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December 23, 2015

Mr. Erik Caldwell
Economic Development Division
1200 Third Avenue, 14th Floor
San Diego, CA 92101

RE: Small Business Roundtable Recommendations: Safe & Maintained Business Corridors and Regulatory Pitfalls

Dear Mr. Caldwell,

On behalf of the San Diego Regional Chamber of Commerce's (Chamber) Legislative and Small Business Advocacy Committee, I am writing to offer the recommendations resulting from our second and third in a series of Small Business Roundtables. These roundtables focused on the importance of Safe & Maintained Business Corridors, and regulatory pitfalls that commonly catch small business owners by surprise.

As emphasized in the letter providing our recommendations on water reliability, conservation, and affordability, the Chamber is dedicated to growing commerce in the San Diego region and creating a business climate that, in particular, encourages the growth of small businesses. We cannot emphasize enough that the Chamber's Legislative and Small Business Advocacy Committee is proud to partner with you and the City of San Diego Economic Development Department in this effort to engage and listen to the voice of small business. We hope the recommendations help to inform you in your role.

During the roundtable on Safe & Maintained Business Corridors, two themes were highlighted: infrastructure, and homelessness. The committee adopted the following recommendations about how the City of San Diego can keep small businesses in mind with respect to decisions about these issues.

Infrastructure:

Roads and sidewalks are not only about accessibility, but they are responsible for the safety of employees and customers alike. Along with street lighting, traffic signals, and numerous other asset types owned and maintained by the City, the quality of our infrastructure directly impacts our business climate. For example, while a private mall must maintain parking areas and walkways to remain profitable, the City has been underinvesting in infrastructure for decades as we struggled together through recessions and fiscal crises. Re-investing in infrastructure is a necessity to maintain our successful business districts, and reestablish the districts in need of investment.

Homelessness:

Achieving a successful economic environment for business and helping the homeless off the streets are interdependent goals. In addition to supporting an economy that provides the homeless with opportunity when they are willing and able to take advantage of it, the business community is supportive of providing an integrated system that delivers services proven to help the homeless transition off of the streets. Business owners have a vested interest in decreasing homelessness to ensure that the

community in which they are located is thriving. A thriving community is important to supporting a safe and successful business corridor.

Homelessness should be addressed through the effective use of evidence-based best practices and regional coordination through the Regional Continuum of Care Council. These efforts are often undermined by well-meaning community members that choose to provide public feedings. Whether organized or not, public feedings serve contrary to our regional strategy by enabling the existing lifestyle, which is detrimental to the health and well-being of homeless individuals as well as the community.

In addition, the City should continue to lobby the federal Department of Housing and Urban Development (HUD) to alter the Federal Funding Formula for Homeless Services. The antiquated formula from the 1970s allocates a substantially less than appropriate level of funding to San Diego. San Diego is consistently among the five largest homeless populations in major American cities, however receives substantially less federal funding than cities with a fraction of the homeless population.

During the roundtable on regulatory pitfalls, three areas of regulation were broached: stormwater, recycling, and home-based businesses. A reoccurring theme was communication. These three areas were selected because of the existing lack of understanding around the responsibilities of small businesses and are therefore perfect opportunities for increased communications.

Stormwater:

Because local stormwater enforcement is driven by the state, the most meaningful way the City can support small businesses on this issue, is by being a strong advocacy partner with the Chamber for sensible regulations. The regulations should respect the financial impact and time commitment of substantial responsibilities on small businesses.

When working to comply with existing state regulations, the City should first look for opportunities to expand or re-engineer existing programs to ensure the largest impact at the lowest cost. For example, further identifying the areas which would most benefit from street sweeping may be an opportunity for more cost-effective investment throughout the City.

Many small businesses are concerned about the cost of compliance and fines through municipal and potentially abusive citizen enforcement. Many even remain unconvinced that they won't be penalized for stormwater runoff from other areas. Further, small businesses that are complying with the regulations are frustrated with the idea that their investments in compliance could have substantially more positive benefits if the dollars spent on Best Management Practice interventions (BMPs) were used elsewhere to treat more contaminated discharge, combined discharges (including roadways for example), or pooled together for regional solutions.

Although many small businesses are concerned, there are likely substantially more that are completely unaware of their stormwater responsibilities. A proactive effort to communicate directly with the businesses that are likely to have stormwater responsibilities could increase compliance and effectiveness, as well as avoid enforcement costs and unexpected fines.



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Recycling:

Recycling is another area in which the responsibilities of businesses are often unknown. In particular, it may be difficult to identify the responsibilities of a landlord versus those of a tenant.

The City's code compliance approach is based primarily on education and technical assistance, with fines as a last resort for businesses that remain non-compliant after offers of assistance. Anything Code Compliance could do to communicate proactively and clearly in a non-threatening manner would be a productive improvement, however the Chamber also understands that a message from Code Compliance may inherently invoke unintended sentiment. To the extent that Economic Development, the Office of the Mayor, the offices of Councilmembers, and even the Chamber's voice could be harnessed, compliance could be improved.

Home-based Business Regulations:

Home-based businesses are overwhelmingly dedicated to survival and growth. They are unlikely to know it is their responsibility to proactively seek out the regulations that apply to running a small home-based operation. This puts them at risk of hefty fines and impedes their businesses growth. Any effort to proactively and clearly communicate the home-based business's responsibilities when business permits are issued would be productive. In addition, expanding the ability for nonintrusive businesses to operate by right or through a reasonable permit, with extended hours of operation and other access for customers, is an opportunity for economic growth and social mobility.

I thank you for your partnership and your willingness to be a voice for business and job creation in San Diego. If you have any questions or concerns, please contact Sean Karafin at (619) 544-1352 or skarafin@sdchamber.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Sanders'.

Jerry Sanders
President & CEO
San Diego Regional Chamber of Commerce