



THE CITY OF SAN DIEGO

**SMALL BUSINESS ADVISORY BOARD  
MEETING MINUTES**

May 25, 2005

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

| <b>BOARD MEMBERS PRESENT</b>  | <b>BOARD MEMBERS ABSENT</b>     |
|---|---------------------------------|
| Auday Arabo<br>George Chandler<br>Kurt Chilcott<br>Jesse Navarro<br>Judy Preston<br>Warren Simon<br>Richard Sims<br>Spencer Skeen<br>Chi Tran | Faith Bautista<br>Scott Cummins |

| <b>CITY STAFF</b>  |
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| Steven Bal, Office of Small Business<br>Meredith Dibden Brown, Office of Small Business<br>Jean Cameron, Planning Department<br>Ron Halbritter, Development Services Department<br>Lynette Jones, Office of Small Business<br>Jeff Kavar, Economic Development Division<br>Marcia Samuels, Neighborhood Code Compliance Department<br>Janet Wood, Office of Small Business |

| <b>OTHERS PRESENT</b>  |
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| Rick Hernandez, San Diego Gas and Electric<br>Scott Kessler, Business Improvement District Council |

## **Introduction**

- Mr. George Chandler called the meeting to order at 8:20 a.m.

## **Approval of Minutes**

- The minutes of April 27, 2005 were voted upon and unanimously approved.

## **Public Comment**

- None provided.

## **Business Improvement District (BID) Council Report: Warren Simon, Hillcrest Association**

Mr. Simon highlighted the following information from their last BID Council meeting:

- The BID Council has a low cost loan financing option using new market tax credit allocation funds to be used specifically for masonry upgrades.
- The proposed flat fee for tobacco retailers was defeated. He acknowledged Mr. Auday Arabo for his assistance in defeating the proposed flat fee.
- Rates are proposed to increase by 19 percent for the City Care Benefits Program available through Sharp. The BID Council is negotiating with them to minimize the rate increase.
- The public right-of-way enhancement pilot program was successful in several BIDs and may now be expanded to all the BIDs. The BID Council will be meeting with the other BIDs to see if they are interested in participating. The BIDs would be responsible for enforcement. The project allows for outdoor displays and A-frame signs. The sidewalk cafes that participated in the pilot project benefited significantly from the special pilot program, because of the substantial reduction in cost and in time for obtaining a permit. Ms. Marcia Samuels of Neighborhood Code Compliance Department (NCCD) commented that there were no complaints related to enforcement during the pilot program, because the BIDs involved in the pilot project were very aggressive in their enforcement. As the program is expanded city-wide, they hope the other BIDs will be aggressive in their enforcement. If they are not aggressive, it will add a lot of enforcement burden to NCCD with their limited staff.
- Mr. Chandler thanked the BID Council and the BIDs for their support and cooperation in the U.S. Small Business Administration (SBA) Awards Luncheon held on May 19, 2005. Their participation helped make the event a success. Mr. Hector Barreto, Administrator of the SBA provided a presentation at the Awards Luncheon.

## **Economic Prosperity Element: Jean Cameron, Planning Department**

Ms. Cameron provided the following report:

- The City Council adopted the Strategic Framework Plan in October 2002. In 2002, they decided to go ahead with an Economic Prosperity Element, which basically combines the redevelopment, commercial, and industrial elements of the 1979 General Plan.

- The Planning Department released the first draft of the update which encompasses nine elements of the General Plan: 1.) Land Use, 2.) Mobility, 3.) Urban Design, 4.) Economic Prosperity, 5.) Public Facilities and Safety, 6.) Recreation, 7.) Conservation, 8.) Noise, and 9.) Housing.
- The initial review period ends on June 3, but they will be accepting comments throughout the summer. There will be a couple of workshops this summer, with the Planning Commission on July 14 and the Land Use and Housing Council Committee on July 27. The intent is to go back to the Planning Commission in the fall for adoption and to the City Council in November.
- One of the most important issues facing San Diego is the “hourglass” economy and the loss of middle income jobs, particularly jobs not requiring a college degree. Many policies in the element are directed at preserving middle income employment.
- The Planning Department created land use designations that community plans can use and which they would adopt and implement. This would further separate out industrial employment uses and would maintain the integrity of certain manufacturing areas. They have also done the same thing with commercial areas, including the creation of a “Heavy Commercial Zone” which would be applicable to areas such as Mission Gorge Road and Morena Boulevard where there are large scale commercial uses, that may allow some minor manufacturing uses.
- Planning Department staff also created “Mixed Use” zones that would implement the City of Villages strategy, which provides for a combination of residential, commercial, and office land uses.
- One of the most contentious issues is the co-location policy, which strives to seek a balance between the pressure for residential development and industrial areas and the maintenance of manufacturing areas in the City. The direction received from workshops held in conjunction with the Planning Commission and from the City Council primarily favors industry. The Planning Department did try to identify areas that are most attractive to retaining manufacturing uses. The Planning Department did not identify them by area, but incorporated policy language stating that if areas are most attractive to manufacturing uses, these are not areas of co-location. Other areas that have had a proliferation of office and commercial uses would be considered for co-location, however, the Planning Department prefers having a 1,000 foot distance separation between property lines between the two uses. To be flexible, the Planning Department would like to allow residential applicants the ability to conduct a special study if they feel the 1,000 foot separation is inadequate.
- Mr. Ric Sims stated that there has been a great deal of pressure on the part of the existing commercial and industrial firms to set aside space for their future development and growth. He asked what criteria will be used to set land aside in advance relative to the actual need for more land for housing. Ms. Cameron responded that land use designations were created which separate out the uses. A land use designation called “Business Park Residential” was created which could be utilized as a co-location designation. Communities will decide where and how they apply those land use designations when their respective community plans are updated. The City’s goal is to create pure designations that do not allow encroachment of other types of land uses. The Planning Department wants to allow applicants the opportunity to apply for the co-location zone if they come in with a project they consider to be outside of the community plan update. Mr. Chilcott commented that the trend is to “hold the water” on developing industrial land. As communities develop, the City will use some of the planned industrial land for residential development.

- Mr. Sims asked how the City would balance the need for residential development and industrial development, because there is an affordable housing crisis. Ms. Cameron responded that co-location could occur in 80 percent of the City, adding that staff is trying to protect the industrial and manufacturing areas. Mr. Sims stated he doesn't understand the logic of holding land in advance without having any real solid data on how the land may be used in 10 to 20 years. Mr. Kurt Chilcott stated that there has been some analysis done in trying to identify the employment lands and the demand for employment related land. There has been more of a concern that there was inadequate land available for businesses than the availability of land for residential development. Ms. Cameron stated that there are very few parcels of industrial land available, because it is primarily built out. Their hope is that certain industries will be able to intensify in some of the areas naturally and still maintain the type of land uses that allow San Diego to have a balanced economy.
- Mr. Jeff Kawar of the Economic Development Division (EDD) commented that the real concern is having a housing and jobs balance. The City is running out of land with about 900 acres of land remaining. The pressure for converting the industrial lands to housing is most often for market rate housing, not affordable housing. Ms. Cameron stated that 70 percent of the industrial land available is in Otay Mesa.
- Ms. Cameron stated that there are several policies relating to commercial development identified in the Strategic Framework Plan as "Subregional Employment Districts", which are comprised of five areas in the City where employment growth and densification are encouraged to occur.
- The Economic Prosperity Element does address employment, business development, workforce development, redevelopment, education, and wages. Planning Department staff tried to focus away from attraction of outside businesses and more on growing the existing businesses. The policies will be translated into an economic development strategy which will guide the activities of the Community and Economic Development Department (C&ED).
- Mr. Chandler asked if the Economic Prosperity Element addresses the "big box" retail stores. Ms. Cameron replied that they don't, but there is a policy for Community Economic Benefit Assessment (CEBA), which would be applicable to projects seeking to intensify and to "big box" projects over 100,000 square feet. CEBA requires an extra informational document that would be sent to the public and to decision-makers with regard to the economic and fiscal benefits and effects of the project. There is general language in the commercial policies having to do with maintaining the neighborhood scale in appropriate areas, including the designations of a "Regional Commercial Zone" that is most appropriate for "big box" type uses and a "Heavy Commercial Zone" which could be applied to corridors where there are mid-sized "big box" stores.
- Mr. Scott Kessler of the BID Council asked if there was any specific language pertaining to "big box" retail projects. Ms. Cameron replied that there is only general policy language, since the Economic Prosperity Element is a policy document. Mr. Kessler stated that the BID Council and the SBAB were informed by Planning Department staff that their recommendations on "big box" retailers would be incorporated into the Economic Prosperity Element. He added that it would be more appropriate for "big box" retail stores to be addressed in the document and to include the specific language recommended by the BID Council and the SBAB.
- Mr. Chilcott commended Ms. Cameron, the Planning Department, and C&ED Department for their work in creating a document that is much more strategic, action-oriented and pro-active, adding that it is a radical departure from the former General Plan. The Planning Department

crafted the plan, but they are not the implementers of it. The City will need people who are actively responsible for implementation of the plan. The C&ED Department staff are expected to implement the plan. If it is not implemented, the document will sit on the shelf, which is not the intent of the entire effort to produce the General Plan. It would be appropriate to point out to the decision-makers that they will need staff to implement it.

- Mr. Sims observed that in light of the City’s difficult budgetary situation, the SBAB may need to provide structure and guidance for the implementation process.
- **Mr. Chilcott motioned for the SBAB to support the Economic Prosperity Element and to craft a letter to the Mayor, City Council and City Manager that entities including the SBAB, the BID Council and non-funded City resources can be utilized to assist C&ED staff with the implementation process. The motion was voted upon and unanimously approved. A letter will be prepared for Mr. Chandler’s review and signature.**
- **Mr. Warren Simon motioned to request that the Planning Department include the SBAB’s recommendations pertaining to “big box” retail centers and “supercenters” in the Economic Prosperity Element. The motion was voted upon and unanimously approved. A letter will be sent to Ms. Cameron, which includes the recommendations from the SBAB.**
- Mr. Chilcott noted that the recommendations may be inappropriate to include in the General Plan, since it is a high level document. Ms. Cameron stated that the recommendations would be suitable for the ordinance, but she will review it and see if there is policy language to support the additional detail and weave it into the General Plan.
- Mr. Chandler suggested that Ms. Cameron provide a similar presentation to the BID Council at their monthly meeting.

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| <b>Development Services Department Report: Ron Halbritter, Development Services Department</b> |
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Mr. Halbritter reported the following information:

- He has been the Small Business Liaison in DSD for one year.
- Mr. Bob Didion has been reassigned to work with Mr. Halbritter on small businesses and with Ms. Marcia Samuels of Neighborhood Code Compliance Department on code enforcement issues.
- Approximately 700 letters are mailed each month to new business tax certificate holders. He receives about 30 to 40 phone calls in response to the letters.
- Property owners need to contact DSD for final inspection on unreinforced masonry (URM) retrofits. Otherwise, they will remain on the URM list.
- The Micro-training seminars are currently on hold, since they were to have taken place in the Community Service Centers, which are proposed for elimination as a result of budget cutbacks.
- DSD is an Enterprise funded Department, so any budget cutbacks will be minimal.

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

- Ms. Jones reported that this will be her last meeting, acting as the City's Small Business Advocate. She has submitted her resignation and has accepted a position with the City of Chula Vista. She stated that it has been an honor and a privilege to work with the SBAB, adding that she has learned a great deal in the past three years. Members thanked Ms. Jones for her support and services to them and to the small business community.
- Mr. Kavar of EDD echoed the sentiments of the SBAB members. He stated that they hope to fill the position, adding that it is a SBEP funded position. Ms. Janet Wood of OSB stated that she will now be providing lead support to the SBAB.
- **Mr. Warren Simon motioned to have the SBAB send a letter to Ms. Jones, thanking her for the service that she has provided to the SBAB and to the small business community. The motion was voted upon and unanimously approved.**
- Mr. Kavar informed members that the Transient Occupancy Tax (TOT) recommendations by their Economic Development and Tourism Support (ED&TS) Review Panel were approved by the Mayor and City Council. Sixteen organizations will receive funding in FY 2006.
- Mr. Kavar also noted that the SBEP applications were mailed out in May.

## New Business

- Mr. Jeff Kavar reported that the City is facing a dire budget situation. The City Manager submitted a very difficult proposed budget that attempts to balance expenditures and revenues in Fiscal Year 2006. The proposed budget is on the City's website at [www.sandiego.gov](http://www.sandiego.gov).
- In the proposed budget, the Redevelopment Division (Agency) would spin outside of the City (similar to the Center City Development Corporation and Southeast Economic Development Corporation). The two remaining divisions of Community Services and Economic Development would then merge with other departments or divisions. EDD would be restructured with most of the components going to the Redevelopment Agency and some going to the Community Services Division. There would be no EDD, but the functions within the Division would continue.
- The C&ED budget is scheduled for the City Council docket on Monday, June 13 and the Redevelopment Agency budget is scheduled for Tuesday, June 14.
- Mr. Chandler commented that the SBAB needs to make a strong case to the Mayor, City Council, and City Manager that C&ED be kept together as a Department, including the retention of the current units. Mr. Kessler stated that the issue will be addressed at their BID Council meeting tomorrow. He added that no one came to the SBAB or the BID Council with the proposed changes. The proposed changes are a reshuffling, which will dissipate the effectiveness of C&ED. He added that the Small Business Enhancement Program (SBEP) was proposed to be funded in the budget, but another slide illustrated that it could be cut.
- Mr. Simon remarked that the SBAB needs to make a statement that they support the services and staff of the Office of Small Business (OSB) regardless of where it ends up. Ms. Chi Tran suggested that the SBAB send a letter to the Mayor, City Council, and City Manager to demonstrate their support of OSB.

- Mr. Sims stated that the reality is that the financial well-being of the City currently rests in the hands of small business and that how small business goes will greatly determine the outcome of the City's difficult budgetary situation. They will need to couch their argument that small business has a financial impact on the well-being of San Diego and dismantling the linkage or the prime component of the City that interacts with small businesses is illogical. **Mr. Sims motioned for the SBAB to craft a letter to the Mayor, City Council, and City Manager recommending that the Community and Economic Development, including OSB, be maintained as it currently is in order to continue their valuable functions for the small business community. The motion was voted upon and unanimously approved. Mr. Chilcott will prepare the letter and forward it to Mr. Chandler for his review and to obtain signatures of all SBAB members.**

### Meeting Adjournment

- The meeting was adjourned at 10:08 a.m.