



FACT SHEET

SMALL BUSINESS POLICY ASSISTANCE PACKAGE

MAY 16, 2011

Background: Small businesses are at the forefront of job creation and economic growth in the City of San Diego. According to the City Treasurer's Office the City of San Diego has over 90,000 small businesses (12 or fewer employees) and they will generate almost \$2 million in business taxes alone this year, not including direct property and sales tax revenue. Quality of life, economic stability, and the ability of the City to function are directly tied to their continued success.

Starting in February of this year, Council President Tony Young partnered with Councilmember Lorie Zapf and the San Diego Regional Chamber of Commerce to assemble a set of small business policy reforms that would demonstrate the new spirit of the City Council and provide concrete steps to promote business expansion and job growth. Councilmember Lorie Zapf had already launched a small business outreach effort driven by the question "What can the City do to help you create one additional job?" That outreach effort was incorporated into this policy discussion to help generate ideas which might be included in the final package.

Council President Pro Tem Kevin Faulconer and Councilmember David Alvarez, two councilmembers who have emphasized job creation and empowering small businesses, joined Young and Zapf to announce the package. "We should be doing everything we can at City Hall to incentivize economic growth in our communities, and that's why I am supporting these changes," Faulconer said.

The result is a broad set of policy reforms that:

1. Support small business and reduce obstacles they often face at City Hall.
2. Reigns in new ordinances and outdated regulations through review and performance measures.
3. Utilizes Business Improvement Districts as policy innovation zones.
4. Provides direct communication to the City Council from businesses that bear the burden of onerous regulations, permitting and fees.

Policy Proposals:

1. Code Compliance Amnesty- This year, for a period of 31 days, allow building code violations to be granted amnesty from penalties provided the permit applicant brings the violations into code within a specific amount of time. The amnesty will be tentatively scheduled for August of 2011. This item will help businesses that are concerned with potential building code violations in their effort to

improve or expand their facility. Chamber members and small businesses during the summits have described scenarios where a budgeted project sometimes doubles or triples in cost because of unknown code violations that become uncovered. This change will save businesses money on projects and incentivize the correction of out of code improvements and business expansion.

2. Small Business Liaison / Code Compliance Representative- Reinstate the Small Business Liaison. As a result of budget cutting efforts, the position of Small Business Liaison never was filled when the previous liaison retired. This position was a vital point of information that saved businesses time and money in dealing with the city. Reinstating the Small Business Liaison/ Code Compliance Representative will help businesses quickly navigate their dealings with the City and save time.

3. Reinstitute Regulatory Relief Days- A full day or evening council session devoted to nothing but business enhancement or regulatory relief policy proposals. Over the summer, this coalition of councilmembers will launch an outreach effort with the San Diego business community to encourage them to develop specific proposals. Tentatively the Council President will schedule the first Regulatory Relief Day for September of 2011.

In the past, the City Council devoted specific sessions to hear the concerns of individuals and businesses about City regulations. When that practice ended, the business community lost an important forum to help the City make its policies more business friendly. Reinstating Regulatory Relief Days will provide opportunities for constructive criticism and reforms to city regulations that will save businesses money.

4. Business Improvement District Enhancement/Small Business Policy Innovation Zones- The Chamber and BID Council will launch an outreach process from May through August to explore ways to enhance BIDs and use them as geographic zones to encourage business development. Potential measures could include smoothing BID creation process, expediting permits within the zone, lifting sign ordinance restrictions within the zone and creating specific programmatic EIRs (or some variation) for the zone. It is our hope that this process will lead to a policy package that will come to the Regulatory Relief Day tentatively scheduled for September of this year.

As San Diego has grown, the ability to incrementally change policies that affect commerce has been reduced. Changes to City policy must now be applied throughout the city even though what works in one area, may not be the best choice in another. Utilizing BIDs to act as pilot project sites for various policy changes makes good sense for the city and for businesses. It reduces the investment required to determine potential effects and unintended consequences for changes. It also provides a proving-ground for things that will benefit the business community city wide.

5. Implement Sunset Clauses in Business Regulations- Create a Council Policy that would require newly adopted city ordinances that impact business to sunset after three or more years unless reviewed and renewed by Council Action. The Council Policy should also encourage the inclusion of performance measurements. The Council will set up a tracking system that either the IBA or Clerk oversees to keep Council and Mayor aware of upcoming sunset clause dates.

This item would require the explicit review and re-authorization on the extension of new regulations. Policies that do not measure-up simply go away.