Department of Environment would issue to those large refuse generators found noncompliant a notice and order to comply This ordinance would require such noncompliant large refuse generators to appoint or otherwise engage staff or contractors whose exclusive function is to serve as zero waste facilitators, for a

minimum of 24 consecutive months, upon receiving a Director's notice and order. A zero waste facilitator is a person in the business of and with experience managing refuse material sorting and transfer, who must also meet criteria set by the Director of the Department of Environment. After 24 consecutive months of compliance with the Director's notice and order, a large refuse generator would be subject to a follow-up audit. A finding of compliance at this audit would result in a Director's order lifting the prior notice and order while failure of a compliance audit could result in additional mandated remedial steps and/or imposition of administrative penalties. Notwithstanding the 24-month minimum requirement for engagement of zero waste facilitator(s), a large refuse generator who has engaged zero waste facilitator(s) for 12 consecutive months and taken all other ordered remedial steps may request a compliance audit from the Department of Environment at its own expense. Under this ordinance, the Director of the Department of Environment would have authority to impose, and hold in abeyance at his or her lawful discretion, administrative penalties at a maximum of \$1000 per violation of each aspect of a Director's order. Each day of continued noncompliance may constitute a separate violation.

Commissioner Adams asked who would be potential violators. Ms. Sandoval clarified that the ordinance would apply to commercial property refuse account holders and City-owned and operated facilities that have roll-off compactor service, or generate 30 cubic yards or more of refuse per week. This would impact a little over 500 buildings in San Francisco.

Jack Macy of the Department of Environment shared information regarding the properties that would be covered by the proposed ordinance. Most relevantly, an estimated 132 Retail, Mall, Wholesale, and Restaurants would be affected as well as 2 Industrial Buildings.

Commissioner Dwight asked what size a standard refuse bin is. Mr. Macy responded that, for a typical small business, if they use a wheeled cart they usually come in three sizes- 32, 64, and 96 gallons. As such, any account using a wheeled cart is going to be well below the 30 cubic yards requirement. Commissioner Dwight followed up by asking what size restaurant would have that much refuse. Mr. Macy responded that there aren't that many, save for very large and busy restaurants. Commissioner Dwight asserted that it seemed as if not too many small businesses would be affected. Mr. Macy concluded say that Director Dick-Endrizzi estimated that 12 small businesses may be affected.

Director Dick-Endrizzi also shared that neighborhood grocers would likely be affected and that the Restaurant Association has identified some restaurants that would be affected.

Commissioner Dwight asked the Department of Environment had quantified what percentage of the refuse problem would be addressed via this legislation. Mr. Macy asserted that the problem with quantifying this is that this is an issue distributed across the sectors (i.e. residential, commercial etc.). Commissioner Dwight asked, should the most prolific of waster producers improve their refuse compliance because of this legislation, would it contribute significant to addressing the waste issue in San Francisco. Mr. Macy could not confirm how much of the problem would be addressed but that it would be significant.

Public Comment:

- Jonathan Jump of Project Open-Hand in the Tenderloin, encouraged that non-profits also be considered should this ordinance go into effect and may be adversely affected.
- A representative of the Golden Gate Restaurant Association (name inaudible) shared that 17 of their members would be affected by this ordinance. She suggested that amendments be considered should this ordinance move forward. One, that warning period be established so that restaurant or small business can adequately respond to a notice of violation. And two, the restaurant industry is currently in a labor crisis and can hardly find individuals to work- it be a great burden to find someone whose sole purpose is to be a zero waste coordinator and as such, she suggests that an amendment be considered that would address this. Additionally, the Golden Gate Restaurant Association would like to see the effective date pushed back to January 1, 2020.

- Michael Janis with the SF Market spoke in support of zero waste but highlighted that a business such as his would be adversely affected by this ordinance and instead suggested that, existing compliance mechanisms be enforced more frequently.
- Pete Sednik of Water Bar and Epic Steak affirmed that his restaurants would be affected by this ordinance and that they would not have the capital or capacity to hire someone full time should that be required of them due to the passing of this ordinance.
- Henry Karnilowicz, President Emeritus of the Council of District Merchant, spoke in opposition to the legislation.

Commissioner Dwight concurred that for small businesses, hiring a full time employee to oversee a large refuse generator's waster processes would be onerous. An option for small businesses impacted by this legislation may be to hire a consultant rather than a full time employee.

Ms. Sandoval clarified that, once served with a Notice of Violation, a large refuse generator would have 60 days to provide either appeal the finding or hire a zero waster facilitator. Commissioner Dwight commented that hiring someone within 60 days would be impractical for small businesses, particularly, in the Bay Area. More, that the restaurant industry would be the most adversely affected. Additionally, that there should be some allowances for cross-contamination that is beyond the property owner's control.

Ms. Sandoval also emphasized that that there will be plenty of time for large refuse generators to come in to compliance with the ordinance.

Commissioner Dwight asserted that he would like to see a study conducted that identifies where the problem is concentrated before the ordinance is enforced.

Ms. Sandoval also shared that someone new would not necessarily need to be hired, that an existing employee would be able to perform the work of the zero waste facilitator. Commissioner Dwight responded by saying that most businesses cannot afford to redirect a current employee's responsibilities in order to comply with the ordinance's requirements.

Jack Macy also shared that multitenant entities tend to produce the highest amount of contamination as compared to other similarly sized outfits. Commissioner Dwight then asked what percentage of the total waste produced in San Francisco was produced by large refuse generators. Mr. Macy could not provide the exact percentage. Mr. Macy then stressed that this ordinance is specifically written to target large refuse generators who would have the capacity to hire a zero waste coordinator.

Director Dick-Endrizzzi asked for clarification regarding the hiring requirement of a zero waste coordinator. Specifically, she notes that in the legislation that it seems that the hiring requirement is mandatory upon receiving the notice of violation. Ms. Sandoval concurred that that is the case but reemphasized that an existing employee may act in the capacity of the zero waster coordinator. The purpose of the zero waster coordinate requirement is to protect janitorial staff from becoming de facto zero waste coordinators. More, regarding the questions and comments on data collection, a part of the reason the City does not have access to data points is privacy- they are not permitted to access Recology's accounts.

Commissioner Yee Riley asked whether, rather than hiring a zero waste coordinator, a business could develop their own solution to the violation. Ms. Sandoval reiterated that the hiring requirement is to protect janitorial staff.

Commissioner Ortiz-Cartagena thanked the presenters for their time agreed with the spirit of the ordinance. He suggested that the Supervisor consider including exceptions for small businesses.

The Commission determined that they would not take action on this but that the Director will follow up on this with the Commission and the Supervisor's office.

9. Approval of September 24, 2018 Draft Meeting Minutes. (Action Item)

No members of the public requested to speak.

Motion: Commissioner Dwight motioned to approve as presented.

2nd: Commissioner Adams.

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

Nay: None.

Absent: Commissioner Zouzounis and Dooley.

Motion passed 5-0, 2 absent

10. Director's Report. (Discussion Item)

Director Dick-Endrizzi provided the Commission with an update on the Accessible Business Entrance Program, the Legacy Business Program, and relevant legislation and policy. Specifically Safe Sidewalk Vending, Home Kitchen Operations, Flexible Retail Use, and allowing food service businesses to have plastic straws for individuals with disabilities. Additionally, Director Dick-Endrizzi was invited to present on the Legacy Business Program to the City of Atlanta. She also confirmed that the new Commission Secretary would start on December 3, 2018. She shared that Martha would host SBA classes on November 11 and December 5, a class with Renaissance on November 6, and would Table at the 4th Annual Female Achieving Change Together event on October 24.

No members of the public requested to speak.

11. Commissioners' Reports. (Discussion Item)

Commissioners Adams and Ortiz-Cartagena will be attending the MEDA dinner this week.

Commission Ortiz-Cartagena also commended the Excelsior Street Party.

No members of the public requested to speak.

12. New Business. (Discussion Item)

Commissioner Ortiz-Cartagena asked, again, that we consider going paperless.

No members of the public requested to speak.

13. Adjournment. (Action Item)

No members of the public requested to speak.

Motion: Commissioner Dwight motioned to approve as presented.

2nd: Commissioner Adams.

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

Nay: None.

Absent: Commissioner Zouzounis and Dooley.

Motion passed 5-0, 2 absent

The meeting was adjourned at 4:56 p.m.