

September 30, 2009

The Honorable Gavin Newsom, Mayor of San Francisco  
The Honorable David Chiu, President, SF Board of Supervisor

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Art Swanson  
The Lightner Property Group

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Building Owners & Managers  
Association of San Francisco  
Chinese Real Estate Association  
of America  
Coalition for Better Housing  
Golden Gate Business  
Association  
National Association of the  
Remodeling Industry, SF Chapter  
National Association of Women  
Business Owners, SF Chapter  
Plumbing, Heating & Cooling  
Contractors  
Professional Property  
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SF Association of Realtors  
SF Chamber of Commerce  
SF Council of District Merchants  
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SF Small Business Advocates  
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**Affiliate Members**

Bay Area Development  
Corporation  
Renaissance Entrepreneurship  
Center  
Small Business Development  
Center  
Urban Solutions  
Women's Initiative for Self-  
Employment

The Honorable Michela Alioto Pier  
The Honorable John Avalos  
The Honorable David Campos  
The Honorable Carmen Chu  
The Honorable Chris Daly  
The Honorable Bevan Dufty  
The Honorable Sean Elsbernd  
The Honorable Eric Mar  
The Honorable Sophie Maxwell  
The Honorable Ross Mirkarimi

The members of the San Francisco Small Business Network (SBN) are convinced that increased procurement of goods and services by the City and County of San Francisco from local business would create a substantially positive impact on our economy. It is well known that neighborhood-serving businesses are a key component in a person's decision as to where to live, work or visit.

A relatively small shift (10%) in redirected sales in San Francisco could create 1, 296 new jobs, \$71,864,175 new income for workers, and \$15,278.772 in additional retail activity, according to a recent study by Civic Economic commissioned by San Francisco Locally Owned Merchants Alliance. This could translate into increased revenue for the city in sales and business taxes and other ancillary fees, as well as keeping money circulating in the community.

San Francisco businesses compared to neighboring cities and states are at an economic disadvantage in bidding for city contracts. San Francisco minimum wage at \$9.79 per hour, required sick leave of 40 to 75 hours, the Health Ordinance payments of \$1.23 to \$1.85 per and payroll taxes of 1-1/3% bring San Francisco-based business costs between 33.6% and 42.7% higher than outside competition. Couple these costs with higher workers' compensation (based on the percent of wages) and the costs of city-mandated fees and permits, local businesses are prevented from fair and equitable competition for contracts.

The economic advantage in our current downturn with anticipated deficits if the City of San Francisco redirects a percent of its purchasing to local businesses would be enormous.

To assist in this effort, the members of San Francisco Small Business Network respectfully submit for your consideration the attached **Resolution for the City and County of San Francisco for Equitable Small Business Procurement.**

Sincerely yours,



Art Swanson  
President



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## RESOLUTION FOR THE CITY AND COUNTY OF SAN FRANCISCO: EQUITABLE SAN FRANCISCO SMALL BUSINESS PROCUREMENT

**Whereas**, the city contracting process is broken.

**Whereas**, historically only ten percent of local San Francisco businesses are awarded city contracts.

**Whereas**, San Francisco-based small businesses are unable to equitably compete for city contracts due to the additional cost burden associated with the increase in the San Francisco minimum wage.

**Whereas**, San-Francisco-based businesses are unable to equitably compete for city contracts due to the additional cost burden associated with the San Francisco Healthcare Security Ordinance mandate.

**Whereas**, San-Francisco-based businesses are unable to equitably compete for city contracts due to the additional cost burden associated with the San Francisco paid sick leave mandate.

**Whereas**, San Francisco-based small businesses are unable to equitably compete for city contracts due to the additional cost burden associated with excessive compulsory San Francisco business permit requirements.

**Whereas**, San Francisco-based small businesses are unable to equitably compete for city contracts due to the additional cost burden associated with San Francisco business taxes.

**Therefore be it Resolved**, that in an effort to deliver on the commitment of the City and County of San Francisco to significantly increase the percentage of San Francisco businesses that are awarded city contracts, the city will increase the percentage factor that is intended to correct and balance the disadvantaged class of San Francisco businesses from five percent to a more equitable factor to be determined.

**And be it further Resolved**, that the Mayor of San Francisco, Board of Supervisors and San Francisco city department heads commit to fair and equitable consideration when selecting companies with which to contract, and commit to making it a priority to choose San Francisco businesses whenever possible.

**And be it further Resolved** that this resolution be forwarded for concurrence and action prior to October 31, 2009.