



THE CITY OF SAN DIEGO

SMALL BUSINESS ADVISORY BOARD (SBAB) MEETING MINUTES

April 19, 2013

War Memorial Building – Room 2
3325 Zoo Drive, San Diego, CA 92101

| BOARD MEMBERS PRESENT | BOARD MEMBERS ABSENT |
|---|----------------------|
| Catherine Arambula Edward Barbat Antonio Barbosa W. Patrick Edwards Joseph Fox Dr. Ruben Garcia Robert Glick Michelle Gray – 9:00 a.m. William Lynch Gary Peterson | (1 Vacant Seat) |

| CITY STAFF |
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| Steve Bal, Office of Small Business Assistant Lisa Gordon-Hosch, Small Business Ambassador & SBAB Liaison |

| OTHERS PRESENT |
|-------------------------------------|
| See April 19, 2013 Attendance Sheet |

1. Call to Order & Introductions

- Dr. Ruben Garcia, Board Chairman called the meeting to order at 8:50 a.m.

2. Public Comment

- Jane Verbeek-Groth with SDG&E invited everyone to attend two of their upcoming events: “Meet the Buyers Tour” on April 23, 2013 at the Energy Innovation Center to feature various participating agencies; and SDG&E’s Energy Showcase Expo to be held on May 8, 2013 at the Sheraton San Diego Hotel to feature 85 different vendors with high-tech technologies and services, and 30 clean-tech vehicles.
- Bob Multz of the Elite Service-Disabled Veteran-Owned Business Network/San Diego Chapter highlighted state legislation that would increase goals and contracting

opportunities for small businesses and service-disabled veteran-owned businesses. He also announced and invited everyone to attend the “Elite SDVOB Network National Conference” to be held August 21-23, 2013 at the Manchester Grand Hyatt, and provided event postcards. He also requested everyone’s support in promoting the conference.

- Alex Galicia, BPI Plumbing, is appreciative of the programs and efforts made by City staff and departments toward reaching out to the small business community, but wanted to discuss some of the challenges he has experienced relating to contracting with the City and being a subcontractor on a project. Mr. Galicia is concerned that small businesses are being treated in the same manner as large businesses with regard to financial requirements for general requirements contracts. Mr. Galicia provided specific examples on contracting work with the City of San Diego:

1) BPI Plumbing was a subcontractor for a City lifeguard station project two years ago. Payment from prime contractor has not yet been paid in full for the work performed by his business as a subcontractor.

2) The City’s general requirements contracts are the same for both large and small businesses. The bonding requirement for general requirements contracts is burdensome and has resulted in a loss of income for BPI Plumbing. As a subcontractor, his business was required to pay for bonding for the full value of the contract versus the actual work/job to be performed as part of the contract. This bonding requirement resulted in a \$10,000 loss for his business. In addition, insurance was required for work that his business does not perform that he would normally subcontract to another entity that carries that type of insurance. These additional costs and requirements make it challenging for small businesses to contract with the City.

3. Approval of Minutes

- **A motion was made Robert Glick to approve the December 14, 2012 Minutes. There was a second by Bill Lynch. Yes: 10, No: 0, Absent: 0 Vacant Seat: 1**

4. Administrative Items

- a. Board Administrative Items and/or Non-Agenda Comments – None
- b. Requests of Agenda Revisions (continuances, changes in order, etc.) – None
- c. Internal Committee: No Report
- d. External Committee: No Report
- e. Development Services Department Technical Advisory Committee – Representative(s) Report:
 - Edward Barbat, SBAB Alternate Representative to the Development Services Department Technical Advisory Committee (TAC), reported to the Board on two topics under consideration by the Committee. At the last meeting, the TAC reviewed: 1) Recommendation for Microbreweries/manufacturers of distilled spirits with at least 12,000 square feet in size to allow tasting rooms and restaurants in industrial areas. This will help streamline the process for the growing microbrewery industry in the City. 2) There are discrepancies between

City, Land Development Code, and CEQA requirements regarding appeals of environmental determinations. Efforts are underway to better harmonize and bring uniformity to the process and notification requirements (notice of appeals).

- f. Economic Development Division/Office of Small Business – No updates at this time:
- g. Equal Opportunity Contracting/Purchasing & Contracting – No report

5. Presentation on the 8th Code Update: Land Development Code – City of San Diego Development Services Department

- **8th Code Update: Land Development Code** – Amanda Lee, Senior Planner of the Development Services Department, provided an overview on efforts to update the Land Development Code. The update process helps improve the Code and streamline processes by increasing consistency and predictability in development regulations. The 8th Code Update includes 55 issues focusing on permit processing-related amendments. Ms. Lee featured updates/amendments proposed that are of interest and benefit to the small business community:
 1. Sidewalk Café Proposals: This amendment would streamline the permit process by changing from a Process Level 2 (Discretionary Permit Process that is appealable to the Planning Commission) to Process Level 1 (Staff Level decision that is non-appealable); Reduce the minimum width required for the “clear path” which is a common “deviation” request by applicants; and provide an option for a café without barriers to allow for one row of tables within 4 feet 6 inches of building. [If serving alcohol, an ABC License, public input process, and barrier are still required. Sidewalk cafés in planned districts would still be subject to their Planned District Ordinance and requirements.]
- These amendments/changes would also significantly reduce the cost of a permit. Currently, a \$5,000 deposit is required and many are appealed to Planning Commission which can be an expensive and lengthy process. Permit would be changed to a single non-appealable permit (building permit or public Right-of-Way permit) and an encroachment, maintenance, and removal agreement between property owner and City. Cost would be approximately \$1,200 which makes cost more predictable as opposed to a running and variable deposit system.
- The Department also reviewed annual inspection fees in other cities that ranged from flat fees of \$75 - \$900, or varied based on square footage (ranged from \$400 – \$4,500 depending on square footage), and is proposing an annual inspection fee of \$123.00 per hour. Most inspections could be conducted in one hour or less.
- The “clear path” requirement for sidewalk cafés is currently 8 feet, and the minimum clear path for pedestrians is 5 feet. The common deviation request is 5 feet to allow pedestrians to meander and avoid obstructions when walking down the sidewalk. A minimum 5 foot clear pedestrian zone, including a three foot

clear visual zone/direct path of travel along sidewalk is proposed.

- Currently, restaurants are spending an average of \$7,000 to construct a rod iron fence to meet the City’s permanent barrier requirement. A no barrier option (where applicable and would not apply where an ABC license is required) is proposed to allow for one row of tables within 4 feet 6 inches of the building.
- Ms. Lee listed community/planning groups that have provided input on the proposed Sidewalk Café amendments to date (groups in support and opposition)
 2. Small Commercial Lots/Shared Parking Proposals: Ms. Lee also highlighted two regulatory reform items proposed for small commercial lots and shared parking that would benefit small businesses:
 - a) Parking ratio requirements - Existing code provides an alternative parking rate for commercial lots 7,000 square feet or less if located outside the beach impact parking area. Current code allows for zero spaces if no alley access, or one space per 10 feet of alley frontage minus one space. Update would allow same alternative rate to be used for lots 10,000 square feet or less.
 - b) For shared parking rate - Currently a Process 2 Neighborhood Use Permit is required for any use/rate not currently listed in land development code. Update would allow for a Process 1 staff level approval of shared parking rate.
- Ms. Lee highlighted the code update public outreach, review, and approval process. Public hearing process began in February 2012, and is scheduled for Council’s Land Use and Housing Committee on April 24, 2013 then forwarded to City Council on May 14, 2013. After city process, updates would then be scheduled for state agency review by the Airport Authority and Coastal Commission. Properties outside of coastal zone could benefit from updates as early as July of this year. Within coastal areas, it could take up to 18 months for review by Coastal Commission.
- Ms. Lee responded to questions from Board members regarding the cost breakdown of sidewalk café permits, cost recovery fees, specifics on how the updates streamline the process, new “parklets,” ADA compliance for ramps, parking rate requirements, and shared parking.
- Chair Ruben Garcia asked for the Board’s consideration for action on this item:
A motion was made by Edward Barbat to support the updates to the Land Development Code for sidewalk cafés, small commercial lots, and shared parking. There was a second by Bill Lynch. Yes: 10, No: 0, Absent: 0 Vacant Seat: 1

6. Update on Economic Development & Tourism Support Program – Luis Ojeda

- Luis Ojeda, EDTS Program Manager, provided an update on the FY 2014 Economic Development & Tourism Support (EDTS) Grant Program. Mr. Ojeda was pleased to report that the EDTS applications and panel review process was conducted efficiently and effectively this year, and thanked Board members Catherine Arambula, Edward Barbat,

Michelle Gray, and Robert Glick for serving on the volunteer review panel. 16 applications were received with requests totaling \$800,000 and it was a very competitive process. A total of \$540,000 is available for funding, and 13 out of 16 applications shared and received the highest rankings. The appeals process was conducted for one appeal.

- Staff is preparing a report on funding recommendations to be reviewed by the Mayor. Thereafter, funding recommendations will be heard by City Council as part of the budget hearings process (special promotional programs) on May 9. Luis invited everyone to attend or watch the hearing on-line. After that process, budget could be ratified in June or July as part of the budget ordinance.

7. “Meet & Greet” with Mayor Bob Filner

- Chair Garcia introduced Mayor Bob Filner.
- Mayor Bob Filner thanked the Board for their efforts and participation, and wanted to let them know that their input is important. He shared how critical small businesses are to the City’s economic development plan and that he will be looking for ways the City can improve and support the small business community including strengthening the Office of Small Business, strengthening economic development activities, looking at contracting opportunities for small businesses, looking at equal opportunity contracting and small contracts, working with the new Purchasing & Contracting Director, and creating more opportunities for veteran-owned businesses, minority owned businesses, women-owned businesses, and small businesses in general.
- Mayor Filner also discussed the importance of Business Improvement Districts and their continued success in neighborhoods. He has proposed a new City staffed BID Advocate position to strengthen the Business Improvement Districts/BID Council. The BID Advocate will provide direct support from the City and increased resources to business improvement districts which will allow the BIDs to be more creative and responsive to their communities.
- Patrick Edwards, BID Council President, shared that the BID Council has had a 20-year relationship with the Mayor and the City. He was concerned about this change, and would like to dialogue on how to strengthen the BID Council and provide input on this change/new position.
- Mayor Filner offered to meet with Mr. Edwards to discuss the BID Advocate position before the budget is approved.
- Mayor Filner requested the Board’s input and ideas on how to better help small businesses in the City.
- Edward Barbat requested the Mayor’s support of the 8th Update to the Land Development Code that Development Services is proposing, and shared how many of the updates would improve and streamline regulations and the permit process. These updates would make City regulations more business-friendly.
- Mayor Filner also stated that he wants neighborhoods to be more empowered to make decisions and implement projects. He discussed “decision districts” where community groups, BIDs, neighborhood associations would have more input and decision-level authority. He highlighted the new and innovative “parklet” in North Park that will enhance the pedestrian experience. Mayor Filner believes communities should be able to

take the lead on how projects will be implemented after a required larger decision is made by the City. He is looking for other neighborhoods in the City who want to have more decision-level authority to implement more innovative ideas in their communities.

- Mayor Filner also mentioned his commitment to restructuring the planning function and review process at the City. He believes the City can have a more proactive approach by creating a department that is focused on livable and sustainable communities and dedicated to bringing more small businesses to a community, raising the quality of life, ensuring good design, and increasing walk-ability, live-ability, and bike-ability in neighborhoods. Mayor Filner stated that small businesses are the heart of these neighborhoods and there could be an opportunity for the Small Business Advisory Board to provide input.
- Antonio Barbosa informed the Mayor of the concern raised during public comment of this meeting regarding bonding requirements for City contracts. Chair Garcia summarized BPI Plumbing’s bonding requirement experience with the City. Alex Galicia of BPI Plumbing shared how he was required to secure bonding for the full amount of a contract (“potential work”), yet only received a small portion of the contract. This cost and bonding requirement is burdensome for small businesses.
- Mayor Filner stated that he is willing to look into the City’s bonding and insurance requirements (perhaps look into umbrella policies), and offered to meet with Alex Galicia of BPI Plumbing and other small businesses to discuss this issue.
- Robert Glick mentioned a City contracting issue that seems to resurface on a regular basis: The same standards for large businesses are being applied to small businesses.
- Michelle Gray stated that embracing small, minority, and diverse suppliers has to “start at the top” and increased unbundling of City contracts could make a difference for small businesses.
- Mayor Filner is committed to diversity in contracting and will be working with the new Purchasing & Contracting Director to improve opportunities for diverse small businesses.
- Gary Peterson commented that over the last few years the City has lost a lot of software development talent due to the economic downturn and relocating to other cities. Perhaps there could be new initiatives, facilities, branding, or a focus on education to help attract and retain software developers or companies in the City.
- Mayor Filner commented on the important synergy between education, business, cost of housing, transportation, arts and culture and how all of these elements play a role in attracting and retaining talent in the City.
- Bill Lynch commented on whether the education system can better interface with business to make it more accountable for educating and growing local talent.
- Mayor Filner shared that the City must support having an excellent public education system, and the City can do a lot to help. The Mayor concluded that the relationship between education, business, housing, transportation and arts in our City is important, and we all have to work together as a community to get things done.

8. BID Council Monthly Report

- Mr. Patrick Edwards reported there is currently a “misunderstanding” with the renewal of the City contract with the BID Council and they are working to resolve this misunderstanding through further discussions with the Mayor and staff. In the Mayor’s

newly released budget, staffing/operational funding for the BID Council was not provided. Mr. Edwards appreciates the Mayor's interest in working with the BID Council and strengthening the Business Improvement Districts and Small Business Enhancement Program.

- Mr. Edwards stated that the BID Council has a proven 20-year track record of service for the City and working with business improvement districts, and hopes for further discussion to incorporate the Mayor's ideas with the BID Council's track record. Mr. Edwards is anxious and encouraged by the Mayor's comments today and in getting past this hurdle with the BID Council renewal.

9. Next Meeting Date

- **Next Meeting Date and Location – June 21, 2013 at the War Memorial Building – Room 2** located at 3325 Zoo Drive, San Diego, CA 92101
<http://www.sandiego.gov/park-and-recreation/parks/balboa/warmemorial.shtml#>

Directions/Parking:

- The War Memorial Building is located at the north end of Balboa Park at Park Boulevard and Zoo Drive, across from Roosevelt Middle School. Take Hwy 163 South to Park Blvd Exit. Turn left at Park Blvd., then continue to Zoo Drive. Make a left/go west on Zoo Drive. Building will be on your left. Street parking available on Zoo Drive, Park Blvd., or in the north end of the Zoo's parking lot.

9. Meeting Adjournment

- The meeting was adjourned by Chair Ruben Garcia without objection at 10:06 a.m.