

May 14, 2018

Honorable Malia Cohen  
Chair, Budget and Finance Committee  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244  
San Francisco, CA 94102

Subject: Request for the Release of Reserve Funds for the Legacy Business Program

Dear Supervisor Cohen:

The Office of Small Business in the Office of Economic and Workforce Development respectfully requests that the Budget and Finance Committee release the \$306,250 placed on the General Fund Reserve per Ordinance No. 16026 (File No. 160152; Enactment No. 0070-16) in FY 2015-16 for grants and related administrative costs for the Legacy Business Registry and Historic Preservation Fund.

The Uses Appropriation indicated in the \$306,250 Reserve are \$281,250 for City Grant Programs and \$25,000 for Other Professional Services. Specifically, the Reserve will be used to fund \$281,250 for Rent Stabilization Grants and \$25,000 for website construction in FY 2017-18.

The purpose of the Legacy Business Registry (“Registry”) is to recognize that longstanding, community-serving businesses can be valuable cultural assets to the city. Businesses on the Registry (i.e., Legacy Businesses) are eligible to participate in the Legacy Business Historic Preservation Fund, which includes Business Assistance Grants for Legacy Businesses and Rent Stabilization Grants to landlords of Legacy Businesses. In addition, the City intends that the Registry be a tool for providing educational and promotional assistance to Legacy Businesses to encourage their continued viability and success. The construction of a robust, comprehensive website is a critical component for providing assistance to Legacy Businesses.

#### RENT STABILIZATION GRANTS

The Reserve will be used to fund a \$281,250 shortfall for Rent Stabilization Grants in FY 2017-18. Rent Stabilization Grants are annual grants awarded to landlords that enter into agreements with Legacy Businesses to lease real property in San Francisco for a term of at least 10 years or to extend the terms of the Legacy Businesses’ existing leases to at least 10 years. Grants equal \$4.50 per square foot, plus a biennial Consumer Price Index adjustment, up to a maximum of 5,000 square feet per location. Administrative Code Section 2A.243(c)(1) allows a provision in the leases making the leases, or any portion thereof, contingent upon the landlord receiving the full grant amount from the City. If Rent Stabilization Grants are not fully funded, Legacy Businesses may be at greater risk for displacement. The Reserve release will enable Rent Stabilization Grants to be fully funded in FY 2017-18.



## WEBSITE CONSTRUCTION

The Reserve will be used to fund \$25,000 for website construction in FY 2017-18. The Office of Small Business is currently in contract with Osaki Creative Group, a third party marketing firm, to help elevate the Legacy Business Program through a marketing and branding strategy. The development of the Legacy Business Program's website will be a crucial element for carrying out the program's strategy by accomplishing the following:

- Clearly communicate the importance of Legacy Businesses to San Francisco, its communities and its visitors.
- Make it easy for the public, including tourists, press, residents, and other businesses to learn about the Legacy Business Program and its core functions.
- Serve as a promotional tool for existing Legacy Businesses.
- Increase visibility of the Legacy Business Program.
- Serve as an example for other local and state governments and agencies to promote and support small businesses.

Although Osaki Creative Group will provide the design of the website, there is a budget shortfall of \$25,000 for the construction of the website. Without funding, the City will not be able to provide educational and promotional assistance to Legacy Businesses to the greatest extent possible to encourage their continued viability and success. The Reserve release will fully fund construction of the Legacy Business Program website in FY 2017-18.

Releasing the \$306,250 in General Fund Reserve will allow the Office of Economic and Workforce Development to fully fund Rent Stabilization Grants and website construction costs for the Legacy Business Program in FY 2017-18.

Thank you for your consideration.

Sincerely,



Regina Dick-Endrizzi  
Director, Office of Small Business  
Office of Economic and Workforce Development

