

**CITY AND COUNTY OF SAN FRANCISCO**  
**BOARD OF SUPERVISORS**  
**BUDGET AND LEGISLATIVE ANALYST**

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June 11, 2018

**TO:** Budget and Finance Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** June 15, 2018 Special Budget and Finance Committee Meeting

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<b>Item 5</b> <b>File 18-0500</b>	<b>Department:</b> Office of Economic Workforce Development (OEWD)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The requested hearing is for the release of \$306,250 placed on Budget and Finance Committee reserve for grants and related administrative costs for the Office of Economic and Workforce Development's (OEWD) Legacy Business Registry and Historic Preservation Fund.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The purpose of the Legacy Business Program is to recognize longstanding businesses that serve as cultural assets to the City. To qualify, a business must have been operating at least 30 years, contribute to the identity of its neighborhood, and stay true to the characteristics that define it. OEWD's Office of Small Business provides both Business Assistance Grants to Legacy Businesses and Rent Stabilization Grants to landlords of Legacy Businesses. In April 2016, the Board of Supervisors appropriated \$306,250 from to the Legacy Business Registry and Historic Preservation Fund (File 16-0152), placing these funds on Budget and Finance Committee reserve.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The \$306,250 would fund website development (\$25,000) and Rent Stabilization Grants (\$281,250) to eligible businesses. Total Business Assistance and Rent Stabilization Grant expenditures in FY 2017-18 are estimated to be \$1,116,760, including the \$281,250 on Budget and Finance reserve.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the release of \$306,250 on Budget and Finance Committee reserve.</li> </ul>	

## MANDATE STATEMENT

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval.

## BACKGROUND

In April 2016, the Board of Supervisors approved an ordinance appropriating \$306,250 from the General Reserve for the Office of Economic and Workforce Development's (OEWD) Legacy Business Registry and Historic Preservation Fund (File 16-0152), placing these funds on Budget and Finance Committee reserve.

The purpose of the Legacy Business Program is to recognize longstanding businesses that serve as cultural assets to the City. To qualify, a business must have been operating at least 30 years, contribute to the identity of its neighborhood, and stay true to the characteristics that define it. OEWD's Office of Small Business provides both Business Assistance Grants to Legacy Businesses and Rent Stabilization Grants to landlords of Legacy Businesses.

## DETAILS OF PROPOSED LEGISLATION

The requested hearing would release \$306,250 from Budget and Finance Committee reserve for the Legacy Business Registry and Historic Preservation Fund. The reserve would be used to fund \$281,250 for Rent Stabilization Grants and \$25,000 for website construction.

### **Grants to Community Based Organizations to Assist Legacy Businesses**

Rent Stabilization Grants are awarded to landlords of Legacy Businesses that enter into leases for at least 10-year terms or extend lease terms to at least 10 years, as an incentive to retain Legacy Business tenants. Grants are provided in the amount of \$4.50 per square foot per year up to 5,000 square feet per location. According to Ms. Regina Dick-Endrizzi of the Office of Small Business, there were 14 leases in the program through March 2018, and approximately one additional Legacy Business seeks rent stabilization each month. The requested release of \$281,250 in reserves would be used to fund Rent Stabilization Grants in FY 2017-18.

### **Website Construction**

The Office of Small Business is currently contracting with Osaki Creative Group to develop a marketing and branding strategy for the Legacy Business Program, including design of a new website. According to Ms. Dick-Endrizzi, the marketing and branding aspects of the contract, including creation of a new logo, are near completion. The requested release of \$25,000 in reserves would fund the completion of the new website and not require requesting additional funds or 18/19.

**FISCAL IMPACT**

The total amount requested by OEWD to be released from reserves is \$306,250. This appropriation was included in the FY 2017-18 budget. The cost breakdown of the use of funds is shown in Table 1 below.

**Table 1: Cost Breakdown of OEWD Release of Reserves**

<b>Uses</b>	<b>Amount</b>
Rent Stabilization Grants	\$281,250
Website Construction	25,000
<b>Total</b>	<b>\$306,250</b>

In total, OEWD projects expenditures of \$1,116,670 on Business Assistance Grants and Rent Stabilization Grants, including the requested funds of \$281,250, for eligible legacy businesses, as shown in Table 2 below.

**Table 2: Sources and Uses of FY 2017-18 Business Assistance and Rent Stabilization Grants**

<b>Sources</b>	
FY 2016-17 Carryforward	\$585,420
FY 2017-18 Appropriation	250,000
Budget and Finance Committee Reserve	281,250
<b>Total Sources</b>	<b>\$1,116,670</b>
<b>Uses</b>	
Business Assistance Grants	\$625,321
Vendor Fees	1,500
FY 2017-18 Rent Stabilization Grants	425,745
New Rent Stabilization Grants Submitted After June 8, 2018	64,104
<b>Total Uses</b>	<b>\$1,116,670</b>

**RECOMMENDATION**

Approve the release of \$306,250 on Budget and Finance Committee reserve.