



THE CITY OF SAN DIEGO

**SMALL BUSINESS ADVISORY BOARD  
MEETING MINUTES**

October 25, 2006

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

<b>BOARD MEMBERS PRESENT</b>	<b>BOARD MEMBERS ABSENT</b>
Auday Arabo Kurt Chilcott Scott Cummins Ruben Garcia Judy Preston Warren Simon Richard Sims Chi Tran	Faith Bautista Spencer Skeen

<b>CITY STAFF</b>
Steve Bal, Office of Small Business Kelly Broughton, Development Services Department Meredith Dibden Brown, Office of Small Business Ron Halbritter, Development Services Department Trish Hughes-Raber, Economic Development Division Scott Kessler, Economic Development Division

<b>OTHERS PRESENT</b>
Michelle Butler, Women's Business Center of California Elizabeth Makee, ACCION San Diego Gunnar Schalin, San Diego Contracting Opportunities Center Diana Spyridonidis, Business Improvement District Council Jay Turner, Business Improvement District Council Emily Yanushka, San Diego County Water Authority

## **Introduction**

- Chair Mr. Richard Sims called the meeting to order at 8:35 a.m. A quorum was present.

## **Approval of Minutes**

- The minutes of September 27, 2006 were voted upon and unanimously approved.

## **Public Comment**

- Ms. Emily Yanushka of the San Diego County Water Authority's (SDCWA) announced that the "Eighth Annual Paths to Partnerships Networking Forum", will be held on November 2<sup>nd</sup> from 1:00 p.m. to 6:00 p.m. at the Manchester Grand Hyatt at One Market Place in San Diego. Participants in this year's event include representatives from the State of California and members of the Public Agency Consortium (PAC), which is comprised of local government entities. She noted that several representatives from the City of San Diego will be present, including Ms. Stacey Stevenson from the Purchasing and Contracting Department and Ms. Trish Hughes-Raber from City Planning and Community Investment. Interested attendees may register via the online registration page available at [www.pathsreg.org](http://www.pathsreg.org). The SDCWA is a central certification agency that accepts all small business certifications. They follow the Federal size definition of small business and they allow small businesses to self-identify. There is a wide network of government entities that recognize the certification from the SDCWA.
- Mr. Gunnar Schalin of the San Diego Contracting Opportunities Center announced that the Third Annual Economic Development Conference is being held this Saturday (October 28) at the Town and Country Resort and Convention Center in San Diego. There are several workshops scheduled, including "The Crisis in California State Contracting." Sponsors include the Greenlining Institute, Mabuhay Alliance, and several Minority Chambers of Commerce.

## **Economic Development Division Report: Meredith Dibden Brown, EDD**

- Reported that EDD is working on their reorganization as the City Planning and Community Investment Department. Staff has been assigned strategic plans to either develop or update.
- Working on getting several vacant positions in EDD either filled or reclassified to get them filled. Both the Small Business Advocate/Ombuds position and the Clerical receptionist position (that provided business start-up information) are vacant and it may take several months to fill them. Funding is available to fill those positions.
- There was discussion by the Board on taking action to request that the City prioritize the process of filling the two (2) aforementioned vacant positions. Mr. Kurt Chilcott remarked that the unfilled vacant positions are caught in the City's re-engineering process and that once the process is completed, the City will be able to determine the appropriate positions that need to be filled. He would be uncomfortable taking any action until they learn more about the status of the process. Other members concurred in that they want to have a more comprehensive picture of the re-engineering process, prior to taking any action. Ms. Chi Tran stated that a letter would have to explain why it is a priority, i.e., that the positions are essential for providing services to the small business community.
- Mr. Chilcott stated that Mayor Sanders' is expected to have his FY 2008 budget proposal released in November, so there may be some clarification of the re-engineering process by then.

- Mr. Sims will contact Mr. Kessler prior to the next meeting to find information on the status. He will share with Mr. Kessler what action the Board is considering. The Board can then make their decision at the next meeting, based upon what they think is appropriate from their perspective.

<b>Development Services Department Report: Kelly Broughton and Ron Halbritter, DSD</b>
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- Reported that significant progress has been made on the Small Business Service Improvement Action Plan, adding that many tasks/issues have been completed since they were identified almost four (4) years ago.
- Issues that are still being worked on include regulatory issues, Planned Districts, and cost and scheduling estimates. Some areas are being impacted by the City's business process re-engineering efforts.
- The Small Business Code Team and Mr. Broughton have identified some specific uses that are currently required to go through a more extensive permitting process. Moving them down in the process would provide more predictability and eliminate the need for owners to go through a public hearing. Some of the identified businesses include automobile, gasoline stations, instructional studios, sidewalk cafes, outpatient medical clinics, and veterinary clinics. The vast majority of the other businesses are permitted in many of the zones.
- The City's Planned Districts govern many small businesses. DSD has hesitated to step into the Planned Districts, because the communities that helped draft them hold them very close. DSD, along with support from Mayor Sanders' Office is working on revising two (2) small Planned Districts, to be incorporated into the Municipal Code structure, so there will be no special sub-districts. Their efforts have been met with significant community resistance. The community groups have expressed that their entire community is being attacked by the proposed elimination of special regulations. The City is not trying to eliminate special regulations, but is attempting to demonstrate that a City-wide zone can implement the same regulation(s), but through a more straightforward process which will reduce staff errors and be more predictable to the public. DSD is trying to eliminate some of the oddities that don't result in any significant or proven benefit for the community. DSD staff is also working on the Planned District in San Ysidro, which is one of the pilot villages. Additionally, they are partnering with the Southeast Economic Development Corporation (SEDC) on their Planned District. With some success, they may have more political will to step into other communities.
- Data on cost estimates and scheduling estimates is being gathered as part of the re-engineering efforts, since they are trying to benchmark themselves against other jurisdictions. They are looking at the full spectrum of development and permitting processes. With the conclusion or implementation of those efforts, DSD should be gleaning more detailed information that can be applied to the Action Plan's cost and scheduling estimates
- There are other efforts which remain on-going to serve the small business community, including the Small Business Liaison (Mr. Ron Halbritter).
- The Mayor's Office has directed DSD to look for ways to make the system more predictable, more efficient and timely. They have challenged DSD to come up with groundbreaking ideas, which has brought staff back to focus on bringing forth regulatory changes and improvements. Their report will be submitted to a steering committee within the next couple of weeks for review and comment. The final report will be completed by January 2007 and will be presented again to the steering committee, which is when the report will be made available to the public.

- Mr. Chilcott asked Mr. Broughton asked if DSD's efforts are consistent with the new philosophy. Mr. Broughton responded that it is consistent with the Mayor's re-engineering efforts and that it has kept the scope of his effort more focused.
- Ms. Judy Preston expressed concern about DSD having insufficient staff to perform their duties, adding that Mr. Broughton should let the Board know if they need support.
- There was discussion on the survey that was conducted by a consultant firm. Ms. Preston commented that the survey was difficult to complete and was skewed. Mr. Broughton replied that the Technical Advisory Committee (TAC) has asked the consultant to come back to make a presentation. Mr. Sims commented that there was a flaw in the survey's analysis, since the results don't reflect reality. Mr. Broughton responded he has received those sentiments about the survey, but they have other survey mechanisms in which the statistics are close to what the results were in this survey. However, they do recognize the need to continue their improvement efforts. He added that the questions were developed by TAC and through stakeholder interviews. Mr. Sims and Ms. Preston then remarked that it wasn't the survey itself that was difficult, but the design.
- Mr. Sims asked if the business process re-engineering efforts would have an impact upon small business services. Mr. Broughton replied that it would not impact small business. He does foresee their work volume decreasing, providing more time for DSD to deliver more services. Recently, they have been meeting their turnaround times much more effectively. They do have positions that have been vacant for several months, because they are monitoring their department budget. Their main concern is that if development projects significantly increase, they would have insufficient staff to handle it. They are trying to make the point that they need a reserve of employees or at least have the interview process ready when that occurs.
- Mr. Warren Simon observed that about half of the issues completed in the Action Plan pertain to customer service improvements. Mr. Sims responded that much progress has been made, but his emphasis is on being able to do it well, so it is a consistent and reliable service. He hopes that those service improvements will be sustained. Mr. Broughton responded that DSD has stronger institutions in place to keep their service focus.

<b>Business Improvement District (BID) Council Report: Warren Simon, Hillcrest Association</b>
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- Introduced Ms. Diana Spyridonidis as the new Chief Executive Officer (CEO) of the BID Council. Ms. Spyridonidis provided an overview of her background, noting that most of her background has been working with the public. She is originally from Boston, Massachusetts and has worked for Citigroup, working on 401K and pension plans. In San Diego, she worked for Councilmember Toni Atkins covering the North Park community and on policy issues pertaining to housing, the homeless, and several other issues. She worked closely with North Park Main Street and monitored the needs of the BID for approximately three (3) years. More recently, she was employed with the San Diego Housing Commission, primarily working on Community Development Block Grant (CDBG) contracts that the City allocates to housing groups. She also worked on condo conversions, working with both the developers and the tenants.
- Ms. Spyridonidis' goal during her first month was to meet with each of the eighteen (18) BIDs and also to meet with each of the Councilmembers. During her meetings with the BIDs, she is asking them the questions: 1.) What are your five top issues for your BID? 2.) What do you see as your relationship with the BID Council? 3.) What is your vision for the role of the BID Council? She has learned that the BIDs have similar issues and that they each have their own

resolutions to the problems. One of the main problems that BIDS face is maintenance issues. She is compiling a state of the BIDs report that will be presented at the December BID Council meeting.

- Mr. Sims commented that the Board looks forward to working with Ms. Spyridonidis. He added that Mr. Kessler did an excellent job when he was CEO and that he is sure Ms. Spyridonidis will also do a fine job.
- The Board thanked Mr. Jay Turner for his efforts and also for attending the SBAB meetings while serving as the interim CEO.

**Small Business Enhancement Program (SBEP) Funding Issue: Meredith Dibden Brown, EDD and Michelle Butler, Women’s Business Center of California**

- Ms. Brown provided an overview of the issue, stating that when the original application was submitted to EDD, the Women’s Business Center of California (WBCC) was affiliated with National University, so it was an eligible institution. Staff was aware that the WBCC was going to spin off from NU to become their own non-profit organization.
- When the Review Panel discussed the application, it was thought that by the time the agreements had been processed and entered into (typically October 1 through September 30); the WBCC would be in a position to enter into an agreement as a fee non-profit. At the last SBAB meeting, Board members asked about the status of the WBCC. Members were informed that the WBCC was still awaiting the Internal Revenue Service (IRS) letter of determination, which would give them their non-profit status. The letter of determination is one of the SBEP grant requirements. The other issue is for the Board to decide how much time they want to give the WBCC to comply with the requirement to have the IRS letter of determination in place and all the other requirements to be a fully recognized and functioning non-profit organization.
- The SBEP grant application instructions state that “The Applicant must provide the support materials for the Agreement within 60 calendar days of the Notice of Funding or they will forfeit funding for FY 2007.” Staff mailed notices of funding to the grant recipients on July 31. The contracting process was delayed, because staff was waiting on the review and approval of the agreement boilerplate from the City Attorney’s Office, prior to mailing it to the applicants for their review. Mr. Sims remarked that until a contract is actually put in the mail, then the due date should be moved forward. Ms. Brown stated that the contract was emailed to the applicants. They then determined that the date should actually then be 60 days from either the first or second week of October, which takes the deadline into mid-December.
- Ms. Michelle Butler, Executive Director of the WBCC remarked that they are an established 501(c)3 non-profit organization that can legally function. Since they are a transitional program with an established history, they expect that their letter of determination from the IRS will be expedited and received within two (2) to four (4) months, whereas for a new non-profit, it could take up to six (6) months. They are waiting to receive a pending letter from the IRS within one (1) or two (2) weeks. The WBCC does have a full board of directors in place. Also, the bylaws have been written, adopted and submitted and they also have their Employer Identification Number (EIN) from the IRS.
- Ms. Butler stated that they had hoped to be a month further along in the process at the time they applied for the SBEP grant. She explained that the delay was as a result of restructuring their

organization in accordance with the U.S. Small Business Administration (SBA) grant program guidelines, so that they can receive SBA funding as they have in the past.

- The WBCC is collaborating with their non-profit partners to build a non-profit small business coalition that provides services and programs to the community. Also, the WBCC is currently conducting a needs assessment survey within the community.
- Ms. Butler stated that the WBCC will not request a reimbursement from the City, until after they have received the letter of determination. Until the WBCC receives the final stamp of approval, i.e., the letter, donations cannot be used as a tax write-off. She added that the letter of determination is retroactive. Dr. Ruben Garcia commented that the only risk is that if the organization receives a declination from the IRS, the donations that the WBCC has received could not be used by individuals/organizations as a tax write-off. Mr. Butler stated that currently they are only accepting pledges from their sponsors, until after they have received the letter.
- Ms. Chi Tran commented that the WBCC is involved in a process dealing with the IRS. Once the formal letter is distributed, it is retroactive, so it can be considered as a 501(c)3.
- Mr. Sims stated that the City has regulations for SBEP that really doesn't involve the IRS per se, but it has to do with the formal certification of an organization. The SBAB has allocated the funds to the WBCC for FY 2007 and the funds allocated from FY 2006 have not been expended by the WBCC. Mr. Sims stated that the legal obligation of the City is to treat every applicant fairly in accordance with specific guidelines. Ms. Brown commented that there is no precedent on the matter. She added that the IRS could make a finding that the WBCC is a 501(c)6, which would still be sufficient to meet the City's requirements.
- The Board asked Mr. Kessler for a recommendation on what action they should take. Mr. Kessler suggested that the Board should move forward and approve the allocation of funds to the WBCC. He noted that they have already filed with the State of California. The WBCC is only waiting to find out from the IRS whether they are tax exempt or not. He is aware of other non-profit organizations where the IRS letter of determination has taken a couple of years, but they still continued to operate during that time. Ms. Brown remarked that they are only waiting on their preliminary letter, stating what their status is, either a 501(c)3 or 501(c)6. Members commented that it is an eligibility issue. Dr. Garcia clarified that technically the WBCC is a non-profit organization, since they have filed with the State of California.
- **Mr. Simon motioned that: Based upon information from the WBCC that they have: 1.) Filed the necessary paperwork to the IRS, 2.) Have received affirmation of their non-profit status from the State of California and 3.) Will submit all the required qualifying documentation to the City within 60 days of the reception of an agreement, the SBAB approves that the City move forward with the execution of an agreement with the WBCC for FY 2007. The motion was voted upon and unanimously approved.**
- Ms. Butler commented that currently she is serving the WBCC on a volunteer basis.

<b>Tobacco Licensing Ordinance: Auday Arabo, SBAB</b>
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- Reported that there is no information to report. The stakeholders are still waiting to be contacted by the City Attorney's Office.

### **Big Box Ordinance: Diana Spyridonidis**

- Reported that the Large Retail Ordinance item has been rescheduled for the City Council docket on Tuesday, November 28, 2006.

### **Impact Issues**

- Mr. Schalin reported that the Public Works Advisory Committee has not been meeting regularly and the Subcontracting Subcommittee has not had a rigid agenda lately. He added that it ties into the business process re-engineering process within the City.
- Mr. Sims stated that the Board members should be thinking about the business process re-engineering and outsourcing in case they are asked for advice.

### **Announcements**

- Dr. Garcia reported that a new local business magazine has been launched called “bizSanDiego”.
- Ms. Brown announced that a press conference will be held this afternoon at “Tops Cleaners”, which was a completed collaborative project of the Storefront Improvement Program (SIP) and the Redevelopment Agency.
- Ms. Brown also reported that there are 50 SIP projects in the pipeline, adding that not all of them have originated this year. About 40 of them are serious projects that are anticipated to go through to completion.

### **Next Meeting Date: SBAB**

- Members agreed to move the November meeting date to November 29, since November 22 is the day before Thanksgiving.

### **Meeting Adjournment**

- The meeting was adjourned at 9:53 a.m.