



**COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT**

M E M O R A N D U M

DATE: April 30, 2021

TO: Mayor Todd Gloria

FROM: Councilmember Chris Cate, District 6

SUBJECT: Request to Expand the Small Business Enhancement Program and Storefront Improvement Program

With the onset of the COVID-19 pandemic, countless local businesses have had to adapt to numerous changes and regulations due to operating restrictions placed under health mandates. Many of these businesses have had to create new signage, build additional outdoor dining and retail facilities, and make changes to their front facades. The Small Business Enhancement Program (SBEP) invests in our local businesses, recognizing economic, employment, and cultural roles, and improving older neighborhoods and residential areas. One of the programs funded through the SBEP, is the Storefront Improvement Program (SIP) which provides opportunities for businesses to make permanent changes to adapt with the ongoing pandemic. I recommend that the SBEP and SIP program be fully funded this upcoming budget. In addition, the current SIP should be amended to expand the types and locations of businesses that would qualify and include modifications that businesses will need to make to adapt to a post-pandemic economy.

The Small Business Enhancement Program in Council Policy 900-15 was established in 1995, with a General Fund appropriation of \$20 per small business (businesses with 12 or fewer employees). According to a 2019 Independent Budget Analyst (IBA) report, an appropriation of nearly \$2.0 million should be allocated for the current small businesses in the City of San Diego. The FY 2019 and FY 2020 budgets both funded the SBEP at \$1.2 million. The proposed FY 2022 budget currently allocates \$750,000 to the SBEP. It is my recommendation that the budget fund the SBEP to the recommended amount of \$2.0 million in order to better assist our small businesses.

The Storefront Improvement Program established in Council Policy 900-17 has been unfunded for the past fiscal year. In 2018, the SIP paid \$142,643 in incentives, covering \$513,937 in total project costs. Expanding funding for the SIP in the upcoming budget would provide countless businesses an opportunity to make permanent changes to their facilities. In addition, the current SIP could be amended to permanently incorporate business modifications required during the current pandemic.

As the Vice-Chair of the Economic Development & Intergovernmental Relations Committee, I propose the Committee amend the Storefront Improvement Program to assist businesses in need of continuing changes with the times. I have outlined several recommendations below:

- Allow for businesses to use SIP funding to fund outdoor dining or shopping facilities at their premises. It is my recommendation that SIP funding be permitted for facilities, such as outdoor dining decks and patios, outdoor retail facilities, and additional signage. Although current COVID-regulations allow for indoor operations now, there is still an increased demand for outdoor dining and retail facilities, and outdoor facilities have become an essential part of businesses moving forward.
- Allow for non-street facing businesses to apply for the SIP program. Currently, only street facing businesses may apply for SIP funding. Allowing non-street facing businesses to apply for SIP funding would greatly enhance the ability for businesses to attract new customers by redesigning their storefront.
- Allow for businesses to use SIP funding for website improvements (virtual storefront), digital marketing, and outreach. Many businesses have had to switch to take-out only, or reduced hours during the pandemic. Allowing funding to improve websites and online marketing would be beneficial to these businesses for informing prospective customers that they have reopened and to reach a wider audience.
- Recommend streamlining efforts and coordination between the SIP program and the Small Business Revolving Loan Fund. This coordination will assist businesses with upfront capital for facility improvements.

cc: Christina Bibler, Director, Economic Development
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