



THE CITY OF SAN DIEGO

SMALL BUSINESS ADVISORY BOARD (SBAB) MEETING MINUTES

February 20, 2015

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

BOARD MEMBERS PRESENT	BOARD MEMBERS ABSENT
Edward Barbat Dr. Ruben Garcia Robert Glick Michelle Gray Guy Hanford Gary Peterson	Catherine Arambula Antonio Barbosa Joseph Fox William Lynch

CITY STAFF
Lisa Gordon-Hosch, Small Business Ambassador & SBAB Liaison Alicia Martinez-Higgs, Community Development Specialist

OTHERS PRESENT
See February 20, 2015 Attendance Sheet

1. Call to Order & Introductions:

- Dr. Ruben Garcia, Board Chairman called the meeting to order at 8:48 a.m. with a quorum being attained at 9:00 a.m.

2. Update on Future Use of the former Central Library – David Graham

- David Graham, Deputy Chief Operating Officer of Neighborhood Services for the City of San Diego, provided an update on the status of discussions regarding the future use of the former downtown Central Library. The requested update supported the Board's continued interest in considering the library as potential incubator space for small businesses.
- Mr. Graham shared that there is a wide range of interest and multiple ideas/concepts under consideration for the future use of the library, and the Mayor/City is in the process of soliciting ideas and has provided tours to interested parties. Some of the industries, ideas and concepts under consideration are single, multiple, short and long-term uses

including: high-tech/bio-tech company space, incubator space, and residential, commercial, educational, or multiple uses. As the library is currently zoned for specified use and purposes, certain other types of uses may require additional capital improvements.

- Mr. Graham stated that some of the concepts under consideration have centered around supporting and preserving the knowledge or educational function of the library, and multiple universities have expressed interest in creating a space that is supportive of the knowledge economy. Mr. Graham also shared that there are historic and capital issues to consider (Library was built and opened in 1954/aging infrastructure) but the space is optimal for redevelopment and can complement the development that is occurring in East Village. Any concept approved would ultimately preserve, protect, and complement the historic value and nature of the library.
- Board member Peterson inquired about UCSD's involvement, capital investments, whether one central entity or multiple groups would contribute to the capital investments, and inquired about the timeframe for accepting proposals. Mr. Graham mentioned that UCSD and a number of universities are interested but there are capital investments to consider. The City is open to all types of proposals and the timeframe for the formal solicitation process (request for proposals) will be in the next few months.
- Mr. Graham thanked the Board for their support and ongoing service, and reminded everyone that solicitations for proposals will be available in the next few months.

3. Public Comment:

- Paul Hollenbach, SCORE Counselor, Volunteer and Representative, provided a report on SCORE's FY 2015 progress and performance metrics. SCORE provides workshops (free and low-fee) and free counseling to small businesses and non-profits. Mr. Hollenbach reported that in FY 2015, SCORE assisted 595 new clients and provided 1,213 mentoring sessions, 89 workshops (325 workshop hours) attended by 2,495 people, and outreach and chapter services to 3,708 people. A report on SCORE San Diego Chapter Performance Metrics was provided to Ms. Gordon-Hosch.

4. Administrative Items:

- City of San Diego Development Services Department/Technical Advisory Committee:
 - Board member Gary Peterson reported that the City's Development Services Department launched its new website: www.opendsd.com last quarter. The website was created to help educate the public and provide more transparency on the City's permitting process. The website maps and displays all active and completed permits throughout the City, and information on code inspections. The site is particularly useful for contractors, business owners, and the general public in understanding land use, zoning, permits/permit process, and development in the community. You can type in your home address and all completed and active permits in a particular neighborhood will be displayed. This also helps

contractors/business owners determine the status and stage of a permit in the process/system. The website also allows for an online payment process which makes it more convenient for users. Mr. Peterson stated that the new website is a great new tool created by the Development Services Department and provides public access to timely and critical information.

- Economic Development Division/Office of Small Business:
 - Small Business Ambassador Lisa Gordon-Hosch reported that the City’s Small Business Development Program had a record-year. In 2014, program participants received \$352,980 in City contracts at the prime and sub-contractor levels. Ms. Gordon-Hosch thanked the San Diego Contracting Opportunities Center for being the City’s partner in providing the program, and reported that since inception, program participants have received more than \$1,255,408 million in City contract awards. She also thanked everyone for their support of the program.

5. Approval of Minutes:

- **A motion was made by Gary Peterson to approve the October 17, 2014 Minutes. There was a second by Edward Barbat. Yes: 6, No: 0, Abstain: 1 Robert Glick (Did not attend October 14, 2014 meeting), Absent: 4**

6. Startup & Innovation Economy Presentation – Brant Cooper

- Chairman Garcia introduced Brant Cooper, NY Times Bestselling Author of *The Lean Entrepreneur*, Co-founder of Moves the Needle, and local startup organizer.
- Mr. Cooper provided a presentation highlighting the:
 - Startup Innovation Continuum – Startups on opposite ends of the innovation continuum have very different and unique needs, and the continuum illustrates the different behaviors and business practices between a sustainable startup business and a startup that disrupts the marketplace. On the sustaining side while there is still considerable risk, a startup is optimized for execution on a known plan and understands its market/customer. These startups tend to be good acquisition targets. On the breakthrough/disruptive innovation side, there are different business practices and much more uncertainty as these startups typically don’t have a known plan to execute. The market for their product/service may not be well known or less understood and there is more radical change and behavior. Breakthrough startups tend to be optimized for learning in order to become a sustainable business.
 - Difference between a “Small Business” and a “Startup” – Small businesses do have considerable risk, but not a lot of uncertainty. There are models to follow and typically small businesses have similar needs and a supportive network to start and grow their businesses. Startups have more risk, uncertainty, and unique needs. Small businesses tend to stay small (1-100 employees). Startups start small but intend to grow/scale dramatically and quickly (hundreds to thousands of

employees). Startups are seeking investments from venture capitalists, angel investors, and crowd funding opportunities (not banks), and their investors are seeking a quick and great return on their investment (5-100x). Successful startups create demand for small businesses, and significant job growth comes from scalable startups.

- Role of Government in assisting startups – Are there programs or services that government can offer startups versus small businesses? (Ideas: sponsorships, event space, providing open data, and contracting opportunities; tailoring existing programs to startups; shining a light on the innovation economy to help attract talent and grow startups; helping create the “right” atmosphere for the startup community including desirable urban living, parking, and walkability). Government messaging and marketing must be different and relevant for startups.
- Startup Myths – No role for government, state tax rate is too high, relocating based on state tax rate, startup founders are primarily motivated by money, and starting a business is overly burdened by regulations.
- San Diego’s Startup Community – Startups want to be in San Diego and make an impact by providing solutions to local and global problems. We can improve the way we feature our City to better shine light on innovation economy. This will enhance ability to support, grow and attract San Diego startups.
- Startup Organizations (startupsandiego.co, FABLAB, San Diego Tech Founders; Legacy organizations: CONNECT, EvoNexus, CommNexus; Incubator and accelerators: Qualcomm/Techstars, Plug and Play, Hardtech Labs, Co-Merge)
- City Involvement & Tendencies: City of San Diego sponsored Startup Week (#GOSanDiego) last year, and provided open data to startups/entrepreneurs to discover solutions and solve problems. A City data hack-athon event was held last year.
- Startup Community in other Cities – Variety of new ideas and projects in large cities, and although a competitive environment, cities are now focusing on how startups can help their cities provide better services (government as customer).
- Mr. Cooper discussed and responded to questions from the Board regarding job creation, local investors/investment, retention and attraction of startups, former library as future use for startup community, and startup initiatives in other cities.

7. ACCION San Diego Presentation – Citywide SBEP Grant Recipient

- Elizabeth Schott, CEO of ACCION San Diego (non-profit micro-lender), provided a presentation on the history of ACCION San Diego and how the City’s Small Business Enhancement Program grant has helped impact and strengthen ACCION’s ability to

create economic opportunities for business owners who lack access to traditional sources of credit, and help small businesses create positive economic and social change.

- Ms. Schott’s presentation highlighted the history and success of ACCION San Diego in providing small businesses with access to capital. Over the last 20 years, the organization has supported 2,200 businesses with more than 3,000 loans (ranging from \$300-\$75,000) accounting for more than \$23 million in loans, and an average of three jobs created or maintained per loan disbursed. ACCION provides loans for small businesses/entrepreneurs in the startup phase and existing businesses seeking to expand by purchasing new materials/equipment or hiring employees. Ms. Schott expressed that the City’s SBEP funding and partnership has helped contribute to ACCION’s success.
- ACCION’s Loan products include:
 - \$300 - \$2,000 (“quick loan”) approved within 48 hours
 - \$2,001 - \$75,000 approved within three weeks
- ACCION’s loan products have more flexible terms and underwriting criteria to create loan alternatives for borrowers who don’t meet traditional banking requirements, and has helped business owners with bankruptcies, past credit challenges, and no credit history. Their interest rates are a little higher (9-18% based on credit score) than banks due to increased level of risk undertaken. ACCION also provides credit reporting which helps small businesses build or create an operating history and establish or repair credit.
- ACCION also offers clients a “wrap-around service approach” in partnership with other entities such as the City of San Diego, SCORE, SBDC to provide education and training on topics including credit, financing, cash flow, marketing, Social Media, other counseling services, and special workshops/events.
- Due to City’s SBEP Grant in FY 2014, 40 clients/small businesses (14 in Startup Phase/26 Expanding) received \$581,150 in loan capital; 128 jobs were created/maintained; and workshops/trainings were supported by the City’s SBEP funding.
- ACCION’s ability to provide loans is possible through grants and contributions from corporate and banking partners and is also a certified CDFI recipient (U.S. Department of Treasury). Over the last four years, ACCION has received \$3 million from the federal government to execute for loan capital. SBEP grant funding helps support and leverage ACCION’s federal funding.
- ACCION’s first quarter results with FY 2015 SBEP funding has provided loan capital for 7 businesses (5 Startup Phase/ 2 Existing) and a workshop/training event is scheduled for March (Small Business Ambassador and City of San Diego are participating in “Small Business Boot Camp”)
- Ms. Schott highlighted two City of San Diego clients/business owners that have received loans (Fables by Barrie, a local clothing and swimsuit designer and New

Mobile Media, a mobile marketing company that creates reward programs for businesses), and shared how the loans have impacted their businesses.

8. Economic Development & Tourism Support (EDTS) Grant Program – Luis Ojeda

- Luis Ojeda, EDTS Program Manager, provided an overview of the Economic Development & Tourism Support Program that allocates funding for non-profit entities to provide economic development, workforce development, and tourism support programs. This year, there will be more of a focus on programs that support goals and objectives of the City's new Economic Development Strategy to include programs that support manufacturing innovation, and international trade and logistics.
- Mr. Ojeda stated that the application review process is underway, funding amount will be around \$700,000, and he highlighted the application review process, program schedule, panel review process, and composition and role of the EDTS volunteer panel which includes members of the Small Business Advisory Board. Up to five SBAB members can volunteer and participate as panelists.
- Board members Edward Barbat, Antonio Barbosa, Robert Glick, and Michelle Gray volunteered to serve on the FY 2016 Economic Development & Tourism Support Panel.

9. BID Council Report – Report on Current Activities of the BID Council

- Board Member and BID Council Representative Warren Simon reported that the Business Improvement District Council is currently in the grant writing process in pursuit of various grants, and 17 districts are in the process of preparing their annual budgets.

10. Next Meeting Date:

- **Next Meeting Date and Location – April 17, 2015 at the Downtown Central Library: Mary Hollis Clark Conference Room** located at 330 Park Blvd., San Diego, CA 92101 <http://www.sandiego.gov/public-library/about-the-library/projects/newcentral.shtml>
- Location/Parking:
The Central Library is located in Downtown San Diego's East Village on Park Blvd. at 11th Avenue, near Petco Park. Underground parking is available and **parking is free for two hours with validation**. Parking Validation is available in the 1st Floor Lobby. Thereafter, parking fee is \$3.75 per hour on a **cash only** basis.

Parking information: <http://www.sandiego.gov/public-library/locations/centralparking.shtml>

10. Meeting Adjournment

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