



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Change

HEARING DATE: APRIL 25, 2013

Project Name: **Waiving Certain Fees for Small Business Month**
Case Number: 2013.0464T [Board File No. 13-0284]
Initiated by: Supervisor Tang / Introduced March 26, 2013
Staff Contact: Aaron Starr, Legislative Affairs
 aaron.starr@sfgov.org. 415.558.6362
Reviewed by: AnMarie Rodgers, Manager Legislative Affairs
 anmarie.rodgers@sfgov.org, 415.558.6395
Recommendation: **Recommend Approval with Modification**

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PLANNING AND BUILDING CODE AMENDMENTS

The proposed Ordinance would 1) recognize Small Business Month in May 2013; 2) amend the San Francisco Planning Code, and the San Francisco Building Code to waive fees for the month of May for certain façade improvements; and 3) make environmental findings, Planning Code Section 302 findings, and findings of consistency with the General Plan and the Priority Policies of Planning Code Section 101.1

The Way It Is Now:

Planning Code (hereinafter "Code") Section 355(a) establishes fees for alterations to existing buildings based upon the cost of construction of the work. The Code establishes the current fees as follows:

Estimated Construction Cost	Initial Fee
\$0.00 to \$9,999.00	\$326.00
\$10,000.00 to \$49,999.00	\$334.00 + 3.414% of cost over \$10,000.00
\$50,000.00 to \$99,999.00	\$1,725.00 + 2.281% of cost over \$50,000.00 + \$89.00 D.R. Surcharge and \$291.00 Cat Ex Stamp Fee
\$100,000.00 to \$499,999.00	\$2,890.00 + 2.497% of cost over \$100,000.00 + \$89.00 D.R. Surcharge and \$291.00 Cat Ex Stamp Fee
\$500,000.00 to \$999,999.00	\$13,068.00 + 0.631% of cost over \$500,000.00 + \$89.00 D.R. Surcharge and \$291.00 Cat Ex Stamp Fee
\$1,000,000.00 to \$4,999,999.00	\$16,286.00 + 0.248% of cost over \$1,000,000.00 + \$89.00 D.R. Surcharge and \$291.00 Cat Ex Stamp Fee
\$5,000,000.00 to \$99,999,999.00	\$26,392.00 + .004% of cost over \$5,000,000.00 + \$89.00 D.R. Surcharge and \$291.00 Cat Ex Stamp Fee
\$100,000,000.00 or more	\$30,530 + \$89.00 D.R. Surcharge and \$291.00 Cat Ex Stamp Fee

Planning Code Section 355(e) establishes a flat \$155 fee for sign replacement, including signage that is located on awnings.

The Way It Would Be:

The Ordinance proposes to waive Planning Department fees for permits of awning replacements and signs that are issued during the month of May 2013. The Ordinance also proposes to waive Building Department fees for both awning and sign replacement and pedestrian-level lighting.

Issues and Considerations:

- **Same Ordinance Passed for Small Business Month 2012:** The exact same Ordinance was passed last year for Small Business month. It was originally introduced by Supervisor Carmen Chu under Board File No. 120188. Supervisor Chu's ordinance originally waived the fees for awnings alone. On March 22, 2012, the Planning Commission voted 6-0 to approve the Ordinance with Modifications. The Planning Commission recommended that the fee for awnings on signs also be waived for Small Business month, as the original version of the Ordinance only waived the replacement fee for awnings. Because the Supervisor's intent was to encourage façade improvements through repair and replacement of awnings, the Commission noted that without additionally waiving the fee for awnings on signs, small businesses would likely still need to pay a fee for awning replacements as most awning replacements include a signage permit fee. After the Planning Commission's vote, the Ordinance was revised to include a fee waiver for *all signs*. However, in practice the Department of Building Inspection only waived the fee for awnings and signs on awnings last year, consistent with the Commission's recommendation.
- **Small Business Commission (SBC):** The SBC will be voting on this Ordinance at their April 22 2013 meeting. Last year the SBC voted 7-0 to recommend approval of the proposed Ordinance. This year the recommendation from the SMC Staff is for approval.
- **Department of Building Inspection Review of Both Awning Replacement and Pedestrian Lighting Permits:** The Department of Building Inspection (hereinafter "DBI") reviews both pedestrian-oriented lighting and awning replacement permits. The Planning Department is not typically involved in the review of pedestrian-level lighting. DBI's Central Permit Bureau accepts and issues construction permits for buildings located within the City and County of San Francisco. Last year 11 awning permits, four of which also included signs received waivers. Therefore, last year this Ordinance cost DBI approximately \$20,000. DBI's Electrical Division was not able to separate the specific electrical permits that might fall into that pedestrian level lighting category. That said, DBI estimates that any permit fees tied specifically to such lighting would have a very minor impact on DBI permit fee revenues.
- **Planning Department Review of Awning and Sign Replacement Permits:** The proposed Ordinance would waive fees not only for replacement of awnings with signs, but also replacement of existing stand-alone signs. During last year's Small Business Month, the Department of Building Inspection waived a total of 11 awning replacement fee, four of which included signs. The Planning Department fee for review of awning replacement is dependent on two factors: 1) the cost of construction and 2) whether or not the awning contains signage. The cost of construction for an awning replacement is typically under \$10,000 and therefore the fee for awning replacement alone would likely be \$326. If

signage on the awning were to change, a flat fee of \$155 is added for review of the signage, bringing the total Planning fees for awning and signage review to \$481. Therefore last year this proposal cost the Planning Department \$4,206.

Under the proposed Ordinance, fees for both awnings and all signs would be waived. Last May the Planning Department approved 92 sign permits. On average we approve 55 signs a month last year. There is no way to track how many of those permits were for small business signs, but including all signs instead of just signs on awnings would significantly increase the fee exemption and therefore the cost to the Department. The cost to the Department for waiving 92 sign permits would have been \$14,260, or over 3 times as much as it cost the Department last year. This issue has been discussed with Supervisor Kim's office. While the Supervisor would like to include all signs in the proposed Ordinance, she is also inclined to listen to the input from the Planning Commission and modify her proposal accordingly.

- **Incentive for Small Business Façade Improvements.** It should be noted that while the Ordinance acknowledges "Small Business Month" and is intended to help small businesses to improve their building facades and store fronts, as drafted, the Ordinance would exempt any property owner from fees for these permits issued during May 2013. The legislative sponsor, Supervisor Katy Tang, has partnered with the Department of Building Inspection, Planning Department, Office of Economic & Workforce Development, and Office of Small Business. Together these parties intend to market this waiver to small businesses.
- **Full Review Provided.** The proposed Ordinance does not circumvent any City or State requirements. Any building permit which needed additional review for historic resources, CEQA, public notice or other issues would be reviewed consistent with City practice. The fee exemption only applies to permits which can be *issued* during the month of May and does not require expediting or shortening of the permit review process.
- **Definition of a Small Business.** The Ordinance defines a small business enterprise as one that has 500 or fewer employees. In conversations with Supervisor Tang's office, they intend to reduce that to 100 employees.

REQUIRED COMMISSION ACTION

The proposed Resolution is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATIONS

The Department recommends that the Commission recommend approval with modifications. Staff proposes the following modifications:

- Limit the fee waiver to permits for awning and permits for signs on awnings only.

Basis for Recommendation: With Staff's proposed revision, the Department believes that the proposed Ordinances would provide an incentive to improve business facades at what is projected to be minimal cost to the City. Therefore, we recommend support of this proposed Ordinance as a gesture of goodwill

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Business Month**

during Small Business Month 2013, consistent with the Commission’s recommendations from 2012. However, the Department finds that expanding the Ordinance so that it includes all signs for small business enterprises may set a precedent for waiving fees too broadly. Last year the Commission voted to expand the Ordinance so that it included signs on awnings, and the Department believes that this recommendation is still the most prudent approach.

ENVIRONMENTAL REVIEW

The proposed amendments to the Planning Code has been reviewed and found exempt from CEQA per Section 15273, Rates, Tolls, Fares and Charges.

PUBLIC COMMENT

As of the publication of this report, no public comment was received on this item.

RECOMMENDATION: Recommendation of Approval with Modification
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Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Draft Board of Supervisors Ordinance [Board File No. 130284]



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Resolution

HEARING DATE: APRIL 25, 2013

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Recommendation: **Recommend Approval with Modification**

RECOMMENDING THAT THE BOARD OF SUPERVISORS PASS AN ORDINANCE THAT WOULD 1) RECOGNIZE SMALL BUSINESS MONTH IN MAY 2013; 2) AMEND THE SAN FRANCISCO PLANNING CODE, AND THE SAN FRANCISCO BUILDING CODE TO WAIVE FEES FOR THE MONTH OF MAY FOR CERTAIN FAÇADE IMPROVEMENTS; AND 3) MAKE ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1

PREAMBLE

Whereas, this is the eighth year in a row that the City of San Francisco has celebrated Small Business Week during the month of May; and

Whereas, small businesses are the backbone of the American economy, representing 99.7 percent of all employer firms; and

Whereas, on April 25, 2013 the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance; and

Whereas, the proposed Ordinance have been found exempt from the California Environmental Quality Act per section Section 15273, Rates, Tolls, Fares and Charges; and

Whereas, the Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented by Department staff, and other interested parties; and

Whereas, the all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

Whereas, the Commission has reviewed the proposed Ordinance; and

MOVED, that the Commission hereby recommends that the Board of Supervisors recommend *approval with modification* of the proposed Ordinance and adopts the Draft Resolution to that effect.

The Commission recommended modification would be to limit the fee waiver to permits for awning and permits for signs on awnings only.

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. As amended, this Ordinance would provide an incentive to improve business facades at what is projected to be minimal cost to the City. Therefore, we recommend support of this proposed Ordinance as a gesture of goodwill during Small Business Month 2013.
2. **General Plan Compliance.** The proposed Ordinance is, on balance, consistent with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY ELEMENT

POLICY 2.3

Maintain a favorable social and cultural climate in the city in order to enhance its attractiveness as a firm location.

POLICY 4.1

Maintain and enhance a favorable business climate in the city.

POLICY 6.2

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to economic and technological innovation in the marketplace and society.

The proposed Ordinance would provide a gesture of goodwill for Small Business Month 2013.

URBAN DESIGN ELEMENT

POLICY 4.7

Encourage and assist in voluntary programs for neighborhood improvement.

The proposed Ordinance would assist building owners in voluntary façade upgrades.

1. The proposed replacement project is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:
 - A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:
The proposed Ordinance will assist neighborhood-serving retail uses in renovation of facades.
 - B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:
The proposed Ordinance will have no adverse impact on housing and will encourage improvements to neighborhood commercial corridors.
 - C) The City's supply of affordable housing will be preserved and enhanced:
The proposed Ordinance will have no adverse effects on the City's supply of affordable housing.
 - D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:
The proposed Ordinance will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.
 - E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:
The proposed Ordinance would have no negative effects on industry.
 - F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.
The proposed Ordinance would not affect the preparedness against injury and loss of life in an earthquake is unaffected.
 - G) That landmark and historic buildings will be preserved:
The proposed Ordinance would not adversely affect landmark and historic buildings as it would encourage renovations and would not exempt any project from historic resource or other required review.
 - H) Parks and open space and their access to sunlight and vistas will be protected from development:
The proposed Ordinance would not adversely affect parks and open spaces in terms their access to sunlight and vistas.

Draft Resolution
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CASE NO. 2013.0464T
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I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on April 25, 2013

Jonas P Ionin
Acting Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: April 25, 2013

BOARD of SUPERVISORS



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April 2, 2013

Planning Commission
Attn: Jonas Ionin
1660 Mission Street, 5th Floor
San Francisco, CA 94103

Dear Commissioners:

On March 26, 2013, Supervisor Tang introduced the following proposed legislation:

File No. 130284

Ordinance recognizing Small Business Month in May 2013; amending the Planning Code, Sections 302, 355(a), and 355(e); and amending Building Code, Tables 1A-A, and 1A-E, to waive fees for the month of May for certain façade improvements; and making findings, including environmental findings and findings of consistency with the General Plan and priority policies of Planning Code, Section 101.1.

The proposed ordinance is being transmitted pursuant to Planning Code Section 302(b) for public hearing and recommendation. The ordinance is pending before the Budget and Finance Commission and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script that reads "Victor Young".

By: Victor Young, Committee Clerk
Budget and Finance Committee

- c: John Rahaim, Director of Planning
Scott Sanchez, Zoning Administrator
Sarah Jones, Chief, Major Environmental Analysis
AnMarie Rodgers, Legislative Affairs
Monica Pereira, Environmental Planning
Joy Navarrete, Environmental Planning

1 [Planning, Building Codes - Fee Waiver Program - Small Business Month May 2013]

2
3 **Ordinance recognizing Small Business Month in May 2013; amending the Planning**
4 **Code, Sections 302, 355(a) and 355(e) and Building Code, Tables 1A-A and 1A-E to**
5 **waive fees for the month of May for certain façade improvements; and making findings,**
6 **including environmental findings and findings of consistency with the General Plan**
7 **and priority policies of Planning Code, Section 101.1.**

8 NOTE: Additions are *single-underline italics Times New Roman*;
9 deletions are *strike-through italics Times New Roman*.
10 Board amendment additions are double-underlined;
11 Board amendment deletions are ~~strikethrough normal~~.

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

13 (a) May is Small Business Month and this Board desires to recognize the importance
14 of small businesses in San Francisco. As part of this recognition, the Board elects to waive
15 various permit fees for the month of May for awning replacement and installation of pedestrian
16 level lighting as these fees have acted as a bar from many small businesses to improve their
17 building facades and store fronts.

18 (b) On _____, 2013, the Planning Commission adopted Resolution No.
19 _____ recommending adoption of this Ordinance, and adopted findings that the
20 legislation is consistent, on balance, with the City's General Plan and eight priority policies of
21 Planning Code Section 101.1(b). The Board adopts these findings as its own. A copy of this
22 Commission Resolution is on file with the Clerk of the Board in File No. _____, and is
23 incorporated by reference herein.
24
25

1 (c) Pursuant to Planning Code Section 302, this Board finds that this Ordinance will
2 promote the public necessity, convenience, safety and welfare for the reasons set forth in
3 Commission Resolution No. _____, which is incorporated herein by reference.

4 (d) The Planning Department has determined that the actions contemplated in this
5 ordinance comply with the California Environmental Quality Act (California Public Resources
6 Code Section 21000 et seq.). Said determination is on file with the Clerk of the Board of
7 Supervisors in File No. _____ and is incorporated herein by reference.

8 (e) On _____, 2013, the Building Inspection Commission conducted a public
9 hearing on this legislation and recommended approval of this legislation. On _____,
10 2013, the Building Inspection Commission Secretary submitted a letter to the Board
11 describing the Commission's action. Said letter is on file with the Clerk of the Board of
12 Supervisors in File No. _____ and is incorporated herein by reference.

13 Section 2. This Section is uncodified.

14 (a) Notwithstanding any provision of the Planning Code, including the fee schedule
15 associated with Sections 355(a) and 355(e), the permit fee for awning replacement and for
16 signs, respectively, are hereby waived for any permit issued for such activities during the
17 month of May 2013.

18 (b) Notwithstanding any provision of the Building Code, including the fee schedules of
19 Tables 1A-A and 1A-E, the permit fees related to reviewing the structural integrity of awning
20 replacements for those permits submitted "over the counter" at the Central Permit Bureau and
21 installation of pedestrian level lighting, respectively, are hereby waived for any permit issued
22 for such activities during the month of May 2013.

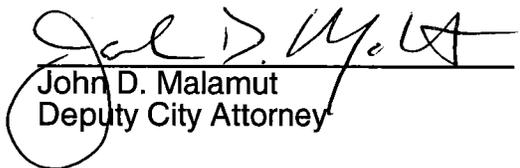
23 Section 3. The fee waivers set forth in this Ordinance shall apply only to small
24 business enterprises. For purposes of this Ordinance a small business enterprise shall be
25 one that has 500 or fewer employees. The Board of Supervisors hereby delegates to the

1 Department of Building Inspection and the Planning Department the establishment of a
2 process by which the respective departments will certify that an applicant is a small business
3 enterprise.

4 Section 4. Effective Date. This ordinance shall become effective 30 days from the
5 date of passage; provided, however, that the provisions of this Ordinance shall be retroactive
6 to May 1, 2013 should the effective date of the Ordinance occur after said date.

7
8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA, City Attorney

10 By:

11 
12 John D. Malamut
13 Deputy City Attorney

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