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**SMALL BUSINESS COMMISSION**  
**DRAFT - MEETING MINUTES**

Monday, March 25, 2019  
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  
Kathleen Dooley; Sharky Laguana; William Ortiz-Cartagena;  
Irene Yee Riley; Miriam Zouzounis

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

The meeting was called to order at 2:02pm.

Commissioners: Adams, Dwight, Dooley, Laguana, Ortiz-Cartagena\*, Yee Riley, and Zouzounis\*\* were present.

Staff in attendance: Regina Dick-Endrizzi (Executive Director), Dominica Donovan (Senior Policy Analyst), and Richard Kurylo (Legacy Business Program Manager).

\*Commissioner Ortiz-Cartagena left the meeting during Item 6.

\*\*Commissioner Zouzounis arrived during Item 3.

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) Curry Senior Center (Application No.: [LBR-2018-19-024](#))
- b) Jackson Fillmore Trattoria (Application No.: [LBR-2015-16-018](#))
- c) Randy's Place (Application No.: [LBR-2018-19-031](#))

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:

Alex Mullaney, Ocean Avenue Association spoke in favor of Randy's Place.

Dave Knege, Curry Senior Center, spoke in favor of their application.

David Kavrell, Jackson Fillmore Trattoria, spoke in favor of their application.

Commissioners Dwight, Dooley, Yee-Riley, and President Adams spoke positively about the applications.

Motion: Commissioner Dwight motioned to approve all three resolutions to include Curry Senior Center, Jackson Fillmore Trattoria, and Randy's Pace as Legacy Businesses under Administrative Code Section 2A.242.

2nd: Commissioner Dooley

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

Nay: 0

Motion passed: 7-0

**4. Legacy Business Historic Preservation Fund Fiscal Year 18/19 Budget Update. (Discussion and Action Item)**

Richard Kurylo presented an update on the five year budget for the Legacy Business Historic Preservation Fund, the Business Assistance Grant for FY2019-20 and beyond, and Policy Considerations.

With regard to the grant programs, Mr. Kurylo highlighted anticipated challenges in the years to come. Particularly, with regard to shortfalls in funds available beginning as soon as FY 2020-2021. He presented four possible policy solutions: 1) Continue per the Administrative Code with no new limitations on applicants which would effectively drain the program of funding; 2) Limit applicants to three years of grants; 3) Limit applicants to those who did not receive full funding (\$500 per FTE); and 4) Limit grants based on the ratio of annual rent paid to annual gross revenue. He shared that the Office of Small Business recommends two options. One, that the Commission make no change to the \$1million dollar budget allocation for grants, and allow the grant to run its legal course. Or two, request additional funding. He also offered a reminder that, through the Legacy Business Ordinance, the Controller's Office must conduct an assessment and review of the stability of the Legacy Business Program.

Commissioner Laguana asked if Mr. Kurylo knew what the average number of full time employees. Mr Kurylo estimated that it was about nine. The maximum allowed under the program is 100. There are few Legacy Businesses who do have more than 80 employees. Commissioner Laguana followed up with a question regarding whether the program had considered lowering the cap on the number of employees who could benefit. Director Dick-Endrizzi clarified that lowering the cap would require a significant policy review considering that 100 employees is a requirement of the grant program.

Commissioner Laguana asked also, how much time does it take for staff to review applications and is that time exasperated by having to review more documentation for more employees. Mr. Kurylo noted that staff time spent reviewing applications increases when there are more employees associated with an application. Would reducing the number of applications be helpful or reducing the number of full time employees? Mr. Kurylo noted that increasing staff is optimal but, reducing applications would be helpful.

Commissioner Laguana asked how businesses view the effectiveness of the program. Mr. Kurylo shared that businesses are grateful for the help, particularly the rent stabilization grant. The businesses already have a sense that funds for the program are not unlimited and are not guaranteed in perpetuity.

Commissioner Dwight confirmed that the program would expire as written in 2021 and that the Board of Supervisors would determine whether they would extend the program at the current rate and at all. Director Dick-Endrizzi confirmed and noted they would likely work with the Commission on guidance for continuing/modifying the program. He then confirmed that presently, there's no commitment beyond 2021. He asked if under the rent stabilization grant if landlords are able to include a contingency clause in the lease. Mr. Kurylo confirmed that they are allowed to do this but, there is a requirement that landlords allow tenants to make up the difference. There are situations where the business would have to make up the difference in 2021.

Commissioner Dwight also commented that, at some point the grant will get so small that the effort to fill out the application will no longer be worth the time for business owners to apply.

Commissioner Yee-Riley asked whether the questions being posed in today's meeting could be included in a Controller's Report and whether the Controller can also look into whether additional staff would be necessary. Director Dick-Endrizzi concurred that an interim report could be requested.

Commissioner Dooley asked about the three year limitation option and whether it would make sense to operate the program in this way. The concern being that, structuring the program in this way would cut off prospective participants, and, it would deter future applicants.

Commissioner Laguana asked if there would be a possibility if the Legacy Program could consider a web form to minimize manual data entry. Mr. Kurylo noted that that was considered and then included a list of all tasks related to the processing of applications.

Commissioner Laguana followed with, it appears that there is a disproportionate number of applicants taking up most of the time for processing applications and whether the Commission could pass a rule that no single applicant could not take up X percentage of the budget, i.e. creating a more equitable benefit equation. Commissioner Adams concurred that this would be a great idea.

Commissioner Ortiz-Cartagena asked whether EIN forms were checked. Mr. Kurylo confirmed that those are not provided but that payroll reports are reviewed. Commissioner Ortiz-Cartagena shared that he will support any option that boosts funding for this program.

Commissioner Dwight asked for clarification on how small business is defined. Director Dick-Endrizzi confirmed that we follow the State of California's definition. She also shared that most small businesses in San Francisco (at least 80%) employ 10 people and under.

Commissioner Ortiz-Cartagena clarified for the public that "FTE" stands for full-time employee.

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

Commissioner Dwight shared his preference to let the money for the program expire and then allow the Board of Supervisors and Mayor to determine what would be next for the program.

Commissioner Laguana asked for clarification as to whether we should allow the program to run its course or, ask if there is more funding that could be possibly allocated to the program. Commissioner Dwight confirmed that the Commission should do both. They also discussing wanting to see median FTE's being the primary beneficiary. Commissioner Dwight also suggested need a budget report to make the best recommendation and decision for the program. He shared

that this is the Commission's signature program and the Commission needs to impress upon decision makers the importance of the program.

Commissioner Zouzounis, supports the discussion and concurs that median FTEs should be prioritized.

Director Dick-Endrizzi also emphasized that the program will always be at least funded with \$1 million.

No official motion was made on this item.

5. **Assembly Bill 161, Solid waste: paper waste: electronic proofs of purchase. (Discussion Item)**

Director Dick-Endrizzi shared that this bill would require businesses to ask whether customers would like a paper receipt or an emailed receipt. The bill is requiring also that any business with revenue greater than \$1million would need to comply. There are many businesses that do generate this much in revenue in San Francisco and they would therefore need to adhere to these requirements. If their current systems do not integrate email, changing their POS system may be very costly. One store shared that it could cost up to \$100k. She also shared that the intent of this bill is to reduce waste and use of toxic paper, however this bill does not required that toxic paper be banned. Another consideration is that businesses could be required to offer and collect customer emails and may conflict with privacy regulations. The Department of Environment's recommendation is to not print receipts unless requested.

Commissioner Adams shared that not all POS systems are developed in the same way and many are not designed to provide customers the option to opt out of printing a receipt.

Commissioner Ortiz-Cartagena encouraged legislators to consider this legislation from a cultural and equity perspective. He stressed that for many businesses grossing \$1million or more- their take home is likely much less and a change like this will likely have an adverse economic impact on small businesses of this size. Commissioner Yee-Riley concurred.

Director Dick-Endrizzi shared that engagement with merchants and businesses has been limited with the sponsor's office. She also shared that the Commission could make a recommendation to the State Legislative Committee on this bill. Another option would be to work with Department of Environment and OEWD to discuss coming to a consensus on what all entities would be willing to support.

Commissioner Yee-Riley and Commissioner Dooley both encouraged banning thermal/toxic paper which would be less burdensome for small businesses.

Commissioner Laguana offered that he had spoken with the sponsor's office and that they indicated amendments were forthcoming that appealed to cash only businesses and those businesses with limited internet connectivity. Additionally, that the fine is capped at \$300 annually. The harm seems to be less so the possible POS change and more so, the \$300 fine.

Commissioner Zouzounis shared that she concurs that the big picture needs to be taken into consideration, particularly with regard to the environment. However, historically the financial compliance burden has been most felt by small businesses. Compounded upon each other, there's no support for transitioning to these new rules. We should be providing small businesses more in the way of compliance assistance.

Commissioner Dwight concurred that there are many issues that have moral and ethical considerations that go beyond the financial impact to small businesses. However, that the city and the State should be careful about framing how the public complies with laws or, the law makes it easy to not comply.

Commissioner Yee-Riley shared her support for the intent of the law, but that its implementation should be more thoughtful and a pathway for small business compliance should be created.

Commissioner Dooley stressed her support for transitioning to non-toxic/non-thermal paper. And, customers still want receipts.

Commissioner Laguana stated that he remains persuadable regarding this issue, particularly relative to the issues the other Commissioners have presented. However, that there is a compromise to be found to sustain the intent of the legislation.

Commissioner Zouzounis asked if it covered the yellow slip behind the check that is often used for written receipts. Commissioner Laguana clarified that those are wholesale, not retail sale.

Director Dick-Endrizzi noted that many of the concerns still need to be analyzed and considered by the sponsor and other stakeholders, particularly with regard to e-waste that may be generated.

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

6. **Approval of Draft Meeting Minutes. (Action Item)**

Motion: Commissioner Yee-Riley motioned to approve the March 11, 2019 draft Meeting Minutes with the following corrections to Item 4: Commissioner Dwight had motioned to approve and it was seconded by Commissioner Dooler and, Item 12: Commissioner Ortiz-Cartagena motioned to adjourn and Commissioner Dwight seconded.

2nd: Commissioner Dooley.

Aye: 6

Nay: 0

Absent: 1

Motion passed: 6-0

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

Accessible Business Entrance Program:

The vacancy legislation was signed by the Mayor and on March 22 and it will go into effect on April 22. Department of Building Inspection is currently drafting a letter to all property owners. This will also include ABE deadlines.

New Director Appointments: Fire Chief, Jeanine Nicholson; San Francisco Public Library, Michael Lambert; Office of Cannabis, Marisa Rodriguez.

Small Business Week: Legislation was submitted by Supervisor Brown to waive the temporary street space occupancy fees.

Legislation:

Board of Supervisors File Nos.: 190164, Police Code - Acceptance of Cash by Brick-and-Mortar Businesses; 190311 Health Code - Restricting Commercial Tobacco Activities on City Property; and, 190312 Health Code - Restricting the Sale, Manufacture, and Distribution of Tobacco Products, Including Electronic Cigarettes. Continuing to also look at AB 161.

Commissioner Yee-Riley asked is BOS File No. 190311 and 190312 included cannabis. Director Dick-Endrizzi confirmed that it does not.

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

Commissioner Adams shared that he participated in the Open for All press conference with Mayor Breed, Director Dick-Endrizzi, and Supervisor Mandelman. He also participated in a merchant walk in the Castro with the Mayor.

Commissioner Dwight attended the regular SFCDMA meeting. They discussed proposed legislation that will require businesses to accept cash and anticipated challenges associated with its implementation. There was also a presentation from Cruise Automation on self-driving vehicles.

Commissioner Laguana shared that he participates on an anti-auto burglary workshop with the District Attorney's office and welcomed feedback from the Commission on the topic.

No members of the public requested to speak.

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

Commissioner Zouzounis requested that staff draft a formal resolution based on the Commission's September 24, 2019 meeting minutes and relating to economic mitigation measures for losses incurred due to the flavored tobacco ban. The resolution was requested to be drafted by the April 8, 2019 meeting.

No members of the public requested to speak.

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

Motion: Commissioner Adams motioned to adjourn the meeting in memory of Ernie Austin.

2nd: Commissioner Yee Riley

Aye: 7

Nay: 0

Motion passed: 7-0

Meeting was adjourned at 3:58pm