



Memorandum

**To: HONORABLE MAYOR AND
CITY COUNCIL**

From: Councilmember Chappie Jones

Subject: SEE BELOW

Date: August 16, 2018

Approved:

SUBJECT: REPORT ON THE ACTIVITIES OF THE SMALL BUSINESS ADVISORY TASK FORCE (SBATF)

RECOMMENDATION

Refer this report to the Council's Community and Economic Development Committee (CED) for consideration to include comments and recommendations into the Committee's work plan.

BACKGROUND

The City of San José formerly had a Council appointed commission that would provide feedback to the City on items relevant to the small business community formerly known as the Small Business Development Commission (SBDC). The SBDC was dissolved with the approval of staff recommendation to consolidate Boards and Commissions at the May 7, 2013 City Council meeting, Item 3.5 – Boards and Commissions Consolidation Ordinance.

However, many members of the 2016 City Council wanted to make up for the loss of input from the small business community by reforming the former SBDC.

In 2016, the Council looked at the possibility of reactivating the SBDC. However, at the May 17, 2016 City Council meeting, the Council voted to establish a Small Business Advisory Task Force with direct reporting to the City Council rather than a City initiated Commission due to concerns with regards to staff resources. Thus Council directed City staff to look at a way in which to organize this task force.

At the October 24, 2016 Community & Economic Development Council Committee (CED) meeting, City staff recommended an alternate approach of deferring to the Silicon Valley Organization (SVO) to organize the task force to which the Council approved of. However, after this, the task force was never created as many stakeholders from the Small Business community still wanted a direct link to the City Council and to work with City staff on their policy objectives. Thus, Councilman Jones initiated his own Small Business Advisory Task Force (SBATF) under his office to be able to begin facilitating a space in which members could provide feedback and policy recommendations to the City.

Attachment A to this memo is a summary of the work completed thus far by the Task Force, the Task Force's 2018 Legislative priorities, and the Task Force's current policy recommendations to the City.

Per the direction of the May 17, 2016 Council meeting, this report is requesting to be reported to the CED Committee for consideration.

CONCLUSION

According to the report provided to the City's Community and Economic Development Committee (CED) on January 22, 2018, San José has over 55,000 small businesses, which constitutes 96.6% of all businesses in the City. These small businesses employ roughly 157,251 employees which constitutes 37.5% of all employees in the City.

With the super majority of businesses being small in the City and employing over one-third of the workers in the City, the small business community's voice and feedback is vital to the success of our City's commercial and economic vitality.

The small business community's feedback allows the City to update and/or adjust its current policies, processes, and programs to best meet the needs of small businesses. As such, the SBATF would like the City to consider adding these legislative priorities to its overall efforts in addressing the needs of the small business community. The Task Force asks that this report's recommended actions be reviewed for possible inclusion in the Community and Economic Development Committee (CED) work plan and then be forwarded to a future City Council meeting.

Small Business Advocacy Task Force (SBATF)
2018 Report on the State of San José
Small Businesses

Councilman Chappie Jones, Council District 1

The following is a summary of the work of Councilman Jones' Small Business Advisory Task Force (SBATF) as well as the Task Force's legislative priorities and policy recommendations to the City.

SUMMARY OF WORK OF THE SBATF

The Task Force has met every month since March 28, 2018. Below is a summary of what was discussed at each meeting, and the action items that progressed out of each meeting:

- March 28, 2018
 - Recapping the history of the formation of the Task Force
 - Brainstorming to see what the Task Force would like to accomplish
- April 23, 2018
 - Presentation from City Staff on current City Operations
 - Establishment of By-Laws
 - Establishment of 2018 Work Plan
- May 21, 2018
 - Discussing current issues facing the small business community in relation to suggested legislative priorities
- June 15, 2018
 - Presentation from Public Works on the June CED Committee Memorandum regarding City-Wide contracting policy
- July 30, 2018
 - Approved this memo and directed Task Force Chair Jones to bring it up to the Council Rules Committee for further consideration

TASK FORCE LEGISLATIVE PRIORITIES

After the March 28, 2018 meeting, a survey was sent out to the Task Force members to poll possible legislative priorities for 2018. After deliberation in the April and May 2018 meetings, the following is a general description and goal of each legislative priority that was set.

- ***Planning and Regulations***
 - Goal: Improving the Planning Process through increased efficiency
 - Recommendation: Increase the tracking ability of permits by expediting the City's Innovation Road Map. This will result in greater transparency of the planning process by allowing permits to be tracked online so applicants can clearly see where they are in the permit process.

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➤ ***Contracting/Procurement***

- **Goal:** Increasing accessibility of City contracts to small businesses
 - **Recommendation:** The Task Force supports the Charter Amendments as approved by the City Council on June 26, 2018 (Item 3.8) for updating the City's procurement process.
 - **Recommendation:** Leverage relationships with prime contractors throughout the City to build a mentorship program for small and underrepresented businesses.

➤ ***Bonding & Insurance Relief***

- **Goal:** Increasing accessibility of bonding and insurance programs to small businesses
 - **Recommendation:** The Task Force supports the Charter Amendments as approved by the City Council on June 26, 2018 (Item 3.8) for decreasing the design build limit from \$5 million to \$1 million in alignment with State law, thus decreasing the proportional amount needed for an applicant to meet bonding and insurance criteria for this contract.

➤ ***Outreach and Engagement***

- **Goal:** Increasing public awareness on both City contracts and the City's procurement processes
 - **Comment:** The Task Force is supportive of the effort of the Department of Public Works to increase utilization of the BidSync system through increased outreach and different types of outreach on how to access and efficiently utilize the CRM system.
 - **Comment:** The Task Force is supportive of the Charter amendment to replace the requirement to advertise projects in a local newspaper of general circulation with a requirement adding other types of solicitations such as digital advertisement.
 - **Recommendation:** The Task Force asks that the City send announcements of projects to the Chambers of Commerce and Small Business Advocacy organizations based in the City to help advertise opportunities.
- **Goal:** Strengthening the small business community network through partnership with the City and increased access to data
 - **Recommendation:** Change the City's privacy policy to publicize the contact information of registered businesses within the City, creating a database network for all businesses operating within the City.

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- **Recommendation:** Evaluate the outreach plan of the City with regards to small and disadvantaged business enterprises (DBE) and solicit, on an annual basis, recommendations from this Task Force through Councilmember Jones to be included in the annual CED work plan.
- **Recommendation:** Evaluate further the merits of the Silvy Group's recommendations on disaggregating data on minority-owned businesses and developing strategies for outreach to these identified communities in collaboration with the Office of Cultural Affairs.

➤ ***Funding***

- **Goal:** Increase funding allocation towards local ethnic and minority Chambers of Commerce in the form of grant agreements
 - **Recommendation:** Review a request on an annual basis from this Task Force to increase the current \$50,000 allocation for this purpose.
 - **Recommendation:** Require a semiannual progress report on the status and performance of City grant agreements with local Chambers of Commerce and Small Business Advocacy Organizations.