



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

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

SMALL BUSINESS COMMISSION MEETING MINUTES

Monday, November 26, 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 and Zouzounis were present.
Commissioners Corvi and Ortiz-Cartagena were 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 Application and Resolution. (Discussion and Action Item)

Paper Tree (Application No.: [LBR-2018-19-012](#))

Richard Kurylo (Program Manager, Legacy Business Program) informed the Commission that the application met the criteria for the Legacy Business Registry, and it received a positive recommendations from the Historic Preservation Commission. Mr. Kurylo recommended that the Small Business Commission 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:

- Linda Mihara spoke in support of the business.
- Nikki Yohikawa spoke in support of the business.

Motion: Commissioner Dooley motioned to adopt a resolution to include Paper Tree on the Legacy Business Registry as a Legacy Business under Administrative Code Section 2A.242.

2nd: Commissioner Zouzounis.

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

Nay: None.

Absent: Commissioners Corvi and Ortiz-Cartagena.

Motion passed 5-0, 2 absent.

Recusal of Commissioner Dooley

Commissioner Dooley requested that she recuse herself from the meeting for Item 4 because she works in the cannabis industry.

Motion: Commissioner Dwight motioned to approve.

2nd: Commissioner Yee Riley.

Aye: All in favor.

Nay: None.

Absent: Commissioners Corvi and Ortiz-Cartagena.

Recused: Dooley.

Motion passed 4-0, 2 absent, 1 recusal.

4. Board of Supervisors File No. 181061 –Planning Code - Conversion of Medical Cannabis Dispensary Uses to Cannabis Retail Uses. (Discussion and Action Item)

Michael Christensen, Senior Planner with the Planning Department introduced and summarized the proposed legislation. Mr. Christensen shared that currently all Medical Cannabis Dispensary (MCD) in the city are still Medical Cannabis Dispensary with a temporary permit that authorizations adult use sales. In order to formally convert they must obtain a change of use permit through the Building Department by March 31, 2018. This proposal addresses those that could not meet that deadline (see recommended amendments below). The proposed solution is to remove that date from Section 190. Second, as currently written, Section 190 requires that MCDs already be open in order to convert to adult use sales. Although the MCD may have had planning department approval, they may not have necessarily had other required approvals (i.e. building department). The proposed solution is to change the language to read that Planning Department approval by the day of the ordinance is sufficient approval to convert. Third, Section 190 also requires that there be at least a 600 foot buffer of space between MCDs. For some MCDs that applied for permitting in 2017, and had still not received approval by the day the ordinance became effective in 2018, became ineligible due to the 600 foot buffer requirement. One example included one dispensary that were 599.5 feet away from each other. The legislation seeks to remedy this in now allowing those entities to seek the appropriate permits and exempting them only from the 600 foot buffer requirement.

Mr. Christensen shared that the Planning Commission reviewed this legislation on November 15, 2018 and recommended approval. The Planning Commission recommended also that for those MCDs requesting a waiver of the 600 foot rule, that they obtain a conditional use authorization even if it's not otherwise required for the zoning. In this regard, it affords cannabis operators a path forward but, accounts for future instances of potential overconcentration.

Planning Commission's two recommended amendments.

1. Amend Section 190(b)(1). Modify the Ordinance so that to qualify as a 'Pending MCD applicant,' the applicant would need to have had a complete application submitted to the Department of Public Health by July 20, 2017 AND in active processing status as of January 5, 2018.

2. Amend Section 190(b)(3). Modify the Ordinance so that a 'Pending MCD applicant' utilizing an exemption from the locational requirements of Section 202.2(a) obtain Conditional Use Authorization to establish the Cannabis Retail use. Additionally, require that in addition to the findings of Section 303, the Commission shall consider the overall availability of MCD and Cannabis Retail establishments in the district where the proposed Cannabis Retail use is located and whether the approval of the Cannabis Retail use would create a noticeable overconcentration of Cannabis Retail uses in the district.

Nicole Elliot, Director, Office of Cannabis provided further information regarding the justification of the proposed legislation. Like Mr. Christensen, Ms. Elliot stressed that this proposal simplifies Section 190 as it is currently written. Moreover, that legacy dispensaries would be able to move forward with their retail permit applications where they otherwise would not be able to.

Commissioner Comments:

Commissioner Adams commended both Ms. Elliot and Mr. Christensen on their hard work in implementing an entirely new regulatory structure.

Public Comment:

Richard Lau spoke in opposition.

Victoria Wong of District 3 and Jane Lee spoke in opposition.

Ellen Lee Zhou, representing the San Francisco Coalition of Good Neighborhoods spoke in opposition.

Motion: Commissioner Dwight motioned to approve as presented, including the two amendments recommended by the Planning Commission.

2nd: Commissioner Adams.

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

Nay: None.

Absent: Commissioners Corvi and Ortiz-Cartagena.

Recused: Dooley.

Motion passed 4-0, 2 absent, 1 recusal.

Commissioner Dooley returned to the dais.

5. Board of Supervisors File No. 181043 – Administrative Code - Citywide Project Labor Agreement - Public Work or Improvement Projects. (Discussion and Action Item)

Miguel Galarza of the Local Business Enterprise Advisory Committee, thanked the Commission for the opportunity to speak regarding the pending legislation. Mr. Galarza highlighted that Mayor Breed, and Supervisors Safai and Peskin, spent many hours working on this proposed legislation that is amiable to the small business community. Mr. Galarza also offered thanks to the Small Business Commission for their support of the amendments to the legislation.

Commissioner Comments:

Commissioner Adams expressed his appreciation for Mr. Galarza's work with LBEs and micro-LBEs, the Mayor, and specifically in helping with builders in the city. Mr. Galarza noted that without Mayor Breed's leadership, the legislation would not be on the floor for a vote. He also noted his appreciation for working together with labor representatives to come to a consensus on this proposed amendment.

No members of the public requested to speak.

The Small Business Commission took no action and heard this item as an informational item.

6. Presentation on the San Francisco Economic Development Alliance (SFEDA). (Discussion Item)

Jen Leybovich, Executive Vice President at Main Street Launch, and Chair at SFEDA, shared that the group wanted to provide an overview of SFEDA's work; to promote low and free cost services for small businesses; and to create awareness of opportunities for partnership. Ms. Leybovich provided an opportunity for her colleagues to introduce themselves: Janita Silva, Executive Director of Start Small Think Big; Rani Langer-Croger, Co-Founder and CEO of Uptima Business Bootcamp; Diana Tremblay, Director of Acceleration at ICA Fund Good Jobs; Carla DeLeon, Relationship Manager at Main Street Launch; Geetika Agrawal, Program Director La Cocina; and, Gladys Castro, Mission Economic Development Agency.

Ms. Leybovich continued her presentation on SFEDA. SFEDA is a consortium of 17 non-profits serving local small businesses in San Francisco. They provide equitable access to business education programs, advising resources, and access to capital. SFEDA groups are particularly focused on serving minority owned,

women owned, immigrant owned, LGBTQ owned, low-income owned, start-up, and legacy businesses. SFEDA also provided referrals for each other's services. SFEDA uses their collective voice to advocate on behalf of small businesses in San Francisco. SFEDA also provides referrals to the Office of Small Business.

SFEDA would like assistance in promoting the free and low-cost services they provide to the small business community; and, they would also like to participate on panels that addresses small businesses and their access to resources or capital. SFEDA is also in a position to use their collective voice to endorse policies and legislation that support small businesses. SFEDA can also provide assistance to landlords in helping to fill vacancies. SFEDA also requests that the Commission inform them of potential gaps in providing services to small businesses so that SFEDA member organizations can position themselves to address those gaps.

SFEDA's advocacy focuses on affordability and availability of commercial spaces and reducing vacancies. SFEDA met with the BOS and discussed ideas to address those issues. These include increasing fees for vacancies; increasing DBI's enforcement staff; emphasize landlord reporting over complaint based reporting; and partnerships between DBI and merchant associations to track vacancies.

Ms. Leybovich invited her colleagues to speak on examples of SFEDA services:

- MEDA–
 - Ensures clients are ready to take on debt or take on a loan to start their own small business;
 - Assists with credit negotiations with collections, opening a credit card, and in filing taxes;
 - Credit Counseling has been most helpful as a community loan fund in helping to ensure clients are ready to take on new debt.
- Uptima Business Bootcamp –
 - Provides advising to freelancers, small business owners, and start-up founders;
 - Administers this through five core modules: 1) For those who wish to be self-employed or grow their self-employed business; 2) Launching a Business course for small business owners and start-up founders who are at the very early stages of business planning; 3) A Planning Module which focuses on creating a business plan and financial forecasting; 4) Building Operational Capacity course which focuses on the different phases of operating a business; and, 5) Funding a Business course which is geared toward those in the earliest stages of funding through Kiva loans or friend and family loans.
 - Uptima Business Bootcamp accelerator is also organized as a cooperative- this means that those who participate in programs, who work for the programs, and the investment capital of the programs have an opportunity to become owners of the accelerator. Due to this, Uptima receives no federal or grant funding which provides flexibility in the types of clients they work with- including cannabis businesses.
- La Cocina–
 - Provides a suite of services including consulting, providing affordable kitchen space, and assistance in navigating the small business landscape for specifically with food business entrepreneurs with assistance from other SFEDA partners.
 - Also engages in advocacy with for-profit partners in order to help create more equitable opportunities for small micro businesses owned by who are low-income and for people of color;
 - There are currently 30 businesses run by La Cocina graduates in the Bay Area. From
- Start Small Think Big –
 - Provides three different free services: legal, financial management, and marketing assistance;
 - Legal: helping businesses with lease negotiations, contracts, employment law, IP issues, etc.;
 - Financial Management: bookkeeping, accounting, financial statements, and financial projections;
 - Marketing Assistance: capacity building for businesses to market and brand themselves and access new places to sell.
 - Services focus on low-moderate income entrepreneurs.
- Main Street Launch –
 - Community Development Financial Institution;

- Provides loans for businesses from \$10,000 to \$250,000- for pre-revenue start-ups and for existing businesses;
- Manages the city’s revolving loan fund in the emerging business loan fund;
- Also hosts programs for the Investing In Neighborhoods Program;
- Key industries served are food and beverage as well as professional services.
- ICA Fund Good Jobs –
 - Based in Oakland but serves clients in San Francisco and is a Community Development Financial Institution that focuses on communities of color and women entrepreneurs;
 - Supports entrepreneurs in scaling operations and create good, quality jobs;
 - Also focuses on creating quality jobs that support wealth building for employees- especially those from communities that lack wealth;
 - ICA Fund Good Jobs does this through workshops to get clients ready to raise capital, and one on one advising administered in their six month accelerator;
 - Also focuses on investment in companies with \$250k in annual revenue and invests in the range of \$300k to \$800k in convertible notes.

Commissioner Zouzounis thanked the group for coming in and expressed excitement for their work. Commissioner Zouzounis asked whether any of the representatives provide assistance relative to tech literacy, especially for “mom and pop” shops. She also expressed that tech companies and small business owners have unique communication challenges and that there is a lack of resources to assist small businesses in helping to determine what their needs are. She also asked if there are resources to help small businesses adjust their business models to adjust for a changing regulatory landscape. Ms. Agrawal from La Cocina responded that, computer literacy is also a support gap that is felt among her clients. Additionally, she noted that with regard to working with tech companies, although some are willing to go revenue neutral in working with La Cocina clients, it sometimes feels as if La Cocina is in part subsidizing their partnership. Rani Langer-Croger from Uptima responded and concurred that tech literacy is a significant challenge for her clients. Ms. Langer-Croger indicated that responsive to this, Uptima will roll out a course called “Tech Skills for Entrepreneurs”.

Commissioner Dooley thanked the group for all of their work and expressed appreciation for learning what additional resources there are for small businesses. She emphasized her appreciation for the group’s willingness to work with cannabis dispensaries, especially given the nuanced regulatory landscape that they must navigate.

Commissioner Dwight acknowledge all of the important work of SFEDA. He stressed that SFEDA is a part of a vital network of support for entrepreneurs, especially those who don’t have the benefit of sophisticated venture capital backers.

Public Comment:

Mr. Miguel Galarza expressed his appreciation for and support of SFEDA. He indicated that he has worked with ICA Fund Good Jobs and once sat on their board and can personally attest to the good work that they do.

Director Dick-Endrizzi also highlighted her appreciation for learning more about the services provided through SFEDA partners and indicated that the Office of Small Business will continue to act as a bridge between OSB clients and SFEDA service partners- particularly for equity candidates.

7. Legacy Business Preservation Fund Budget. (Discussion and Action Item)

Richard Kurylo (Program Manager, Legacy Business Program) presented the 2018-19 legacy Business Historic Preservation Fund Budget including a five-year projection through 2022-23. To date, there have been 28 Rent Stabilization Grants for landlords of the 151 Legacy Businesses, averaging 17 per year, so nearly 1 of 5 Legacy Businesses are benefitting from long-term leases secured through this grant. It’s been an

effective strategy to stabilize longstanding businesses in San Francisco. The Office of Small Business staff is recommending prioritizing the funding of Rent Stabilization Grants to Qualified Landlords over other grant(s) paid through the Legacy Business Historic Preservation Fund. If that is the direction given to staff, the Rent Stabilization Grant would begin experiencing shortfalls in fiscal year 2021-22, and there would not be enough funding for the Business Assistance Grant beginning that year assuming a constant budget allocation of \$1 million annually. In January or February of 2019, OSB staff will come before the SBC with a policy recommendation regarding the Business Assistance Grant, and in late 2019, OSB will have a policy recommendation regarding the Rent Stabilization Grant.

**No members of the public spoke.

Motion: Commissioner Dwight moved that the Small Business Commission directs the Office of Small Business to prioritize the funding of Rent Stabilization Grants to Qualified Landlords over other grant(s) paid through the Legacy Business Historic Preservation Fund.

2nd: Commissioner Dooley.

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

Nay: None.

Absent: Commissioners Corvi and Ortiz-Cartagena.

Motion passed 5-0, 2 absent.

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

Director Dick-Endrizzi provided the Commission with an update on the Office of Small Business, the Small Business Assistance Center, Department Programs, Policy and Legislative matters, announcements from the Mayor, and announcements regarding small business activities.

First, Director Dick-Endrizzi highlighted the success of small business Saturday activities at Italian Homemade in District 2, great activities with merchant associations, and Bayview's Merchant Fair. She also expressed thanks to President Adams for attending the fair and redirecting media to small businesses that promote local manufacturers.

Second, the ABE program checklists are coming in. 19 business property owners have filed for unreasonable hardship. Those have yet to be heard at the Access Appeals Commission but, Director Dick-Endrizzi did have a conversation with the Commission regarding what they may consider before making their decision. In particular, she stressed what should be considered when the property owner insists on the business acting as its agent. The Commission is still finalizing their decision criteria and OSB had offered their assistance regarding suggestions to follow and a grant guideline example.

The Office of Small Business is developing a grant program through the funds that were collected via business registrations and there are currently \$332, 700 in available funds in addition to \$100k from the \$1 fee that was also collected. The grant program will prioritize business categories 1 and 2, those businesses that are being required to comply via their property owner.

Department of Building Inspection is hosting an inter-agency outreach event next Monday December 3 at DBI. This will be a brown bag format and not a full presentation.

Regarding the Legacy Business Program, Director Dick-Endrizzi expressed thanks to the Commission for their input regarding historical preservation grants. Director Dick-Endrizzi discussed with Mr. Kurylo and they have determined that they will facilitate reports every six months in lieu of quarterly.

Regarding Legislation and Policy, Director Dick-Endrizzi worked with Supervisor Mandleman's office on a modification to the catering permit requirements and soft-story retrofits. If a brick and mortar restaurant has food truck or plans to own one, they will be able to operate their food truck in front of or near their

restaurant during the time the business is closed due to soft-story. She extended appreciation to DPW also for being willing to collaborate on this and turn this item around quickly. Businesses will now be able to retain income but also retain employees. This was heard in the Land Use meeting and approved earlier today. It was not brought to the Commission due to the quick turn-around.

An update on the Refuse Separation Compliance amendment was also provided. In response to information presented to him, Supervisor Safai changed the criteria for a large refuse generator from 30 cubic yards to 40 cubic yards in order to protect many small businesses in the city and nonprofits, though some will still be affected. There is a three year implementation plan for auditing of the requirement, but, potentially affected small businesses will be audited last in order to provide them with more time for compliance. She also met with the Department of Environment to determine what the best solutions for compliance would be so that affected small businesses would be able to pass their audits. She also thanked the Commission for their input on this matter.

Provided a legislative update on items heard by the Commission and will follow up with the expansion of flexible retail legislation at the next meeting.

Director Dick-Endrizzi also shared that Dominica Donovan would be joining the Office of Small Business next week as the Senior Policy Analyst and Small Business Commission Secretary. She thanked Rick Kurylo for all of his help in filling the Small Business Commission Secretary role in the absence of a Small Business Commission Secretary.

No members of the public requested to speak.

9. Commissioners' Reports. (Discussion Item)

President Adams noted that the month started out with the Mission Economic Development Agency dinner and congratulated Commission Ortiz-Cartagena for his honor and award from MEDA; attend the Renaissance Entrepreneur Center Gala; attended the Shop and Dine in the 49 kick-off at the Italian Homemade followed by the Grand Reopening of Lefty O'Doul's; attending the Bayview Makers Fair and ended with the announcement of the Holiday Tree Lighting in the Castro that evening, November 26, 2018.

Vice- President Dwight also attended the Bayview Makers Fair and noted that it was a great event; Dogpatch's Holiday Fair is on Saturday, December 1, 2018, SFMade City Hall Pop-Up on December 4, 2018 and SFMade Holiday Fair is on Saturday December 16, 2018. Commissioner Dwight noted that there is ample opportunity to buy local for the holidays.

Commission Yee Riley attend the Ho Chi Minh City Sister City trade and goodwill mission and very interested in the work of the Office of Small Business, the Small Business Commission and the Business Assistance Center. She met with the Parliament and Assembly and spoke of the San Francisco small business services.

Commissioner Dooley spend Small Business Saturday at Etsy Maker Fair at Pier 35 and it too was a tremendous success. After many months with negotiations with City Agencies the North Beach Merchants has worked out a settlement for helping small businesses when they due large work around Washington Square Park and hopefully it will be a model moving forward.

No members of the public requested to speak.

10. New Business. (Discussion Item)

Commissioner Yee Riley noted the number of speakers requesting the City to end Adult Use Cannabis that perhaps there needs to be education that is approved by the voters. Commissioner duly also noted that there

is a massive amounts of misinformation that hearing from folk that needles equate to cannabis retail and the amount of regulation that is involved to safeguard the communities.

Director Dick-Endrizzi will communicate the Commission's feedback to Director Elliot and DPH. Commissioner Dwight noted that it may be good for the Commission to have a policy statement in the binder that can be reiterated when needed.

No members of the public requested to speak.

11. Adjournment. (Action Item)

Motion: Commissioner Dwight motioned to adjourn.

2nd: Commissioner Dooley.

Aye: All in favor.

Nay: None.

Absent: Commissioners Corvi and Ortiz-Cartagena.

Motion passed 5-0, 2 absent.

The meeting was adjourned at 3:43 p.m.