

(R-99-1200)

RESOLUTION NUMBER R- 291758

ADOPTED ON JUN 0 8 1999

A RESOLUTION ESTABLISHING COUNCIL POLICY NO.  
900-15 REGARDING THE SMALL BUSINESS  
ENHANCEMENT PROGRAM.

WHEREAS, on June 26, 1995, the City Council reduced the Business Tax Certificate fee for businesses with 12 or fewer employees from \$125 to \$34, and established a Small Business Enhancement Program [SBEP] funded by general fund revenues measured by \$20 of every Business Tax Certificate; and

WHEREAS, the purpose of the SBEP was to provide continuing support to small businesses in recognition of their vital economic, employment, service, and cultural roles, and their importance in sustaining and revitalizing older commercial and residential areas; and

WHEREAS, on February 23, 1998, the City Council changed the SBEP appropriation formula, per Resolution No. R-289760, so that the base appropriation now occurs as part of the City's annual budget process which is adjusted to reflect actual revenues collected during the fiscal year, and any unexpended prior year funds are carried forward into the SBEP's next fiscal year budget; and

WHEREAS, for fiscal year 1999, the allocation process was delayed until October because of the need to budget SBEP funds on a line-by-line basis based on the final appropriation which created an unintended hardship on several business organizations because of the delay in funding; and

WHEREAS, in order to avoid a delay in the FY 2000 SBEP allocation process resulting from the modified appropriation formula, and to address the evolving nature of the Program, a City Council Policy has been recommended by the City Manager and the City Council; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that Council Policy No. 900-15 regarding the Small Business Enhancement Program is established as set forth in the Council Policy filed in the Office of the City Clerk as Document No. RR- 291758

BE IT FURTHER RESOLVED, that the City Clerk is instructed to add the aforesaid to the Council Policy Manual.

APPROVED: CASEY GWINN, City Attorney

By Elisa A. Casato for  
Prescilla Dugard  
Deputy City Attorney

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Or.Dept:ED&CS  
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## DRAFT

## CITY COUNCIL POLICY

SUBJECT: SMALL BUSINESS ENHANCEMENT PROGRAM (SBEP)

BACKGROUND:

On June 26, 1995, the City Council reduced the Business Tax Certificate fee for businesses with 12 or fewer employees from \$125 to \$34, and established a Small Business Enhancement Program (SBEP) funded by general fund revenues measured by \$20 of every Business Tax Certificate. The purpose of the SBEP was to provide continuing support to small businesses in recognition of their vital economic, employment, service, and cultural roles, and their importance in sustaining and revitalizing older commercial and residential areas. Administered by the Economic Development Division's Office of Small Business, SBEP has significantly enhanced the City's partnership with the Business Improvement Districts (BID's) and the BID Council and with non-profit business assistance organizations, and has provided a broad range of direct assistance programs for San Diego's 50,000-plus small businesses.

SBEP has been administered since its adoption with the program components described in Manager's Report No. 95-239 (Direct Assistance, Neighborhood Business Development, Advocacy and Regulatory Relief, Procurement and Bonding Assistance for Small Contractors, and Outreach and Marketing). However, SBEP funded activities have evolved over time.

Unlike the City's appropriation process for most other parts of the General Fund, the SBEP appropriation process includes a base appropriation determined as part of the City's annual budget process, with the final appropriation adjusted to reflect actual revenues collected during the fiscal year, and with any unexpended prior year funds carried forward into the SBEP's next fiscal year budget.

PURPOSE:

The purpose of this Policy is to avoid delays in the SBEP allocation process resulting from SBEP's unique appropriation formula, and to provide for accountability, efficiency, and flexibility in the administration of the Program.

POLICY:

It shall be the policy of the City Council to ensure that the Small Business Enhancement Program is administered in an efficient and flexible yet accountable manner through the following operational guidelines.

DOCUMENT NO. RR-291758

FILED JUN 08 1999

OFFICE OF THE CITY CLERK  
SAN DIEGO, CALIFORNIA

R 291758

### **1.) Allocation Formula**

City-wide business assistance programs - 50%  
Storefront Improvement Program - 24%  
Ombuds Service - 6%  
Business Outreach and Marketing - 6%  
Infrastructure Impact Program - 3%  
Capacity Building Grants - 9%  
Contingency - 2%

Business Improvement District programs - 50%

BID Support - 24%  
BID Council - 12%  
Main Street BIDs - 6%  
Capacity Building Grants - 6%  
Contingency - 2%

### **2.) Accountability and Flexibility**

To ensure program accountability, to accommodate unanticipated needs, and to provide some flexibility, the following procedures shall be followed:

- a.) Each program and project must provide an annual report on its outcomes. The city-wide programs should report to the Small business Advisory Board and BID programs should report to the BID Council. Copies of the reports and endorsement of the results by the reviewing entity would be a condition of each program's and project's continued funding.
- b.) Funding in the "capacity building" lines for both city-wide and BID programs should be made based on competitive, but simple, applications submitted to and reviewed by the Small Business Advisory Board and the BID Council, respectively.
- c.) Authority to expend from the contingency fund shall be exercised by the Small Business Advisory Board for City-wide programs and by the BID Council for BID programs. If the contingency fund is not tapped, it will carry forward into the next year's SBEP fund.
- d.) The Small Business Advisory Board and the BID Council shall make recommendations to the Mayor and City Council from time to time regarding any changes in the SBEP allocation formula based on changing needs. The allocation formula shall sunset of its own accord in five years from its adoption, unless modified or expressly extended by the Mayor and Council, based on those recommendations.

### **3.) BID Administrative Responsibilities**

The City shall maintain oversight of SBEP funds so that the funds are used consistent

with City policies. However, certain functions can be administratively delegated to the BID Council, such as reviewing program and project reports, administering the competitive application process for capacity building grants, and processing contract paperwork (up to the point of verifying eligibility for funding and initiating payment, which must be performed by City staff).

HISTORY:

Manager's Report No. 95-239 (October 5, 1995)

Resolution R-286636 (November 27, 1995)

Resolution R-289760 (February 23, 1998)

Manager's Report No. 98-191 (September 30, 1998)