

1 [Administrative Code - Exempting Legacy Business Assistance Program from City Grant
Requirements]

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3 **Ordinance amending the Administrative Code to exempt the Legacy Business**
4 **Assistance Program from the grantmaking requirements under Administrative Code,**
5 **Chapter 21G, and all other provisions in the Administrative, Labor and Employment,**
6 **Environment, and Police Codes imposing obligations or other restrictions on**
7 **contractors.**

8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.
10 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
11 **Board amendment additions** are in double-underlined Arial font.
12 **Board amendment deletions** are in ~~strikethrough Arial font~~.
13 **Asterisks (* * * *)** indicate the omission of unchanged Code
14 subsections or parts of tables.

12

13 Be it ordained by the People of the City and County of San Francisco:

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15 Section 1. General Background and Findings.

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17 (a) In March 2015, with the enactment of Ordinance No. 29-15, the City created the
18 Legacy Business Registry (“Registry”) to recognize longstanding, community-serving
19 businesses as valuable cultural assets of the City. The Registry provides educational and
20 promotional assistance to Legacy Businesses to encourage their continued viability and
21 success. The Registry is codified in Administrative Code Section 2A.242.

22

23 (b) In order to be listed in the Registry, a business must undergo a multi-step review
24 process. First, to qualify for the Registry, a business must generally have operated in San
25 Francisco for 30 or more years with little or no break, have contributed to its neighborhood’s
history and/or particular identity, and be committed to maintaining the physical features or
traditions that define its business, including craft, culinary, or art forms. Second, a qualified

1 business must complete a written application expressing its interest in the Registry. Third, a
2 member of the Board of Supervisors or the Mayor must nominate the business for inclusion in
3 the Registry. Once nominated, the Historic Preservation Commission can consider
4 recommending the business to the Registry. Finally, the Small Business Commission must
5 approve the business as a “Legacy Business” and its inclusion in the Registry.

6 (c) In March 2024, with the enactment of Ordinance No. 65-24, the City created the
7 Legacy Business Assistance Program, codified in Administrative Code Section 2A.246, to
8 provide grants and financial assistance, among other assistance, to Legacy Businesses and
9 landlords of Legacy Businesses. No Legacy Business or landlord of a Legacy Business that
10 applies and qualifies for a grant under the Legacy Business Assistance Program is denied a
11 grant, as long as the Legacy Business Assistance Program Fund created by Administrative
12 Code Section 2A.246 has sufficient funds.

13 (d) Grants and financial assistance to Legacy Businesses and landlords of Legacy
14 Businesses pursuant to Administrative Code Section 2A.246 are “grants” as defined in
15 Chapter 21G of the Administrative Code (“Chapter 21G”).

16 (e) Chapter 21G sets a variety of requirements that departments must meet in order to
17 award funds to an entity in furtherance of a public purpose. For example, Chapter 21G
18 requires departments to award all grants through an open and competitive process. The
19 competitive solicitation requirements under Chapter 21G are necessary to ensure fairness,
20 transparency, and efficiency in the City’s grantmaking process and to guard against
21 favoritism, collusion, and corruption.

22 (f) The Legacy Business Assistance Program is structured differently than most other
23 City grant programs. Unlike other City grants where multiple entities may be bidding for one
24 grant, the Legacy Business Assistance Program provides grants and financial services to all
25 Legacy Businesses and their landlords who apply and qualify for the grant, as long as there

1 are sufficient funds. Further, there are several layers of review by different City entities
2 between when a business expresses interest in becoming a Legacy Business and when the
3 Office of Small Business awards a grant to a Legacy Business or landlord of a Legacy
4 Business. Due to these differences in how the Legacy Business Assistance Program works,
5 the requirements under Chapter 21G, including the competitive solicitation and written grant
6 agreement requirements, are inapposite; either unnecessary or impractical, or both.

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8 Section 2. The Administrative Code is hereby amended by revising Section 2A.246 (in
9 Chapter 2A) and Section 21G.2 (in Chapter 21G), to read as follows:

10 **SEC. 2A.246. LEGACY BUSINESS ASSISTANCE PROGRAM.**

11 * * * *

12 (d) **Operation of the Program.**

13 (1) **Grants to Legacy Businesses.** To promote the long-term stability of Legacy
14 Businesses and to help Legacy Businesses remain in San Francisco, the Fund may be used
15 to fund grants to Legacy Businesses, as defined in Section 2A.242, consistent with any rules
16 and regulations approved by the Small Business Commission.

17 (2) **Financial and Business Assistance to Legacy Businesses.** To promote the
18 long-term stability of Legacy Businesses and to help Legacy Businesses remain in San
19 Francisco, the Fund may be used to provide other financial assistance, business assistance,
20 incentives, and programs to Legacy Businesses, consistent with any rules and regulations
21 approved by the Small Business Commission.

22 (3) **Grants to Landlords of Legacy Businesses.** To provide incentives for
23 landlords to enter into long-term leases with Legacy Businesses and secure the future stability
24 of San Francisco's long-operating businesses, the Fund may be used to provide grants to
25 landlords who enter into agreements with Legacy Businesses that lease real property in San

1 Francisco, consistent with any rules and regulations approved by the Small Business
2 Commission.

3 (4) **Financial and Business Assistance to Landlords of Legacy Businesses.**

4 To provide incentives for landlords to enter into long-term leases with Legacy Businesses and
5 secure the future stability of San Francisco’s long-operating businesses, the Fund may be
6 used to provide other financial assistance, business assistance, incentives, and programs to
7 landlords of Legacy Businesses, consistent with any rules and regulations approved by the
8 Small Business Commission.

9 (5) Exemption from Chapter 21G of the Administrative Code and Other Obligations.

10 The Office of Small Business does not need to enter into a contract with Legacy Businesses and/or
11 landlords of Legacy Businesses in order to provide grants or financial assistance pursuant to this
12 Section 2A.246. All grants and financial assistance to Legacy Businesses and/or landlords of Legacy
13 Businesses entered into pursuant to this Section 2A.246, are not subject to the provisions in the
14 Municipal Code, including but not limited to Chapter 21G of the Administrative Code, and all other
15 provisions in the Administrative, Labor and Employment, Environment, or Police Codes, imposing
16 obligations or other restrictions on contractors.

17 ~~(5)~~(6) **Marketing, Promotions, Branding, and Programmatic Expenses.** To

18 maintain San Francisco’s cultural identity and to foster civic engagement and pride, the Fund
19 may be used to fund marketing, promotions, branding, and programmatic expenses to support
20 Legacy Businesses and landlords of Legacy Businesses and other related programmatic
21 expenses, with management by the Office of Small Business.

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24 **SEC. 21G.2. DEFINITIONS.**

25 As used in this Chapter 21G, the following terms shall have the following meanings:

1 "City" means the City and County of San Francisco.

2 "Grant" means an award of funds to a Grantee for, or in furtherance of, a Public
3 Purpose, which is paid from monies deposited in the treasury of the City, and which is not
4 required to be repaid except upon default by the Grantee. "Grant" does not include contracts
5 (1) for public works or improvements under Administrative Code Chapter 6; (2) for the City
6 purchase, sale, lease, use, or development of real property; (3) for the City purchase of
7 Commodities or Services under Administrative Code Chapter 21; or (4) to provide financial
8 assistance such as a loan or loan guarantee, an interest rate subsidy, tax relief, or tax credit.
9 "Grant" also does not include grants or assistance (1) authorized under Administrative Code
10 Section 2A.246, the Legacy Business Assistance Program, or (2) to individuals under City service or
11 assistance programs, rebates, or incentives. Departments administering rebate or incentive
12 programs must comply with Section 21G.12.

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15 Section 3. Effective Date. This ordinance shall become effective 30 days after
16 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
17 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
18 of Supervisors overrides the Mayor's veto of the ordinance.

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20 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
21 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
22 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
23 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
24 additions, and Board amendment deletions in accordance with the "Note" that appears under
25 the official title of the ordinance.

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APPROVED AS TO FORM:
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