



THE CITY OF SAN DIEGO

**SMALL BUSINESS ADVISORY BOARD
MEETING MINUTES**

July 27, 2005

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

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

CITY STAFF
Steven Bal, Office of Small Business Kelly Broughton, Development Services Department Meredith Dibden Brown, Office of Small Business Bob Didion, Development Services Department Lara Gates, Planning Department Ron Halbritter, Development Services Department Janet Wood, Office of Small Business

OTHERS PRESENT
Rick Hernandez, San Diego Gas and Electric Scott Kessler, Business Improvement District Council Gunnar Schalin, San Diego Contracting Opportunities Center

Introduction

- Mr. George Chandler called the meeting to order at 8:23 a.m.

Approval of Minutes

- The minutes of May 25, 2005 were voted upon and unanimously approved.

Public Comment

- None provided.

Mentor-Protégé Program Status Report: Gunnar Schalin, San Diego Contracting Opportunities Center (COC):

Mr. Schalin highlighted the following information:

- A subcommittee of the Mentor-Protégé Advisory Committee interviewed 5 candidate protégé firms on June 24.
- Based upon independent quantitative scoring by each Interview Subcommittee member, they selected two candidate firms: Jose E. Pereira Plumbing of El Cajon and Wiley Construction of Oceanside.
- Mr. Herb Lemmons of the City of San Diego and member of the Mentor-Protégé Advisory Committee conducted on-site visits in July to each company, confirming the Interview Subcommittee's assessment.
- The full Mentor-Protégé Advisory Committee will vote to ratify the selection of the 2 firms at their August 5 meeting.
- The addition of the 2 new firms brings the number of Mentor-Protégé teams to 5.
- The next step will be the assignment of the Mentor firms by the Associated General Contractors.
- Mr. Chandler thanked Mr. Schalin and the COC for hosting their 2 recent major training programs for SBA's contractors and other small businesses.
- Mr. Jesse Navarro expressed appreciation to Mr. Schalin, COC staff and to the Mentor-Protégé Advisory Committee for their monthly status reports and their good work.

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

Mr. Simon deferred to Mr. Scott Kessler to provide an update on BID Council activities:

- The next Board of Directors meeting is scheduled for tomorrow, July 28. They are dark in August.
- Will be awarding their annual Technical Assistance Grants to 9 regional chamber organizations for \$8,000 each.

- They hope that their BID Council Board will approve the Economic Impact Report contract with the organization Market Information Masters. They are teaming up with the City of San Diego to study the economic impacts of special events.
- Preparing for December Nights at Balboa Park. This is the second year of their 3-year contract with the City.
- The San Ysidro pilot village mixed use project is ongoing. They have invested \$400,000 to date on the project. Tomorrow, they will be bringing in a development partner on the project. They have applied for a San Diego Association of Governments (SANDAG) Smart Growth Grant.
- The Large Retail Ordinance issue was heard by LU&H on June 29. LU&H recommended approval of specific elements of the City Manager's recommendations, and referred the Stock keeping Unit (SKU) and other elements of the Ordinance to the City Council, without recommendation. Additionally, LU&H referred the SKU Ordinance to the City Attorney and asked for a legal review of the proposed Ordinance to be prepared prior to City Council consideration of this issue. There were about 9 representatives from the small business community that attended the LU&H meeting.
- The BID Council is working with the Development Services Department (DSD) on a curbside recycling program in the BIDs. If the program is successful, they will expand the program city-wide.
- They are working with DSD on expanding the Public Right of Way (PROW) Program, which allows for outdoor displays, without having to go through the City's regulatory process. The 2-year pilot program was successful in 3 BIDs (Adams Avenue, North Park, and Ocean Beach). The Program allows for outdoor displays, A-frame signs, and sidewalk seating, but doesn't allow sidewalk sales. They will be bringing the item to the Planning Commission for their approval. They will then offer it to the other BIDs, noting that it requires permits issued by the BIDs, additional insurance, and adherence to the Americans with Disability Act (ADA) requirements. The BIDs are responsible for enforcement.
- Have worked on maintaining their funding level with the City in the past few months. They have taken a 10 percent cut in Transient Occupancy Tax (TOT) funding the past 3 years.
- They are signing up an average of 30 groups per month to the City Care Benefits Sharp health insurance program for licensed small business owners in San Diego. They are up to about \$500,000 of monthly premiums. They have about 3,000 people currently enrolled in the program, which makes them the 2nd largest group in the Sharp health care system. The program is open to small business owners, their employees and their dependents. Mr. Jesse Navarro requested further information from Mr. Kessler on the Program.
- Mr. Ron Halbritter of DSD remarked that there was an article in the July issue of the Downtown News pertaining to the unreinforced masonry issue (URM).
- Mr. Kessler commented that the relationship between DSD and the small business community has significantly improved in the past 2 years, citing the efforts of Mr. Halbritter and Mr. Kelly Broughton as a major factor. He noted that the BID Council and DSD have collaborated on a number of projects including URM.

Community and Economic Development (CED) Department Budget: Janet Wood, Office of Small Business (OSB)

Ms. Janet Wood presented the following information:

- CED remains as 3 divisions, but with reduced staff due to many vacancies. They are budgeted for a number of positions that haven't been filled yet. The City is making an effort to find vacant positions for approximately 200 current City employees through August 2005.
- The new Deputy City Manager for CED is Ellen Oppenheim. CED is connected with DSD, Neighborhood Code Compliance Department, and the Planning Department.
- Mr. Hank Cunningham resigned one month ago as the Department Director of CED. The new Department Director is Ms. Debra Fischle-Faulk, who previously served as Assistant Director of CED and prior to that served as Deputy Director of the Community Services Division of CED.
- With the budget reductions, there are now 5 remaining Community Service Centers (CSCs) in the City of San Diego. Mr. David Bryant is the new CSC Program Manager, replacing Ms. Tammy Rimes who is the new Purchasing Agent for the City of San Diego.

Office of Small Business Report: Janet Wood, Office of Small Business (OSB)

Ms. Janet Wood provided the following update:

- Ms. Lynette Jones is greatly missed and there are 2 employees that are on medical leave or on vacation this summer.
- Ms. Meredith Dibden Brown has assumed the parking meter district duties for the next few months, while Ms. Michele St. Bernard is on maternity leave.
- There has been a vacancy in the Storefront Improvement Program for almost 9 months. It has been hard to keep up the outreach for the Program.
- Due to the vacancies, OSB is depending more upon their economic development partners such as the BID Council to assist them in their work efforts.
- Ms. Wood assumed Ms. Jones' role in presenting the "ABC's Seminar to Starting, Growing, and Financing Your Own Business" on July 20.
- Mr. Kessler commented that CED staff positions, particularly in OSB have been significantly reduced, which is very unfortunate. He noted that the OSB positions are funded from a portion of the business tax certificate fees. The funds are no longer being earmarked to assist small business owners. He added that OSB's productivity will eventually fall off, due to the lack of staffing. Ms. Wood remarked that they have enough funding to fill the vacant positions, but they are currently unable to, based upon Personnel directives and other superseding issues.
- Ms. Brown clarified that OSB currently has 3 vacancies that are funded with Small Business Enhancement Program (SBEP) funds and those positions do need to be filled. In the interim, they had salary savings in Fiscal Year 2005 as a result of vacancies and those funds went to offset cuts in the City's General Fund in order to have a balanced budget for Fiscal Year 2005.

- Mr. Chandler inquired if the SBAB should craft a letter to the City Manager recommending that some priority be given to filling the OSB vacant positions. Ms. Brown commented that the SBAB can indicate their support for getting the 3 positions filled.
- Mr. Ric Sims commented that the SBAB can discuss how things have changed, but it is likely things will never go back to the way they were before. The SBAB will need to take some leadership and work in cooperation with the BID Council and other business organizations in providing the mayoral candidates with agenda recommendations for supporting an organizational structure for small businesses, that specifically articulates the services and needs that the small business community needs to move forward.
- Mr. Chandler observed that in 1991 the Economic Development Task Force recommended to the Mayor and Council the creation of the Office of Small Business.
- Mr. Kessler suggested that the Economic Development Division of CED glean data illustrating the impact that the business tax certificate fees have upon the City's General Fund and upon other revenues. He added that they need to demonstrate productivity or else the funding will be eliminated. Mr. Sims stated that he agrees with Mr. Kessler's comments regarding the funding of positions in the interim, but that it has more to do with a strategic vision on what services are needed to sustain the small business community and its economic impact upon the City.
- Members recommended that a panel consisting of Mr. Sims, Mr. Kurt Chilcott, Mr. Scott Cummins, Mr. Jesse Navarro, and Mr. Spencer Skeen from the SBAB, along with Mr. Kessler of the BID Council and Ms. Brown of OSB could have a special meeting to discuss an economic development strategy. Mr. Schalin will also provide information to them which can be used in the letter/report.
- Mr. Chandler proposed that OSB staff craft a letter/report to the City Manager incorporating the recommendations developed from the economic strategic meeting. Mr. Navarro suggested that the letter/report could also be provided to the 2 mayoral candidates, since it would educate them on the needs of the small business community. It was also recommended that the letter/report also be distributed to Deputy Mayor Atkins and Councilmembers. Mr. Sims added that the economic strategy issue should also be included as a topic in mayoral candidate debates.

<p>Small Business Enhancement Program Funding Recommendations for FY 2006: Meredith Dibden Brown, Office of Small Business (OSB)</p>

- A total of 37 applications were distributed through email and by U.S. mail. Nine applications were received by the deadline of June 30. There were no late applications received.
- Given the anticipated salary savings within the next month or so, they have put an additional \$10,000 into the SBEP grants this year. Usually, SBEP has \$100,000 to allocate each year.
- The applications were reviewed on July 14 by the SBEP Review Panel comprised of Mr. Auday Arabo, Mr. Scott Cummins, and Mr. Warren Simon.
- Rankings were assigned to each application by each Panel member. The rankings were averaged out by Ms. Brown. The rankings ranged from 2.00 to 4.00 with the higher rankings receiving 95 percent of their requested funding. The maximum grant award that could be requested for FY 2006 was \$24,000. Applications with rankings of 2.74 and lower were not awarded any funding as their applications were deemed to be of marginal quality or just not as

strong as the other applications. Also, enough funding needs to be provided to accomplish program goals and objectives.

- Ms. Chi Tran asked if the applicants that had reapplied and that had received funding in previous years had reported their outcome and if that was taken into consideration. Mr. Simon responded that when they had reports from applicants, they did take it into consideration.
- Ms. Tran also asked what the factors were for the two organizations that were deemed ineligible for grant funding. Mr. Simon answered that they had no recognized achievable stated goals and objectives, adding that there were no measurable numbers.
- **Mr. Navarro motioned for the SBAB to accept the recommendations of the Review Panel for funding organizations for the Small Business Enhancement Program for FY 2006. The motion was voted upon and unanimously approved.**

Community Planning Committee Member Selection Guidelines: Lara Gates, Planning Department
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Ms. Lara Gates provided the following information:

- There are about 42 planning groups that are officially recognized in the City of San Diego by the City Council and they cover every area of the City.
- Community planning groups are usually comprised of 12 to 20 members and there is a diversity of seats representing community interests, including residents, property owners, business owners, institutional, etc. The planning groups are non-partisan and non-discriminatory.
- The main purview is to review and implement their community land use plans, but they also are active in other areas such as the undergrounding of telephone lines. Community planning groups are looked upon as independent organizations that serve as an advisory body to the Mayor and City Council. They strongly encourage applicants to attend the community planning group meetings. The applicant has the right to move forward with their project and they are not required to attend the meeting. However, if the applicant doesn't attend, it becomes a problem, because the recommendations are heavily relied upon by the decisionmakers. It was noted that when an applicant does work with the community planning group, it makes the process extremely smooth.
- The community planning groups meet about once a month and the meetings are open to the public. They are not subject to the Brown Act, but they need to act in the spirit of the Brown Act. The Planning Department assists with sending out the agendas to obtain the broadest distribution possible. Interested individuals may contact the Planning Department to be placed on their electronic database to receive emailed meeting notices and minutes.
- The bylaws specifically state how to become involved and how to get elected to a community planning group. There are two types of memberships: 1.) General – Anyone from the community can be a member. Interested individuals need to attend at least one or more meetings as specified in the bylaws; and 2.) Elected – Need to actively participate in the planning groups. Requires a minimum of attendance at three meetings, but interested individuals should attend as many meetings as possible. Individuals need to live in the area or have a business interest to be eligible to vote in the election. The Elections Handbook was distributed at the meeting.

- The parameters for the election are established by election committees in January and the elections are held in March. The membership tenures last from 2 to 3 years, with a maximum tenure of 8 to 9 years. They are then asked to step off the group for 1 year and then they are eligible to participate again and run for a board seat.
- Planning Department staff holds workshops for elected community planning group members. The orientation covers Council Policy 600-24 and gives them a basic understanding of what their purview is. The workshops include break-out sessions, which covers topics such as development review, land development code, zoning issues, and other relevant topics. The workshops are held periodically throughout the year.
- If the business community desires more involvement in community planning groups, they are encouraged to actively participate in community planning groups and seek to amend bylaws either to have a specific seat for a particular organization or to increase the business membership in the community planning groups. Currently in the urbanized areas, the seats in the community planning groups are slanted toward residents, but there is a range of between three and four business seats that are available when the terms come up.
- They are in the process of updating Council Policy 600-24 which provides the standard operating procedures for community planning groups (see attachment distributed at the meeting). They went to the Land Use and Housing Council Committee (LU&H) in June. They are awaiting a docket date for the City Council. Once that happens, all 42 community planning groups will need to bring their bylaws into conformance. They will be looking at amending the bylaws within the next 18 months after they have the item at City Council, which they anticipate will be in either September or October 2005. It will behoove the business community to appear at the Council meeting to ensure that the bylaws have language allocating seats for business representation for all the community planning groups.

<p>Development Services Department Report: Kelly Broughton and Ron Halbritter, Development Services Department (DSD)</p>

Mr. Broughton reported the following information:

- In their last issue of the Permit Press, they covered Mr. Halbritter and his role in DSD, the URM program, and a couple of articles on service improvements in DSD.
- DSD has been freed up to conduct more hiring. Mr. Broughton stated that he hopes to hire about 10 to 15 people within his division over the next month. They are shoring up some areas where they have had some attrition. They do expect to lose some more staff to other jurisdictions, due to better compensation and benefit packages.
- Recently received results of their first customer survey. They hired an outside independent company to prepare a survey of customers that had gone through their review process. They surveyed approximately 600 customers that had agreed to participate in the survey. The company worked with DSD's Technical Advisory Committee (TAC) to develop the series of survey questions. They expect to build a better baseline over the next couple of months. Most of the surveyed customers were construction level permit customers. They didn't have a good pool of customers who went through the public process such as discretionary review. Their goal is to publish the survey results and have it on the DSD website. He does hope to share the survey results with the SBAB at a future meeting. Mr. Sims suggested that DSD could co-sponsor a customer survey with the BID Council, which would increase their response rate.

- Commented that at the LU&H meeting on June 29, there was a large turnout for the issue pertaining to the Large Retail Ordinance. He added that the speakers spoke very pointedly to an issue, which he hadn't seen in a long time, adding that he recognized that Mr. Kessler was responsible for much of the organization. He went on to say that is the kind of impact the small business community can have when they turn out in force.
- They do anticipate DSD reorganization discussion again, since the mayoral candidates have commented upon it, since there is a perception that DSD is inefficient. Mr. Broughton stated that DSD has gone through a lot of very beneficial change with more to come. Any reorganization could have a real impact upon DSD, since it could be detrimental in providing service to small business. He added that reorganization shouldn't be done just because it was promised if it doesn't make sense to do it.
- Mr. Halbritter noted that the California Independent Grocers and Convenience Stores are having a trade show at Hotel Circle on August 9. He cited Mr. Arabo's affiliation with them. Mr. Halbritter will be providing the new and emerging grocers with permit and regulatory information. He will be bringing some handouts from OSB to hand out.

New Business

- Mr. Chandler announced that the U.S. Small Business Administration is sponsoring a new program called "Small Business Days" to reach out to their customers. They will partner with the BIDs, the numerous Chambers and other business resource partners throughout San Diego. They anticipate having 2 events per month. The program is focused upon SBA programs and potential loan applicants.

Meeting Adjournment

- The meeting was adjourned at 9:58 a.m.