



THE CITY OF SAN DIEGO

**SMALL BUSINESS ADVISORY BOARD
MEETING MINUTES**

January 24, 2007

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

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

| CITY STAFF |
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| Steve Bal, Office of Small Business Kelly Broughton, Development Services Department Meredith Dibden Brown, Office of Small Business Ron Halbritter, Development Services Department Scott Kessler, Economic Development Division |

| OTHERS PRESENT |
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| Ralph Achenbach, Business Improvement District Council Edward Barbat, Law Offices of Edward F. Barbat Sgt. Ernie Herbert, San Diego Police Department Rick Hernandez, San Diego Gas and Electric Lt. Carolyn Kendrick, San Diego Police Department Elizabeth Makee, ACCION San Diego Gunnar Schalin, San Diego Contracting Opportunities Center Diana Spyridonidis, Business Improvement District Council |

Introduction

- Chair Mr. Richard Sims called the meeting to order at 8:40 a.m. A quorum was present.

Approval of Minutes

- The minutes of November 29, 2006 were voted upon and unanimously approved.

Public Comment

- Mr. Gunnar Schalin of the San Diego Contracting Opportunities Center (SDCOC) provided an update on the City of San Diego's Mentor-Protégé (MP) Program. They have interviewed three (3) protégé applicants from a pool of five (5). They are: Becerras HVAC, Raymar Construction, and Roberts Electrical. Firms that remain qualified after the on-site evaluation will be considered for placement in the MP Program. The final step will be matching the new protégé with a mentor from Associated General Contractors.
- Mr. Schalin reported that the preliminary numbers indicate that the assistance provided by the SDCOC has resulted in \$36 million in government contracts.
- Mr. Rick Hernandez of San Diego Gas and Electric (SDG&E) distributed the new "Guide to Services for Your Small Business." The guide provides information on energy programs and services provided by SDG&E.

Development Services Department (DSD) Report: Ron Halbritter, DSD

- The Newsrack Ordinance will be heard by the City Council on January 30, 2007.

Economic Development Division (EDD) Report: Scott Kessler, EDD

- Both EDD and the Redevelopment Agency will be moving out of the Comerica Bank Building (600 B Street) and moving into the City Administration Building at 202 C Street in April or May. (Note: EDD and the Redevelopment Agency are now moving into the 14th floor of the Civic Center Plaza Building at 1200 Third Avenue, instead of the City Administration Building.)

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

- Mr. Simon deferred to Ms. Diana Spyridonidis, CEO of the BID Council to provide the report. Ms. Spyridonidis reported that December Nights was very successful, noting that Mr. Simon provided a great deal of assistance at the event. Approximately 300,000 people attended the event, which is 50,000 more than the previous year.
- Introduced Mr. Ralph Achenbach as the new Program Manager whom will be responsible for working on the Micro Districts Program. Mr. Achenbach formerly worked for the International Refugee Committee (IRC). Ms. Marissa Smith is their new Intern and she will be assisting the BID Council on policy issues.
- Participating in the "Green Business Program" to reduce pollution and increase energy and water conservation.

- The Americans with Disabilities Act subcommittee has started up again. A workshop will be held on February 27 in City Heights.

Update on the Annual Community Outreach Meeting: Steve Bal, Economic Development Division

- The Annual Community Outreach Meeting will be held on March 1, 2007 at the Mira Mesa Branch Library, located at 8405 New Salem Street. (Note: The date has since been changed to Tuesday, April 3, 2007 and will be held from 2:00 to 4:00 p.m.)
- The keynote speaker is Mr. Marney Cox, Chief Economist at the San Diego Association of Governments (SANDAG). (Note: Due to a cancellation by the keynote speaker, the meeting will have guest panelists to address small business opportunities and provide helpful information.)

Digital Inclusion Broadband Access Needs: Martha Dennis, Chair, Science and Technology Commission

- Ms. Dennis reported that the City’s Science and Technology Commission advises the Mayor and Council on policy issues relating to science and technology matters.
- Their most active role has been convening various groups around science and technology issues that are of interest to the betterment of the City. One of the groups formed was the Digital Inclusion Working Group (DIWG) to address the digital divide in San Diego. The DIWG was comprised of several City departments and external organizations, including the Regional Technology Alliance, San Diego Futures Foundation, Waitt Family Foundation, Classroom of the Future Foundation. During the tenure of the DIWG, there was interaction amongst organizations that had never previously communicated, although they had a common goal to address the digital inclusion issue.
- The DIWG agreed to recommend a study of the status of digital inclusion in San Diego and the economic impact of not addressing digital inclusion. The Science and Technology Commission selected the Regional Technology Alliance to conduct the study. The results of the Citywide study determined that Council Districts 4 and 8 were challenged in terms of accessing technology. Ms. Toni Dillon of EDD stated that all of the studies may be found through the following web link: <http://www.sandiego.gov/science-tech/documents/documents.shtml>
- The second and most recent group is the Public Broadband Access Working Group (PBAWG), which was formed to address the implementation and benefits of ubiquitous broadband access. The group was comprised of several City departments and outside organizations, including the University of California, San Diego, SoCal FreeNet (a booster group for creating wireless access in low income communities), and Logic (a company that implements wireless systems). The first meeting was held in February 2006.
- PBAWG has been working closely with Mr. Matt McGarvey, the City’s Chief Information Officer of the Information Technology and Communications Department. He is pursuing an effort within the City to assist municipal employees save money by having more access. The other group members are looking at all the non-City uses for a municipal wireless system.
- The PBAWG has identified six constituent groups that they call customers that might stand to benefit from a municipal wireless system. The groups identified are: city government, low

income residents, students, tourists and visitors, persons with disabilities, and local workers (particularly those in small businesses).

- They have been trying to develop a case for each of the customer groups and discuss the requirements that the customers would make on a wireless system, i.e. what do they have to do and what do they have to provide, specifically to be useful to small business.
- PBAWG is looking to the SBAB to find out what the needs are for small businesses, what benefits wireless access can provide to them, and what requirement is there for a wireless service to be useful to small business (cost, coverage area, quality of service, etc.).
- Ms. Dennis requested that the SBAB send a delegation to their next working group meeting to discuss the issue. The next meeting is scheduled for February 20 at 9:00 a.m. in the 4th floor large conference room.
- Mr. Sims stated that it could be an external standing committee activity or a group could be formed to represent the SBAB. Members of the internal committee are also invited to participate.

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| Economic Development and Tourism Support Program: Luis Ojeda, Economic Development Division |
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- Reported that the Economic Development Division has recently taken over the responsibility of administering the Citywide component of the Transient Occupancy Tax (TOT) Program, in addition to their ongoing administration of the Economic Development and Tourism Support (ED&TS) Program. He noted that the Citywide component previously never had a review panel. Staff has since incorporated the same application and review process to the Citywide Program. Staff has decided to drop the appeals process, noting that last year there were no appeals.
- Applications were mailed out to organizations in January 2007. The application was also available online at the City's website. Outreach efforts included a press release to media organizations, including ethnic based organizations.
- The deadline for application submittal is January 29, 2007.
- Board members that volunteered to serve on the Review Panel are: Mr. Auday Arabo, Ms. Faith Bautista, Mr. Warren Simon, Mr. Rick Sims, and Ms. Chi Tran.
- The Review Panel will have their first meeting on February 12.
- Mr. Arabo expressed concern about the lack of an appeals process and recommended that it remain in place, so organizations have some due process.
- Mr. Sims stated that there needs to be an accountability system developed for this Fiscal Year's program.
- Mr. Sims added that he is interested in the process for the distribution of the funds, once it has been allocated. Mr. Ojeda stated that none of the contracts have been executed as of yet, due to the delay in preparing the agreement template and because of the insurance requirement standards of the City Attorney's Office. As a result no organization has received their allocation

of funds. Mr. Sims observed that this delay will seriously impact the performance objectives of the organizations.

- Ms. Bautista expressed that the delay is really having a serious impact upon the small business non-profit organizations that typically have very small staffs and very limited budgets. Mr. Arabo expressed similar sentiments, adding that it is affecting the integrity of the ED&TS Program. He suggested that the Board invite the appropriate official from the City Attorney's Office to educate them about the impact that the delays are having upon the Program.
- **Mr. Arabo motioned for the SBAB to prepare a letter to the City Attorney's Office, emphasizing the adverse impact that the delays are having on the non-profit organizations and upon the integrity of the ED&TS Program. The letter should also state that it is leaving the agencies with little time to implement the proposed programs/projects and to satisfy performance objectives. The letter will recommend that the insurance documentation be reviewed by the City's Risk Management Department, instead of the City Attorney's Office. Members requested that a copy of the letter also be sent to Mayor Sanders. The motion was voted upon and unanimously approved.**

Public Convenience or Necessity (PCN) Process and Evaluation Criteria: Lt. Carolyn Kendrick and Sgt. Ernie Herbert, San Diego Police Department (SDPD)

- Lt. Kendrick and Sgt. Herbert provided an overview of PCN process and touched upon the Conditional Use Permit (CUP) process. They concentrate on their priorities, which is both a community and a department issue.
- For small businesses that are requesting off-sale liquor licenses, they're required to go through the City's PCN process. For on-sale restaurant businesses, the California Department of Alcoholic Beverage Control is responsible for making the PCN determination.
- The presentation covered: 1.) PCN procedures, 2.) Guidelines for determining PCN, and 3.) The resolution that gives the SDPD the authority to make the PCN determination for off-sale liquor licenses.
- Noted that the Business and Professions Code provides that the ABC "shall deny an application for a license if issuance of that license would tend to create a law enforcement problem, or if issuance would result in, or add to an undue concentration of licenses, except as provided in Section 23958.4 of the Business and Professions Code." Also noted that the ABC "may issue a license if the 'public convenience or necessity' would be served by the issuance of such license".
- The resolution was passed by the City Council in November 2000. DSD made the PCN determination prior to November 2000. It was then shifted to the SDPD, because they felt the SDPD had the resources and ability to work closely with ABC and make a solid decision, based upon the concentration levels, crime factor, and eight (8) other criteria that are in the resolution.
- The SDPD uses static statistics so decisions made throughout this year are based upon a static period of crime statistics and concentration levels from the previous year.
- The Vice Unit will make the recommendation and then give it to the Police Chief's legal advisor for their agreement. They do give a lot of thought to the PCN.

- Sgt. Herbert noted that there is an appeal process if the applicant doesn't like the way the SDPD processed it or doesn't feel it's appropriate.
- The SDPD makes recommendations on a very similar basis to the PCN process to DSD for the CUP process. It is a whole separate process. The factors used in the CUP process are almost exactly similar to the PCN process (crime statistics, concentration levels, etc.).
- Mr. Arabo commented that from the perspective of the small business community, there is an issue with the lack of predictability and he would like to see a formula used for the determination. Sgt. Herbert responded that the City Council drafted the resolution, using subjective language, so common sense would be used in making the decisions, while looking at the factors that apply. Mr. Arabo also commented that there is a lack of fairness, stating that corporate owned stores with greater financial resources usually succeed in going through the process to obtain a license, whereas a mom and pop store with limited resources will have a very difficult time going through the process to obtain their liquor license.
- The ABC, PCN, CUP, and Entertainment permits are all separate. They have one point where they all start with and that is the ABC Business and Professions Code.
- Lt. Kendrick stated that the business owner should educate themselves about the location around them or the area where they plan to have their business, adding that some of the licenses are transferred. Sgt. Hebert stated that business owners may request the statistical information from the SDPD in advance, either in computer or electronic format.
- Mr. Arabo asked how the Board can help in the PCN process, noting that they serve the small business community and also serve in cooperation with the SDPD. Sgt. Hebert responded that the SDPD is participating in a Councilmember Faulconer's Beach Alcohol Task Force, in which the processes for both the PCN and CUP were discussed. There will be recommendations to the City Council to make the process more open. Mr. Broughton stated that there is a perspective about making it a requirement to obtain a CUP for on-sale liquor licenses, which would apply to the restaurants.
- For further information on the City's PCN process, please see the following web link <http://www.sandiego.gov/citycouncil/cd2/news/pdf/pcnprocess.pdf>.

Announcement

- Ms. Bautista inquired if the SBAB meetings could be moved to 8:45 a.m. Staff will send out an email to poll members on whether an 8:45 a.m. meeting time would work better for them.

Meeting Adjournment

- The meeting was adjourned at 10:20 a.m.