



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



CITY AND COUNTY OF SAN FRANCISCO
GAVIN NEWSOM, MAYOR

July 26, 2010

Ms. Angela Calvillo, Clerk of the Board
Board of Supervisors
City Hall room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102-4694

Re: File Board of Supervisors File No. 100865 [Establishing an Alcohol Mitigation Fee]

Small Business Commission Recommendation: **No formal position at this time.**

Dear Ms. Calvillo:

On July 12, 2010, the Small Business Commission held a hearing on Board of Supervisors File No. 100865. The Commission chose not to take a formal position at that time, pending the release of an economic analysis report from the Controller's Office. Commissioners and members of the public also identified a number of substantive concerns regarding the proposed ordinance. A primary concern is that this fee, charged to wholesalers, will be passed on directly to retailers. This will further increase the cost of doing business to San Francisco businesses; which is already higher than other cities in the Bay Area due to higher minimum wages, mandatory sick time, and health care requirements. The Commission also submitted follow-up questions and feedback, attached, to the office of Supervisor John Avalos.

The Commission thanks Supervisor Avalos for his informative presentation at the above meeting. The Commission also thanks the Supervisor's staff for continuously keeping the Commission informed on the status of the proposed ordinance. The Commission expects to take a formal position on BOS File No. 100865 at our August 9, 2010 regular meeting.

Sincerely,

A handwritten signature in black ink that reads 'Regina Dick-Endrizzi'.

Regina Dick-Endrizzi
Director, Office of Small Business

cc. Supervisor Avalos
Starr Terrell, Mayors Office
Gail Johnson, Clerk of the Budget and Finance Committee



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Questions and feedback sent from Small Business Commission to the Office of Supervisor John Avalos

The Commission feels that there will be great value to studying this type of fee on a Regional level. Have there been any discussions on taking this approach?

A Commissioner asked if the City can hold businesses that sell to chronic inebriants accountable. Also, if a Bar oversells to a patron and/or serves someone who is obviously intoxicated and they require medical attention, why not hold the establishment accountable for the unreimbursed costs?

Almost every program and fee outlined in the Nexus Study was related to chronic inebriants. Of the programs, only one is dedicated to prevention. Therefore, what will this fee do to create long term solutions to this problem? If the treatment programs are continued to be funded with a dedicated fee, will there be an incentive to actually address the root problem?

Aren't many businesses already contributing to costs related to treating chronic inebriants through contributions to Healthy San Francisco? Or, does this target population not have any form of health insurance or similar?

Is it possible to determine or estimate the costs stemming from on-sale vs. off-sale purchases? Do the sobering centers, hospitals, prevention services and other programs have data on what types of establishments chronic inebriants purchase and/or consume their alcohol?

Similar to the above question, is it possible to estimate the types of alcohol that are causing the greatest costs to the city? IE: Malt Liquor, fortified wine, etc. The Commission heard from microbreweries, small wineries and bar owners who gave testimony saying that their business sectors are not providing alcohol to chronic inebriants, which is the population which comprises of many, if not all, of the costs identified for reimbursement in the Nexus report.

Should this ordinance pass and unencumbered funds be made available by replacing funds from other sources with funds from the fees, will the Board of Supervisors consider using some of those funds for economic development and assistance programs for retail stores which wish to work to eliminate alcohol sales, or at least reduce sales of high risk produces at their stores? A similar program for tobacco sales is needed as well.