



THE CITY OF SAN DIEGO

**SMALL BUSINESS ADVISORY BOARD
MEETING MINUTES**

April 27, 2005

Comerica Bank Building
600 B Street, Eighth Floor Large Conference Room
San Diego, CA 92101

BOARD MEMBERS PRESENT	BOARD MEMBERS ABSENT
Auday Arabo Scott Cummins Warren Simon Richard Sims Spencer Skeen Chi Tran	Faith Bautista George Chandler Kurt Chilcott Jesse Navarro Judy Preston

CITY STAFF
Steven Bal, Office of Small Business Kelly Broughton, Development Services Department Ron Halbritter, Development Services Department Lynette Jones, Office of Small Business Jeff Kavar, Economic Development Division Marcia Samuels, Neighborhood Code Compliance Department Jeffery Tom, Councilmember Toni Atkins Office, District Three Janet Wood, Office of Small Business

OTHERS PRESENT
Scott Kessler, Business Improvement District Council Shep Mais, San Diego Contracting Opportunities Center

Introduction

- Mr. Rick Sims chaired this meeting in Mr. George Chandler's absence. The meeting was called to order at 8:25 a.m. A quorum was not present until 8:30 a.m.

Approval of Minutes

- The minutes of March 23, 2005 were voted upon and unanimously approved.

Public Comment

- None provided.

Mentor-Protégé Program Status Update: Shep Mais, Contracting Opportunities Center (COC)

- They are soliciting firms to fill a couple of vacancies. They have placed ads in community and minority newspapers seeking applications.
- Distributed several handouts, including the vacancy announcement, application, and an overview of the Mentor-Protégé Program.
- The COC currently has about five firms that are interested in the Program and will soon be submitting their applications.
- The objectives of the program are being met by the Program's participants, adding that they recently had about four recent graduates.
- There are criteria that the participating firms must meet, but there is some flexibility. He will get back to the SBAB on whether there is flexibility on the criteria pertaining to annual revenue.

Business Improvement District (BID) Council Report: Scott Kessler, BID Council

- Noted that due to joint collaboration, the proposed flat fee on tobacco retailers was defeated at the Public Safety and Neighborhood Services (PS&NS) Council Committee.
- The Land Use and Housing (LU&H) Council Committee approved the formation of three new parking districts in La Jolla, Old Town, and Pacific Beach. The item will now move forward to the City Council.
- The BID Council will go before City Council on May 8 to obtain an extension of their exclusive negotiating agreement for the San Ysidro Pilot Village.
- The BID Council elected new officers at their meeting last week. The officers are: Harold Thomas, President; Cynthia Lehman, First Vice-President; Carlos Vasquez, Second Vice-President; Jimmy Walker, Secretary; and Richard Stegner, Treasurer.
- The BID Council is in partnership with several City departments on the unreinforced masonry (URM) issue. They have a low cost financing option using new market tax credit allocation funds to be used specifically for masonry upgrades. The City Building Official informed him that they are receiving approximately 15 to 20 calls per day, since the BID Council's mailing of the package to about 600 property owners. The local ordinance complies with the State mandate

which requires property owners to be in compliance by January 2006. No one is sure what will happen to the property owners or the buildings that are noncompliant after January 2006. It was noted that unreinforced masonry buildings have been razed in Los Angeles and San Francisco.

- Mr. Ron Halbritter of the Development Services Department commented that in 1990 his volunteer staff compiled a list, based upon County tax assessment records and letters were mailed to all building owners. After about five years, they noticed there was no progress on the matter, so they felt the mailing list may have been done incorrectly. About six years ago, a new list was compiled using assessor parcel number and by street address. Letters were then mailed to both building owners and tenants. There was no progress for five years, until a publication had an article on the issue which occurred about the same time the package mailing was sent out.
- Mr. Sims expressed concern that the URM issue will significantly impact small businesses, particularly the tenants, because the buildings they're located in may be razed. He stated that the SBAB will need to continue to monitor the progress status of URM buildings and to mitigate the impact on business owners and operators through awareness and education.

**Approval of Small Business Enhancement Program Application and Timeline for FY 2006:
Lynette Jones, Office of Small Business (OSB)**

- Each fiscal year, approximately \$100,000 of SBEP funds are granted to nonprofit organizations that are engaged in economic development activities.
- The timeline consists of applications being mailed out in May 2005, applications would be submitted by June 30, 2005, a panel comprised of three SBAB members would meet in July 2005 to review the applications and make funding awards, and the actual grants would be executed in October 2005. The maximum grant award amount for FY 2006 is \$24,000.
- SBAB members who volunteered to serve on the SBEP review panel are Mr. Auday Arabo, Mr. Scott Cummins, and Mr. Warren Simon.
- Several members requested a list of FY 2005 SBEP award recipients and a description of how they used the funds.
- Ms. Chi Tran asked Ms. Jones how they provide outreach to the nonprofit organizations. Ms. Jones responded that a list has been compiled, with organizations that have participated over the prior funding cycle years as well as new organizations that have been added by request. The list includes economic development partners and associations. Those on the list will receive the application through the U.S. mail or it can be emailed to them. Also, the information will be available on the City's website at www.sandiego.gov and organizations may download the application from the website. She stated that SBAB members may contact her if they know of any interested organizations that would meet the SBEP criteria.
- **Mr. Arabo motioned for the SBAB to approve the Small Business Enhancement Program application and timeline for FY 2006. The motion was voted upon and unanimously approved.**

Development Services Department Report: Kelly Broughton, Development Services Department

- The City Council's Budget Working Group was scheduled to discuss the item about two weeks ago, but it was postponed due to pressing matters. The Budget Working Group felt the issues were covered thoroughly in the report, so it was agreed to move the item to the full City Council as part of DSD's budget hearing.
- DSD's budget looks good, but in light of the City's current financial situation, some of their plans to hire have been delayed until the City Manager can review the full impact of the potential budget process. They will have a better indication when the preliminary budget is expected to be released on May 2, 2005. They did receive approval to do some hiring in the past month, but there is concern about some position classifications.
- Their efforts to bring review times down have been steadily improving. They continue to receive feedback from customers and customer surveys with recent remarks expressing surprise at the quick turnaround times. They had a problem with a recent update to their tracking system, which resulted in some data corruption, so their data processing staff went back to correct the error. He hopes to report at the next meeting where they are relative to their performance measures, using statistical data.
- He was informed by Mr. Scott Donaghe of DSD that the Big Box Retail Ordinance is coming back to LU&H. He will email Mr. Steve Bal of OSB with the information, when he receives the notification.
- There is concern from surfing instruction businesses about a proposed change in the City's policy requiring a certain minimum or 10 percent of gross revenues. The impact may result in some going out of business or having to consolidate with other businesses to remain competitive.
- They will be going back to LU&H around the end of May with the Land Development Code (LDC) update. He is still getting competing interests in making regulatory changes to the Municipal Code, which generally takes away from having something that is more beneficial. He will be recommending regulatory changes that will be beneficial to both small businesses and residential development. He is looking for input on the LDC update from the small business community and business groups, adding that he hasn't received any yet.
- He cited parking as one of the regulatory issues that impacts everyone. He would like to get some standardization and consistency to the parking regulations, since currently there are areas of the City with different parking requirements. There have been a number of issues on shared parking, so they will be evaluating the regulations to determine if they can have more flexibility.
- Mr. Sims commented that there is a parking deficit in the City, which is more pronounced in some localities than others. There are many potential alternative parking opportunities that could be utilized during the weekends through relationships between private entities. Mr. Broughton responded that they have a number of parking agreements with businesses that take advantage of unused adjacent lots as a way to expand their window of business. They do allow credit to businesses that develop partnerships with other sources of parking other than public parking, but there isn't a big picture view of how they do it. Mr. Sims asked if DSD will consider doing that, so people can start planning on it from a business standpoint if the regulations change. Mr. Broughton acknowledged there is a belief that there is a need to fix the shared parking requirements and the way they look at shared parking. They encourage businesses to collaborate

outside of the regulatory process, adding that they try to get businesses to not view their property line as where their private property stops.

- Mr. Sims expressed concern that there is significant limited capacity to expand parking in the older areas of the City and those businesses will be impacted either positively or negatively with changes in the parking regulations. Mr. Broughton responded that they addressed it to a certain extent in the code update in 2000, i.e. they didn't have businesses with a parking deficiency that weren't proposing an expansion to make up for the existing deficiency. Instead, if a restaurant wanted to add a small addition, they were only required to add parking for the small addition. He added that they still have over-parking requirements in some business districts. Mr. Sims responded that with the increasing population and the strategy for increasing the general density of the inner city, the pressure to address parking deficiencies in a regulatory manner will significantly increase in future years. He understands the value of flexibility, but prefers having established standardized regulations. Mr. Broughton stated that there will be pressure with this change, since it is hot issue. Many of the deficiencies were created by development standards that were in place a long time ago.
- Ms. Jones asked Mr. Broughton about the issue of trying to develop some "smart codes" which would help in identifying criteria in the older urban communities. Based upon the criteria, they would have a streamlined set of regulations, including parking. She asked if DSD is still looking at "smart codes", which take into account job creation, removing blight, etc. Mr. Broughton replied that they raised the issue of "smart codes" when they met with a couple of the developers that are moving forward with the City of Villages. He is trying to convince some locales to take on a view of the "smart code". Many of the "smart codes" are from the land use and zoning perspective, adding that there are also "smart codes" from the building code perspective. Many of the communities that have benefited from converting to the "smart code" have done so by taking it one "bite" at a time. This enables people to get comfortable with the flexibility that comes with them and "smart code" advocates recommend this approach for San Diego. The redevelopment project areas in San Ysidro and the Southeast San Diego Development Corporation (SEDC) are looking at making changes to the code. Mr. Sims commented that how parking is regulated will directly impact the economic well being of small businesses.

Office of Small Business Report: Lynette Jones, Office of Small Business

- The Living Wage Ordinance issue was approved at the City Council meeting. However, OSB staff did prepare and distribute a letter on behalf of the SBAB requesting a delay (as directed by the SBAB).
- "The ABCs to Starting, Growing, and Financing Your Small Business" seminar is being held tomorrow at the Mission Valley Branch Library. They are expecting a large crowd for the seminar. The next seminar is scheduled for July 20 at the City Heights Weingart Branch Library.
- A new small business program is being developed as a collaborative effort with OSB, the Community Service Centers (CSC), and the Equal Opportunity Contracting Minor Construction Program. Other partners include DSD, Purchasing, Service Corps of Retired Executives (SCORE), and the library. The program would involve outsourcing assistance to small businesses through the CSCs. More information will be provided at a later date.
- Planning Department staff have been invited to speak on the "Economic Prosperity Element" at the May meeting. The link to the document was emailed to members. It is anticipated that a meeting will be set up for the SBAB.

- Ms. Jones spoke further on the concern by surf instruction businesses (previously brought up by Mr. Broughton) pertaining to the criteria that the Real Estate (R.E.) Assets Department has compiled in the Request for Proposals (RFP). She was informed by a business owner that the R.E. Assets Department reduced the number of eligible sites from 16 to 13. Business owners located in some of the previously eligible sites are concerned that they may now be disqualified because their businesses are operating outside of the sites identified in the RFP. Mr. Broughton remarked that from the newspaper article, it appears the City is copying the State's regulations. There were some issues such as providing lifeguard service and occupying large portions of the beach that other surfers wanted access to. Mr. Broughton stated that the regulations will force the businesses to a different model of instruction. Mr. Kessler commented that it came from the proposed fee day last year on developing new sources of revenue. Mr. Sims suggested crafting a letter articulating the SBAB's concern on the new fee and the negative impact on small businesses. They do need to validate that the impact is real as opposed to anecdotal. Mr. Sims commented that Park and Recreation is moving forward with fee recommendations, without considering the impact to small businesses and City operations. They could discuss how the new fee schedule legislated last year is affecting small businesses this year. Ms. Jones stated that she could distribute copies of the RFP and invite the appropriate staff to the May meeting.

New Business

- Mr. Arabo thanked the SBAB, the BID Council and BID's for their support on defeating the proposed flat fee for tobacco retailers.
- **Mr. Arabo motioned that Mr. Chandler prepare a letter on behalf of the SBAB to Mayor Murphy, expressing appreciation for his support of small business during his tenure as Mayor. The motion was voted upon and unanimously approved.**
- The U.S. Small Business Administration Awards Luncheon is being held on May 19.

Meeting Adjournment

- The meeting was adjourned at 9:30 a.m.