



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

July 7, 2015

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

RE: File 150633 – Ordinance Establishing the Legacy Business Historic Preservation Fund

Dear Ms. Calvillo,


The cost of the proposed ordinance, should it be approved by the voters, is dependent on decisions that the Mayor and Board of Supervisors make through the budget process, as an ordinance cannot bind future Mayors and Boards of Supervisors to provide funding for this or any other purposes. The cost of fully funding the program created in the proposed measure, should future policymakers do so, is likely to be significant, with the cost of the program growing \$2.1 million to \$3.7 million annually, ultimately reaching a cost of between \$51 million and \$94 million once all qualifying legacy businesses are enrolled in approximately 25 years.

The proposed ordinance authorizes a \$500 per full-time employee grant to defined legacy businesses on an established registry. The registry grows at a capped 300 businesses per year. There are approximately 7,500 such businesses in the City with an average employment of eight employees. We therefore estimate that the cost of this portion of the program will grow by approximately \$1.2 million annually until reaching an ultimate cost of approximately \$30 million in 25 years, should all legacy businesses be accepted into the program.

The proposed ordinance also creates a grant program to landlords of legacy businesses on the registry, provided that their leases to legacy businesses meet certain conditions. Approximately 75% of legacy businesses rent their property, with an average facility size of 3,400 square feet. The proposed ordinance awards landlords a grant of \$4.50 per square foot for each qualifying lease. Costs of this portion of the program will grow by an amount likely between \$850,000 and \$2.5 million, depending on how many leases meet the terms required in the ordinance and other factors. Should all legacy businesses be accepted into the program in approximately 25 years, costs for this portion of the program would likely range between \$21 million and \$63 million.

As stated above, an ordinance cannot bind future Mayors and Boards of Supervisors to provide funding for this or any other purpose. Under the City Charter, the ultimate cost of this proposal depends on decisions made in the City's annual budget process. Costs stated above and expressed in current dollars assume implementation of the program created in the proposed ordinance.

Sincerely,


Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.