



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

February 16, 2012

Ms. Angela Calvillo, Clerk of the Board
Board of Supervisors
City Hall room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102-4694

Re: File No. 120082 [Administrative Code - Benefit Corporation Discount]

Small Business Commission Recommendation: **Approval with modification**

Dear Ms. Calvillo:

On February 13, 2012, the Small Business Commission (SBC) voted 6-0 to recommend approval of BOS File No. 120082 with modification.

The Commission supports the intent of this legislation and sees Benefit Corporations as a valuable business structure that will provide material benefits to the environment and society. The Commission however, is committed to the Chapter 14 LBE and SBA-LBE programs and wants to ensure that those discounts are not negated by out of city Benefit Corporations that do not pay the high costs of employment in the City, including payroll tax, health care mandates, sick leave, etc. In order to accomplish this, the SBC recommends that the discount be lowered from the proposed 8 percent, to an amount not less than 2 percent and not more than 6 percent. This will limit the exposure for LBE and SBA-LBE qualified businesses to be out-bid by out of city companies.

Additionally, the Commission recommends simplifying the ordinance in regards to the discount applied to Benefit corporations that are also LBE/SBA-LBE certified. Rather than applying a 2% Benefit Corporation discount in addition to the LBE or SBA-LBE discounts, the commission finds that simply adding the above established Benefit Discount to the LBE or SBA-LBE discounts is an appropriate method of calculating the bid preference. If a adding the LBE/ SBA-LBE discounts with the Benefit Corporation Discount leads to a combined amount that is not feasible, the Commission leaves it as a policy matter to the Board of Supervisors to use the calculation criteria originally proposed in the legislation.

Sincerely,

Regina Dick-Endrizzi
Director, Office of Small Business

cc. Jason Elliott, Mayors Office
Supervisors Chiu
Theresa Sparks, Human Rights Commission