

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) N/A
--------------------------------------------------------	-----------------------------------------------------------

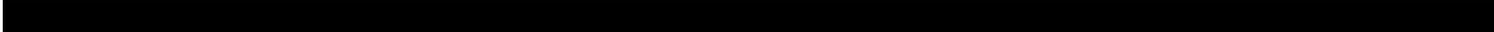
TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): CDBG/Economic Development	DATE: 10/28/2013
---------------------	-------------------------------------------------------------	---------------------

SUBJECT: Council Policy 900-15 - Small Business Enhancement Program (SBEP) Revision

PRIMARY CONTACT (NAME, PHONE): Elizabeth Studebaker, (619)533-4561 MS 56D	SECONDARY CONTACT (NAME, PHONE): Meredith Dibden-Brown, (619)236-6485 MS 56D
------------------------------------------------------------------------------	---------------------------------------------------------------------------------

COMPLETE FOR ACCOUNTING PURPOSES

FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00



FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE):

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Comptroller	ORIG DEPT.	Tomlinson, Tom	10/29/2013
Liaison Office	CFO		
Financial Management	DEPUTY CHIEF		
	COO		
	CITY ATTORNEY		
	COUNCIL PRESIDENTS OFFICE		

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

To approve the amendments to Council Policy 900-15 (Small Business Enhancement Program)

STAFF RECOMMENDATIONS:
Approve the requested action

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):	Citywide
COMMUNITY AREA(S):	All
ENVIRONMENTAL IMPACT:	This activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, and is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(2).
CITY CLERK INSTRUCTIONS:	

**COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 10/28/2013

ORIGINATING DEPARTMENT: CDBG/Economic Development

SUBJECT: Council Policy 900-15 - Small Business Enhancement Program (SBEP) Revision

COUNCIL DISTRICT(S): Citywide

CONTACT/PHONE NUMBER: Elizabeth Studebaker/(619)533-4561 MS 56D

DESCRIPTIVE SUMMARY OF ITEM:

To approve revisions to Council Policy 900-15 (Small Business Enhancement Program).

STAFF RECOMMENDATION:

Approve the requested action

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

In 1995, the City Council established a Small Business Enhancement Program (SBEP) with an annual General Fund appropriation equivalent to \$20 per small business registered with the City. The purpose of the SBEP was to provide support to small businesses in recognition of their vital economic, employment, service, and cultural roles, and their importance in revitalizing older commercial and residential areas. In 1999, the City Council established Council Policy 900-15 (Small Business Enhancement Program) to clarify SBEP's annual appropriation formula and to provide for accountability and efficiency in the administration of the program.

SBEP funded small business programs have evolved since the policy, new needs have been identified, and new business and property-based district structures are emerging. During the City's Fiscal Year 2014 budget process, Mayor Filner moved SBEP administration duties in-house to the Economic Development Department (from the Business Improvement District Council (BIDC) in an attempt to:

- Increase direct involvement between the city and Business Improvement Districts (BIDs), Micro-districts, and small businesses,
- Increase annual SBEP budget for greater flexibility in small business programs, business district support, and Micro-district growth,
- Develop more aggressive programs to assist small businesses citywide,
- Identify programs that can be administered by the BIDC and the BID Foundation (BIDF) when appropriate,
- Streamline communication between BIDs and city departments through creation of a Business Improvement District Advocate (BID Advocate) position in the Economic Development Department, whose duties include, but are not limited to:

*Liaison between BIDs / Maintenance Assessment District (MAD)s and the City of San Diego,

*Provide policy direction on BID Management Grants, City Fees and Services Offset, Micro-district grant program, and Technical Assistance support to BIDs and Micro-districts,

*Assist BIDs with permit process for public improvements,

- *Work with city departments on policy & ordinance development in areas that impact BIDs (i.e. PROW, parking management, sidewalk cafés, sign ordinance, banner districts, food trucks, parklets),

- *Work with partner cities to identify new programs that will benefit small business,

- *Coordinate professional development opportunities for BID Staff and Board Members, such as industry conferences, Brown Act, financial management, and Proposition 26 and Proposition 218 issues.

- *Site visits to BID offices to evaluate progress and discuss strategic planning,

- *BID liaison to City Council Offices, Mayor's Office, and other elected officials, and

- *BID liaison to local government, business, civic, and professional groups

DISCUSSION

Council Policy 900-15 was last updated in 2008 and is scheduled to sunset on November 13, 2013. Since 2008, BID program management was brought into the Economic Development Division resulting in changes to the overall program. As such, a revised policy (Attachment A) is proposed which incorporates the newly adopted management practices and is consistent with present day programming. Such programming is focused on improving the city's direct service to BIDs, Micro-districts, and small business.

Additionally, the proposed policy revisions provide flexibility to fund projects and programs depending on the needs at any given time. They also allow the city to contract with community partner organizations, as appropriate, to administer programs. Finally, the revised policy provides City Council the ability to determine how funds will be spent during the annual budget process each year. As a result, annual SBEP allocations can be adapted to address the needs of BIDs and small business in a timely manner. With a more flexible annual SBEP budget process, staff can work on new program development, invest additional funds in existing programs, and work more closely with BIDs. Examples of new and innovative concepts are listed below. The proposed policy would allow staff to further explore these concepts and incorporate them into future budgets if desired by Council.

Revolving Loan Fund

One factor inhibiting commercial districts from achieving results is when a local BID or MAD does not have adequate funds to execute visible programs in their district. To assist these groups with advancements, staff would like to explore creation of a Revolving Loan Fund to be used for new district formation and renewal of existing districts to improve structure and/or budget.

New Community Partnerships and Programs

In order for the Economic Development Department to play a more visible and supportive role in the small business community, new community partnerships and programs will be developed with groups such as the San Diego Regional Economic Development Corporation, San Diego Regional Chamber of Commerce, National League of Cities, and California Main Street Association. Such new programs could include Business Walks, Continued Education, etc.

FISCAL CONSIDERATIONS:

Funding under the current policy is based on 80,000 registered small businesses within the City; however, research indicates that the number has increased to 90,000 in the last 5 years (since this

policy was last renewed). The new policy removes that cap, and instead ties the annual SBEP budget to the actual number of small business licenses for the previous fiscal year. Based on initial research an approximate one-time increase of \$200,000 in Fiscal Year 2015 is anticipated and is attributed to right-sizing the program. However, the on-going revenue increase is anticipated to be slight and gradual, consistent with small business licensure activity. The additional revenue to SBEP will ensure adequate staffing levels for distribution of information, delivery of direct services, contract administration, and new program creation & oversight.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

City Council established the Small Business Enhancement Program (SBEP) in 1995 and formalized it with the creation of Council Policy 900-15 adopted June 8, 1999 by resolution R-291758 and then amended the policy by Resolution R-304314 on November 13, 2008.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Staff has discussed proposed changes to Council Policy 900-15 with BIDs, emailed draft revisions to every BID organization on September 25, 2013, made presentations and addressed questions at the Business Improvement District Council Board of Directors on July 25, August 22, September 26, and October 24, and held a special meeting with BID Executive Directors on September 19, 2013.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Changes are proposed to benefit small business in the City of San Diego and to further the economic neighborhoods.

Tomlinson, Tom

Originating Department

Deputy Chief/Chief Operating Officer

DRAFT 2 - REVISIONS 2013

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

SUBJECT: SMALL BUSINESS ENHANCEMENT PROGRAM (SBEP)
POLICY NO.: 900-15
EFFECTIVE DATE:

BACKGROUND:

In 1995, the City Council established the Small Business Enhancement Program (SBEP) with an annual General Fund appropriation equivalent to \$20 per small business (businesses with 12 or fewer employees) registered with the City. The purpose of the SBEP ~~was is~~ 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 ~~neighborhoods~~ and ~~adjoining~~ 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~~) ~~associations, and the BID Council and with~~ strengthened the network of non-profit business assistance organizations, and has provided a broad range of direct assistance programs for San Diego's ~~80,000 plus~~ small businesses.

~~Since inception, the SBEP has provided funding and services to enhance commercial neighborhood revitalization, promote individual business success, and strengthen the network of non-profit small business service providers. However, SBEP funded activities evolve over time and new needs are identified.~~

PURPOSE:

The purpose of this Policy is to ~~provide for reinvestment of general fund revenue generated by local small business activity to support and further develop San Diego's small businesses, enhance commercial neighborhoods, and partner with non-profits in these efforts. This policy includes generally identify funding guidelines to facilitate flexible budgeting and expenditure processes, avoid delays in the SBEP allocation process resulting from SBEP's unique appropriation methodology, and to provide for accountability, efficiency, and flexibility in the administration of the Program.~~ The ~~allocation-funding~~ guidelines are ~~not~~ intended to ~~support restrict~~ new program development or innovation within the prescribed categories ~~along with support for existing relevant programs so as to if such enhancements would~~ provide greater benefit to the small business community.

POLICY:

It shall be the policy of the City ~~Council~~, as part of the ~~City's~~ annual budget ~~process~~, to provide and appropriate funds for a specific staffing commitment, and to appropriate a specific dollar amount, for SBEP. The appropriation ~~amount and staffing commitment~~ shall be ~~fixed, based on a realistic estimate of the number of small businesses that will register with the City over the course of the ensuing fiscal year based on the number of registered (small) businesses from the preceding fiscal year preceding the budget development fiscal year so that the overall budgeted~~

DRAFT 2 - REVISIONS 2013

~~SBEP allocation stays consistent with the growing number of businesses to be served but does not fall below the historic baseline of \$1.6 million-. The appropriation shall not be adjusted at year end but Any unused funds shall be carried forward to the following fiscal year for SBEP. However, should the number of small business registering with the City increase significantly then the annual commitment of staff services and funding shall be re-evaluated by the Small Business Advisory Board in conjunction with City staff. If the number of small businesses registering with the City on an annual basis falls below 80,000 then the annual appropriation shall be reduced accordingly. Specifically, the following amounts for categories within SBEP and staff support shall be allocated (subject to a minimum number of 80,000 small businesses registering with the City annually):~~

~~Funding shall be provided for Citywide programs and for Business District programs. The types of uses for these funds include but are not limited to the following:~~

~~1.) Allocation Guidelines~~

~~1.) Funding shall be provided for Citywide programs and for Business District programs. The types of uses for these funds include but are not limited to the following:~~

Citywide Business Assistance Staffing	\$	
Storefront Improvement Program- Incentives and Design Services	\$220,000	
Staff Support (OSB)	1.0 FTE	
Services, and Information, and Projects	\$25,000	
Staff Support (OSB)	2.5 FTE	
Citywide Small Business Enhancement Grants	\$120,000	
Small and Disadvantaged Public Sector Contracting Business Development Projects	\$100,000	
Totals	3.5 FTE*	\$465,000

~~* Estimated FY2009 Staffing Cost \$335,000~~

Business Districts (Funds Disbursed by City)	\$
City Fees and Services Offset	\$170,000
BID Management Support	\$315,000
Total	\$485,000

Business Districts (BID Council)	\$
BIDC Program Support and Operations	\$185,000
Micro-Districts and Commercial Neighborhoods (Grants/In-kind Services)	\$75,000
Technical Assistance	
Non-profit, Board, and Staff Development	
Formation Fund (Revolving)	\$55,000
Total	\$315,000

~~2.) Implementation, Accountability, and Reporting and Flexibility~~

~~To ensure program accountability, to accommodate unanticipated varying needs from year to year, and to provide some flexibility, the following procedures shall be followed/ utilized:~~

DRAFT 2 - REVISIONS 2013

- a.) ~~a.)~~ — Proposed uses for the fiscal year may be provided to the relevant Council Committee (presently the Budget & Finance Committee) as part of the Department's budget presentation each year.
- b.) ~~Each program and project must provide an annual report on its outcomes.~~ Actual expenditures and reported outcomes by recipients shall be included in a memorandum provided to the relevant Council Committee within 150 days of fiscal year end.
- c.) Staff support needed for program implementation is to be budgeted at a minimum of 4.5 FTE and may be adjusted annually as needed.
- a.) ~~The City wide programs shall report to the Small Business Advisory Board and BID programs shall report to the BID Council.~~
- b.)
- e.) ~~d.)~~ b.) — Funding in the Citywide Small Business Enhancement ~~for Grants grants~~ line shall be made based on a competitive, but simple, applications submitted to process. Staff shall seek input from and reviewed by volunteer panelists from relevant boards or organizations on the competitive funding requests as applications as appropriate. Recommended funding amounts shall be determined by City staff based on the process and available funds subject to approval by the Mayor or designee. ~~the Small Business Advisory Board.~~
- d.)
- e.) ~~e.)~~ — Funding in the Micro-Districts and Commercial Neighborhoods lines shall be made based on competitive, but simple, applications submitted to and reviewed by the BID Council.
- f.)
- g.) ~~d.)~~ — ~~Allocations~~ Recommended funding methodologies for allocations between organizations for BID Management Support and City Fees and Services Offset (starting with FY2010) shall be determined by the BID Council and such determinations shall be communicated in writing to the City to non-profit business associations under contract with the City to manage the Business Improvement Districts may be based on the consensus of a majority of these non-profits.
- h.) ~~e.)~~
- i.) ~~e.)~~ — ~~The Small Business Advisory Board and the BID Council may make recommendations to the Mayor and City Council from time to time regarding any changes in the SBEP allocation guidelines based on changing needs. Recommended funding methodologies for~~ The allocations guidelines shall sunset to non-profit business associations under contract with the City to manage the Business Improvement Districts may be based on the consensus of a majority of these non-profits in five years from adoption, unless modified or expressly extended by the Mayor and Council, based on those recommendations.
- j.) ~~f.)~~ The allocation guidelines shall sunset in five years from adoption, unless modified or expressly extended by the Mayor and Council

3.) BID Administrative Responsibilities

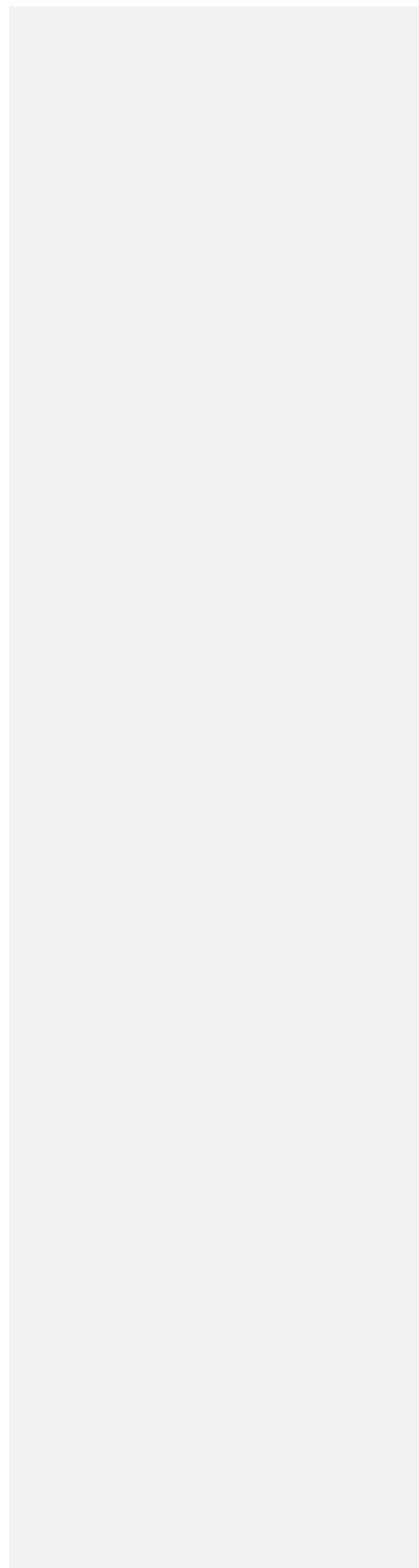
~~The City shall maintain oversight of SBEP funds so that the funds are used consistent with City policies.~~

Formatted: Bullets and Numbering

HISTORY:

Adopted by Resolution R-291758 06/08/1999
Amended by Resolution R-304314 11/13/2008

DRAFT Aug 7, 2013



CITY OF SAN DIEGO, CALIFORNIA

COUNCIL POLICY

SUBJECT: SMALL BUSINESS ENHANCEMENT PROGRAM (SBEP)
POLICY NO.: 900-15
EFFECTIVE DATE:

BACKGROUND:

In 1995, the City Council established the Small Business Enhancement Program (SBEP) with an annual General Fund appropriation equivalent to \$20 per small business (businesses with 12 or fewer employees) registered with the City. The purpose of the SBEP is 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 neighborhoods and adjoining 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 District (BID) associations, strengthened the network of non-profit business assistance organizations, and has provided a broad range of direct assistance programs for San Diego's small businesses.

PURPOSE:

The purpose of this Policy is to provide for reinvestment of general fund revenue generated by local small business activity to support and further develop San Diego's small businesses, enhance commercial neighborhoods, and partner with non-profits in these efforts. This policy includes funding guidelines to facilitate flexible budgeting and expenditure processes. The funding guidelines are intended to support new program development or innovation within the prescribed categories along with support for existing relevant programs so as to provide greater benefit to the small business community.

POLICY:

It shall be the policy of the City, as part of the annual budget process to provide and appropriate funds for a specific staffing commitment and to appropriate a specific dollar amount for SBEP. The appropriation amount shall be based on the number of registered (small) businesses from the fiscal year preceding the budget development fiscal year so that the overall budgeted SBEP allocation stays consistent with the growing number of businesses to be served but does not fall below the historic baseline level of \$1.6 million. Any unused funds shall be carried forward to the following fiscal year for SBEP.

1.) Funding shall be provided for City-wide programs and for Business District (commercial neighborhood) programs. The types of uses for these funds include but are not limited to the following:

Citywide

- Storefront Improvement Program- Incentives and Design Services
- Services, Information, and Projects
- Citywide Small Business Enhancement Grants

Public Sector Contracting Business Development

Business Districts

City Fees and Services Offset
BID Management Support
Micro-Districts and Commercial Neighborhoods Grants/In-kind Services
Technical Assistance
Non-profit, Board, and Staff Training and Development
Formation Fund (Revolving)

2.) Implementation, Accountability and Reporting

To ensure program accountability, to accommodate varying needs from year to year, and to provide some flexibility, the following procedures shall be utilized:

- a.) Proposed uses for the fiscal year may be provided to the relevant Council Committee (presently the Budget & Finance Committee) as part of the Department's budget presentation each year.
- b.) Actual expenditures and reported outcomes by recipients shall be included in a memorandum provided to the relevant Council Committee within 150 days of fiscal year end.
- c.) Staff support needed for program implementation is to be budgeted at a minimum of 4.5 FTE and may be adjusted annually as needed.
- d.) Funding for Grants shall be made based on a competitive process. Staff shall seek input from volunteer panelists from relevant boards or organizations on the competitive funding requests as appropriate. Recommended funding amounts shall be determined by City staff based on the process and available funds subject to approval by the Mayor or designee.
- e.) Recommended funding methodologies for allocations to non-profit business associations under contract with the City to manage the Business Improvement Districts may be based on the consensus of a majority of these non-profits.
- f.) The allocation guidelines shall sunset in five years from adoption, unless modified or expressly extended by the Mayor and Council.

HISTORY:

Adopted by Resolution R-291758 06/08/1999
Amended by Resolution R-304314 11/13/2008