

BOARD of SUPERVISORS



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MEMORANDUM

TO: Regina Dick-Endrizzi
Small Business Commission, City Hall, Room 448

FROM: Linda Wong, Assistant Clerk
Budget and Finance Committee

DATE: January 8, 2021

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Budget and Finance Committee

The Board of Supervisors' Budget and Finance Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation.

File No. 201414

Ordinance amending the Administrative Code to establish the San Francisco Music and Entertainment Venue Recovery Fund to provide grants to certain music and entertainment venues whose operations have been negatively impacted by the COVID-19 emergency.

Please return this cover sheet with the Commission's response to Linda Wong, Budget and Finance Clerk, by email to: linda.wong@sfgov.org.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

_____ **No Comment**

_____ **Recommendation Attached**

Chairperson, Small Business Commission

1 [Administrative Code - San Francisco Music and Entertainment Venue Recovery Fund]

2
3 **Ordinance amending the Administrative Code to establish the San Francisco Music and**
4 **Entertainment Venue Recovery Fund to provide grants to certain music and**
5 **entertainment venues whose operations have been negatively impacted by the COVID-**
6 **19 emergency.**

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

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

15 Section 1. Article XIII of Chapter 10 of the Administrative Code is hereby amended by
16 adding Section 10.100-308, to read as follows:

17 **SEC. 10.100-308. SAN FRANCISCO MUSIC AND ENTERTAINMENT VENUE**
18 **RECOVERY FUND.**

19 *(a) Establishment of Fund. The San Francisco Music and Entertainment Venue Recovery*
20 *Fund (the "Fund") is hereby established as a category eight fund to provide financial support to San*
21 *Francisco-based live music and entertainment venues in order to prevent their permanent closure due*
22 *to the pressures of the COVID-19 pandemic. Donations to the Fund are deemed approved for*
23 *acceptance and expenditure.*

24 *(b) Administration and Use of Fund.*

1 (1) **Responsible Agency.** The Office of Small Business (“OSB”) shall administer the
2 Fund to provide grants to entertainment venues whose operations have been significantly impacted by
3 the COVID-19 emergency, and shall adopt rules for the distribution of monies in the Fund consistent
4 with this Section 10.100-308, in consultation with the Controller’s Office, the Office of Economic and
5 Workforce Development (“OEWD”), and the Entertainment Commission. In its discretion, OSB may
6 also consult with businesses and community organizations representing the interests of venues
7 regarding the Fund’s implementation, and with other City agencies. OSB may adopt rules regarding
8 administration of the Fund and shall make all such rules available on its website and at its office.

9 (2) **Criteria for Disbursement.** OSB shall distribute monies from the Fund only to
10 Eligible Venues, as defined in subsection (A), below, giving priority for distribution to Eligible Venues
11 that meet two or more of the additional criteria set forth in subsection (B) below, and giving higher
12 priority within the group of Eligible Venues that meet two or more such additional criteria to Eligible
13 Venues that meet a higher number of priority criteria.

14 (A) “Eligible Venues” are San Francisco businesses that meet all of the
15 following criteria:

16 (i) The principal function of the business is to provide live entertainment
17 programming, as indicated by the presence of all of the following elements:

18 a. Defined performance and audience spaces within the venue;

19 b. Sound and lighting systems within the venue; and

20 c. Marketing of specific performers by name in print and digital
21 publications, communications and/or social media;

22 (ii) The business held a Place of Entertainment permit from the
23 Entertainment Commission as of February 25, 2020;

24 (iii) The business has demonstrated a commitment to maintaining the
25 venue with its principal function to provide live entertainment programming;

1 (iv) The business is not owned, in whole or in part, managed, or
2 exclusively booked by any organization that is a company whose shares of stock are publicly traded on
3 a stock exchange; and

4 (v) The business has submitted an application signed under penalty of
5 perjury by the owner or owners of the venue that establishes all of the following:

6 a. the grant request is based on rent, mortgage, payroll,
7 unsecured property taxes, liability insurance, and/or utility costs that initially became due since
8 February 25, 2020;

9 b. the venue is struggling to pay these expenses due to COVID-19-
10 related income loss or expenses; and

11 c. the business presently maintains its lease for the venue space
12 and intends to maintain the lease into the future and continue to use the venue for live entertainment.

13 (B) Priority. OSB shall give priority to Eligible Venues that meet two or more of
14 the following additional criteria, giving higher priority among such Eligible Venues to Eligible Venues
15 that meet a higher number of additional criteria:

16 (i) The venue is in imminent danger of closure;

17 (ii) The venue has been in operation for at least 15 years;

18 (iii) The venue is a “Legacy Business” under Section 2A.242 of the
19 Administrative Code;

20 (iv) The venue has a maximum occupancy of less than 1000 patrons, as
21 established by the most recent Place of Assembly permit issued for the venue under Chapter 1 of the
22 Fire Code; and

23 (v) The venue has historical importance to, or in recent years has been
24 an important economic force in, one or more Cultural Districts, as defined in Chapter 107 of the
25 Administrative Code.

1 (c) Transition of Fund After January 31, 2022. OSB shall award grants from the Fund under
2 the criteria set forth in subsection (b) until January 31, 2022. After January 31, 2022, OSB shall use
3 monies in the Fund to support the relocation and reopening of Eligible Businesses as defined in
4 subsection (b)(2)(A) that the OSB finds have significantly contributed to the history or identity of a
5 particular neighborhood or community, and have been forced to move from their previous location due
6 to the COVID-19 pandemic and/or significant rent increases tied to gentrification, with priority given
7 to Legacy Businesses. OSB is authorized to adopt rules regarding the post-January 31, 2022,
8 distribution of funds, and may set additional priorities for distribution, consistent with this section.
9

10 Section 2. Effective Date. This ordinance shall become effective 30 days after
11 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
12 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
13 of Supervisors overrides the Mayor's veto of the ordinance.
14

15 APPROVED AS TO FORM:
16 DENNIS J. HERRERA, City Attorney

17 By: /S/ Sarah A. Crowley
18 SARAH A. CROWLEY
19 Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - San Francisco Music and Entertainment Venue Recovery Fund]

Ordinance amending the Administrative Code to establish the San Francisco Music and Entertainment Venue Recovery Fund to provide grants to certain music and entertainment venues whose operations have been negatively impacted by the COVID-19 emergency.

Existing Law

There is currently no City fund focused on providing relief to San Francisco entertainment venues that are facing the possibility of permanent closure due to economic pressures related to the COVID-19 emergency.

Amendments to Current Law

The proposed ordinance would create a fund into which the City can receive or appropriate money to distribute as grants to music or entertainment venues whose operations have been significantly impacted by the COVID-19 emergency. OSB would be authorized to administer the fund, in consultation with the Controller, the Office of Economic and Workforce Development, and the Entertainment Commission.

Businesses eligible to receive grants would be live entertainment venues that held a Place of Entertainment permit from the Entertainment Commission as of February 25, 2020, that have demonstrated a commitment to maintaining the venue to provide live entertainment, that are not owned (in whole or in part), managed, or exclusively booked by a publicly traded company, and that have documented in an application, signed under penalty of perjury: (1) a need to cover business costs that have become due since February 25, 2020, and which costs the business is struggling to pay due to COVID-19-related income loss or expenses; and (2) a present lease for the venue space and a commitment to maintain the lease into the future for live entertainment purposes.

Among eligible venues, priority would be given to eligible venues that meet two or more of the following additional criteria, with higher priority given to eligible venues that meet a higher number of additional criteria: (1) the venue is in imminent danger of closure; (2) the venue has been in operation for at least 15 years; (3) the venue is a "Legacy Business" under Section 2A.242 of the Administrative Code; (4) the venue has a maximum occupancy of less than 1000 patrons, as established by the most recent Place of Assembly permit issued for the venue under Chapter 1 of the Fire Code; and (5) the venue has historical importance to, or in recent years has been an important economic force in, one or more Cultural Districts, as defined in Chapter 107 of the Administrative Code.

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