

Made In SAN FRANCISCO

The role of Back Streets Businesses in providing jobs, serving Main Street businesses and local residents, and in the larger city economy – and what the City of San Francisco can do to retain and expand them.



Findings and Recommendations
*by the Back Streets Businesses Advisory Board
to the Board of Supervisors and the Mayor*

December 2007

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EXECUTIVE SUMMARY

Back Streets Businesses are generally defined as small to medium-size industrial or commercial businesses that create products or provide services in manufacturing, wholesale, commercial, logistics, construction, repairs, and food processing.

In 2005, under the leadership of Supervisor Sophie Maxwell, the San Francisco Board of Supervisors established the Back Streets Businesses Advisory Board. The Advisory Board had three objectives:

- To analyze the needs of Back Streets Businesses;
- To analyze the policies and programs of San Francisco and other cities designed to assist Back Streets businesses; and
- To provide recommendations to assist the City in retaining and expanding Back Streets Businesses and the jobs they create.

The nine public appointees and five City agency representatives making up the Advisory Board spent 18 months interviewing Back Streets Business owners and employees, reviewing the best practices of other jurisdictions, and reviewing the role and impact of Back Streets Businesses in San Francisco's economy. This report tells the story of these local business owners and workers, and identifies the issues that must be addressed if San Francisco wants to retain these vital businesses and jobs.



The story of San Francisco’s Back Streets Businesses is compelling. More so than other sectors of the economy, Back Streets Businesses provide stable, well-paying jobs for San Franciscans who have not graduated from a four-year college and who otherwise may have limited workforce opportunities to remain in San Francisco. However, the Back Streets Businesses’ story is also one of an economic sector that has struggled to gain public appreciation. Because many San Franciscans do not recognize the contributions of Back Streets Businesses, the sector has suffered from a sort of benign neglect, which has been further exacerbated by extensive land use pressure in this land-constrained city to convert traditional industrial areas and building stock into housing and non-Back Streets business uses. Yet, many of these businesses are willing to incur increased costs and these other challenges because they are dedicated to staying in San Francisco.

“Back Streets businesses are an important part of the heart and soul of San Francisco. They represent the diversity, creativity, and sense of innovation that help shape the very identity of our City.”

Supervisor Sophie Maxwell, District 10

The goal of this report is to provide the story of San Francisco’s Back Streets Businesses with the framework for retaining and expanding the businesses and associated jobs and other benefits. With that in mind, rather than just identifying the issues facing Back Streets Businesses, the members of the Advisory Board have identified some solutions and tools that the City can use to address the issues. There is no single “silver bullet” strategy, but the Advisory Board has provided a number of nuts and bolts program and policy recommendations, including:

- **Business Assistance** – Creating a more supportive environment for Back Streets Businesses.
- **Business Retention and Attraction** – Working with the various City departments, agencies and City funded non-profits to develop programs for Back Streets Businesses.
- **Land Use Controls** – Establishing land use controls that provide the certainty needed for Back Streets Businesses to operate and grow.
- **Infrastructure** – Providing needed improvements to infrastructure in the Back Streets neighborhoods.
- **Workforce Development** – Improving workforce development and employer assistance programs targeted to Back Streets Businesses.
- **Organizing/Business Alliances** – Developing a Back Streets Business advocacy voice and organizational infrastructure.

The next steps for the City in carrying forward the work of the Back Streets Businesses Advisory Board are to develop and prioritize implementation strategies for the various recommendations and to determine funding needs and sources. The Advisory Board suggests that there be regular progress updates for the Board of Supervisors to monitor the implementation and effectiveness of these tools. Finally, there will be an ongoing need to raise the voice of the City’s Back Streets Businesses sector, so it is properly recognized as a fundamental component of the overall city economy and diversity.

INTRODUCTION



Who bakes our sourdough bread? Who produces those quarterly financial reports? Who supplies the food ingredients and tableware for a dinner at your favorite local restaurant?

This report is written as a story about those people and their work—whether business owners, workers, big companies or small entrepreneurs. It is the story of an industry that often exists behind the scenes, but provides thousands of well-paying jobs to local residents and essential goods and services to Main Street businesses, local residents and the larger economy. Back Streets Businesses exist in every major city. However, despite the fact that local office, retail and commercial businesses as well as local residents depend on the products and services that they provide, Back Streets Businesses could become an historical remnant in San Francisco if nothing is done to help them overcome the many obstacles they face.

The Back Streets Businesses^{*} of San Francisco are the myriad businesses and operations that help make the city economy and residents function on a day to day basis. Yet they are the hustle-bustle activities and jobs we do not usually see from the vantage point of the downtown core or the tourist zones or the shopping districts—kind of like the engine room on a ship, often unseen and often under-appreciated, but always relied upon by the top deck to keep things moving.

Back Streets Businesses are generally defined for purposes of this report as small to medium-size industrial or commercial businesses that create products or provide services in manufacturing, wholesale, commercial, logistics, construction, repairs, and food processing. This definition is generally consistent with the Planning Department's definition of "Production, Distribution and Repair" (PDR). Back Streets Businesses contrast to "Main Street" office and retail businesses, which typically sell previously prepared materials or provide services directly to consumers. Back Streets Businesses face unique challenges in San Francisco and have been at risk from real estate development pressure in recent years as well as a sort of benign neglect—at least partly because they are the kinds of businesses and jobs that are often hidden along the back streets of the city, the engine rooms of the larger economy.

^{*} The name "back streets" was coined by the City of Boston which created the "Back Streets Program" roughly five years ago through its redevelopment agency to provide a range of land use and business assistance strategies focused on Boston's industrial sector.



The Advisory Board has nine public appointees, made up of representatives from light industry and small business, labor, community organizing and public policy. The Advisory Board also includes nonvoting representatives from five City agencies: the Planning Department, the Mayor's Office of Economic and Workforce Development; the Mayor's Office of Community Development; the Redevelopment Agency; and the Port. The Office of Legislative Analyst and the Office of the City Administrator are also assigned to support the Advisory Board.

In 2005, Supervisor Sophie Maxwell led the Board of Supervisors to create the Back Streets Businesses Advisory Board to address issues specific to these types of businesses in the city. Maxwell's district covers much of the City's industrial lands and her office was inspired by the Back Streets Program in Boston as a potential model to help San Francisco resolve tensions around land use issues.

The legislative charge from the Board of Supervisors was to provide:

- 1) an analysis of the needs of Back Streets Businesses, including but not limited to issues of land availability, financing and workforce skills;
- 2) an analysis of policies and programs of the City and other jurisdictions designed to assist Back Streets Businesses; and
- 3) recommendations as to policies and programs the City may adopt to assist in the retention and expansion of Back Streets Businesses in San Francisco.

Early on the Advisory Board took the working position that "Back Streets Businesses are a vital component of the city's overall economic health and diversity, employ a substantial number of local residents and offer good-paying skilled jobs, present viable opportunities for expanding businesses and workforce development, and deserve the city's attention and assistance. In short, Back Streets Businesses are critical for the city's economic development and diversity."

This report attempts to tell the story of this diverse sector of the city's economy and to flesh out the issues that are critical to the health and long-term growth of these businesses and the jobs they provide. The report concludes with the Back Streets Businesses Advisory Board's recommendations for a range of policy and programmatic strategies to retain and expand Back Streets Businesses, as was requested by the Board of Supervisors.



Businesses Stories Business Sub-sectors Profile

BACK STREETS BUSINESSES STORIES



What is Sourdough?

Ever since 1849, we have been baking San Francisco Sourdough according to the Boudin family's time-honored methods. Our secret: the mother dough, an ancient method of making bread rise using only the wild yeast present in the local environment, "caught" from the air and cultivated with a mixture of water and flour. Surviving in our fog-cooled climate, our mother dough imparts a flavor and texture unlike any other bread in the world.

SHEEDY DRAYAGE

Sheedy Drayage is a true San Francisco company. When Joseph D. Sheedy founded Sheedy Drayage Co. in 1925, its equipment consisted of a single truck and its main work was hauling to and from San Francisco's docks and railway depots. The company now operates a fleet of more than 100 trucks, trailers, cranes and other heavy-duty lifting and hauling equipment. Sheedy is one of northern California's leading crane, rigging and heavy hauling contractors. Sheedy provides rigging services, erects tower cranes and manlifts.

Sheedy moved to its current location at the boundary between Dog Patch and the Bayview in 1950. Sheedy occupies almost 6 acres of land: office space takes about 5% of that space; 25% is used by a warehouse; and 70% is open yard space. With a total of 160 employees, including almost 100 who reside in San Francisco, Sheedy is a major employer of trained personnel in San Francisco.

“Skilled labor is looked down upon in San Francisco – even when those laborers make six figures a year.”

Mike Battini, co-president, Sheedy Drayage

The current generation running Sheedy is proud that Sheedy remains a San Francisco company. Almost 50% of its revenue is generated by projects in San Francisco. However, there are many hurdles Sheedy faces in running a successful business in San Francisco. Sheedy faces a shortage of qualified labor. Mike Battini, Sheedy's Co-President, notes

“skilled labor is looked down upon in San Francisco even when those laborers make six figures a year.” The City itself does not make it easy to operate: specifically there is the issue of getting street permits to operate cranes and less specifically there is a feeling that the City is just not business friendly. As Mike puts it, “while the City wants buildings built; they view those actually building the buildings as a necessary evil.”

Sheedy, like many Back Streets Businesses, is not a member of the San Francisco Chamber of Commerce and feels that there is no voice for Back Street Businesses in San Francisco.



BODE GRAVEL & CONCRETE

Bode has operated in San Francisco since 1915. Operating just in San Francisco, Bode has a work force of 60 employees. Bode has continually demonstrated its commitment to stay in San Francisco by moving to new locations when they were no longer “wanted” at their current home. From 1915 to 1989 Bode operated in the Mission District. In 1989 Bode moved to Mission Bay. In 2002 Bode moved to its current location in the Bayview. Sharing its space with Allied Ready Mix, Bode uses 2.25 acres for operations an additional acre for parking and a 2,000 square foot office.

Bode has had difficulty finding land that is zoned for its operation and feels that the entitlement process to operate an industrial business in San Francisco can be daunting. Bode leases its current location from the Port of San Francisco: it has a 10-year lease with three 5-year options. Like many Back Street Businesses, Bode cannot operate on the second floor of a building

Bode needs to be in San Francisco to meet the needs of its clients. A full 100% of Bode’s client base is located within the city. While many don’t think about it – concrete is a perishable product. If it is not used promptly it will harden in the truck! Even as it continues to grow, Bode faces a host of issues to run a successful business in San Francisco. A major issue is the lack of truck routes in the city. The lack of truck routes causes delays and increases operational expenses. Bode estimates that delays at the Islais Creek Bridge on Third Street cost the company \$1,500 a day!

Bode stays in San Francisco because it is their home and the home of their clients. But the cost and politics of running a Back Street Business in San Francisco can be hard to take. Bode feels that there is no voice or advocacy for Back Streets Businesses in San Francisco and feels establishing one is essential.

PET CAMP

Pet Camp is a family owned and operated business in the Bayview. Pet Camp, an overnight and day care facility for dogs and cats is not often thought of as a Back Streets Business, but it is actually much more like traditional Back Street Businesses than it would appear. Pet Camp gets deliveries several times a week via 18-wheelers; has a low employee to square foot ratio; operates at unusual hours of the day, weekends and holidays; and has potential noise impacts on its neighbors.

Pet Camp opened in 1997 after spending over two years looking for suitable and available property. Land use uncertainty continues to cloud Pet Camp’s future. While located in the Bayview, Pet Camp is not part of the Bayview Redevelopment Area; rather it is part of an older redevelopment area, the “Bayview Industrial Triangle.” Nevertheless, located only 100 feet from Third Street but also across the street from the Southeast Water Treatment facility, Pet Camp’s site has been proposed as housing, a senior citizen center, and a mixed-use facility. This uncertainty creates unnecessary stress and provides a disincentive for investing and growing the business.

Like many Back Streets Businesses, Pet Camp does not feel that the main business organizations speak for Back Streets Businesses or that the city decision makers understand the needs of Back Streets Businesses.





ADVANCED TECHNICAL SEWING

Not all sewing businesses make clothing. Advanced Technical Sewing (ATS) in the Bayview specializes in medical equipment, engineering products, lamp shades, and bags for a variety of users. The business has been in operation for 14 years and its owner, Kumiko Furukawa is a native Californian. With 11 employees in a 5,000-square-foot leased facility, ATS is expecting its business to grow in the future as demand for its specialized medical and engineering products expands. However, according to Kumiko, “Being in a highly technical field makes it hard to find skilled labor.” Hiring inexperienced workers is difficult for ATS because of the

She would like the city to figure out a way to help Back Streets Businesses like hers find and train employees for technical jobs.

cost of training them. All of the current ATS employees live in San Francisco, and Kumiko says the company takes pride in being located in the city. But the cost of living is high in the city, too. That means Kumiko has to pay her workers more while at the same time it is becoming harder for her to find people with the skills her company needs. Unlike some

other Back Streets Businesses in San Francisco, Kumiko says that the availability of land is not a problem for ATS. Instead, she would like the city to figure out a way to help Back Streets Businesses like hers find and train employees for technical jobs.



AMERICAN ALLOY WELDING

Back streets businesses keep the city's business community running. That's literally true of Bob Perkins and American Alloy Welding (AAW), a family-owned business in San Francisco since 1929. AAW is a machine and welding shop that repairs air conditioning, elevators, and building systems throughout San Francisco and the Bay Area. But it hasn't been easy for AAW to stay in San Francisco. Although business has been steady, Bob and his brother have had difficulty navigating the government bureaucracy and were almost shut down because of a technical issue at the Air Quality Control Board. Now that they are in full compliance, Bob says their biggest problem is finding skilled labor. Although AAW is a small business, with only three employees, Bob laments the fact that trade programs are no longer a focus of high school and college education. It is hard, he says, for small businesses to provide on the job training. AAW owns its 7,500-square-foot facility in the Bayview, so changes in rent are not a problem. However, because of the lack of job training support for Back Streets Businesses like AAW, when Bob and his brother retire in a few years, who will keep these businesses running?

BUSINESS SUB-SECTORS PROFILE

The following profile of San Francisco’s Back Streets sector is intended to provide an overall sense of the variety of “Back Streets” businesses and the type of work they perform.

The various businesses were grouped into twelve functionally distinct sub-sector categories. Each sub-sector generally corresponds to groups of specific NAICS and SIC codes, which are the standard classification systems used by public agencies to track businesses, though the sub-sectors profile here is somewhat customized to make the categories more intuitively understandable to the everyday person. The second and third columns in the table provide a brief description of what these businesses do in each sub-sector and a few examples of actual Back Streets Businesses operating in San Francisco.

Category	Description	Examples
Specialty Manufacturing	Transforms raw materials into finished goods for sale. Includes textile, apparel, paper, plastics, metal and wood.	<ul style="list-style-type: none"> • Advanced Technical Sewing • Timbuk 2
Food Production & Catering	Prepares fresh food products for human consumption. Includes food service contractors and mobile food services.	<ul style="list-style-type: none"> • Thirsty Bear Brewing Co. • Host International Inc. • Iberia Catering Inc. • Mang Hang Catering Truck
Construction Contractors & Suppliers	Builds and/or assembles any infrastructure on-site. Includes general contracting and sub-contractors.	<ul style="list-style-type: none"> • Sheedy Co. • Bode Gravel • Nibbi Brothers Construction • Cahill Contractors Inc.
Warehousing & Delivery Services	Uses commercial buildings and vehicles for the storage and/or transportation of goods. Includes couriers and messengers.	<ul style="list-style-type: none"> • Waiters on Wheels Inc. • Galindo Installation & Moving Services

Category	Description	Examples
Wholesale Trade	Sells goods to retailers and other wholesalers.	<ul style="list-style-type: none"> • Restaurant Depot • Del Monte Food Corp. • Ross Distributing Co.
Auto Services	Provides automobile repair and maintenance services. Includes car washes.	<ul style="list-style-type: none"> • Ellis Brooks Chevrolet • Franklin Auto Body • Bayshore Transmissions
Repair Services	Provides household and business repair and maintenance services. Includes furniture, shoe and locksmiths.	<ul style="list-style-type: none"> • Otis Elevator Co. • B&M Upholstery • 007 Locksmith
Publishing & Printing	Produces and/or disseminates literature and other information. Includes non-Internet publishing and printing, newspaper, periodical and book.	<ul style="list-style-type: none"> • Chronicle Publishing Co. • Viz Media • Independent Press Association
Media Services	Refers to various communication services. Includes display and direct mail advertising.	<ul style="list-style-type: none"> • Looksmart Ltd. • JCDecaux San Francisco
Specialty Services	Provides miscellaneous services to other businesses and the public. Includes janitorial services, pet care and veterinary services.	<ul style="list-style-type: none"> • Remediation Services Inc. • Mission Linen Supply
Utilities	Maintains the infrastructure for a public service, such as electric, gas and waste management services.	<ul style="list-style-type: none"> • Pacific Gas & Electric Co. • Sunset Scavenger Co. • Golden Gate Disposal
Research & Development	Refers to future-oriented, longer-term activities in science or technology.	<ul style="list-style-type: none"> • Smith-Emery Co. • Rubyred Labs



Challenges/Issues
Policies Framework



POLICY CONTEXT

CHALLENGES / ISSUES

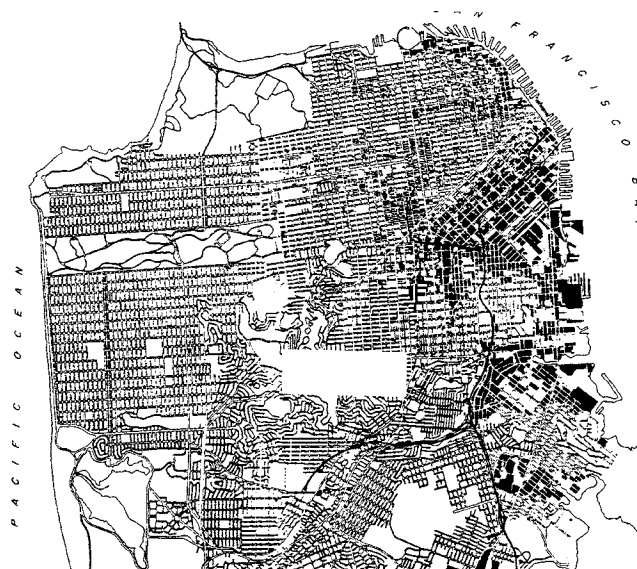
Why is this report needed, and why was the issue of “the retention and expansion of Back Streets Businesses in San Francisco” deserving of the creation of an Advisory Board by the Board of Supervisors? The problem statement that provides a context for the analyses and recommendations in this report has three basic aspects.

First, at a fundamental level there is the unsolvable challenge of limited land area in San Francisco—it is a city of only 49 square miles, with an even more constrained geography in the flatlands on its eastern flank. The land available for the kind of larger-footprint and operations-intensive activities characteristic of Back Streets Businesses is not growing, and in fact has been shrinking over recent decades as office and residential uses have slowly spilled over into formerly industrial districts from adjacent neighborhoods. This map from the City’s 1960s land use survey shows the extent of industrial lands just 40 years ago.

Not only is land supply for the Back Streets Businesses sector of the economy constrained and shrinking, but perhaps more importantly there has been a loss of the flexible building stock that has traditionally been available to industrial/commercial uses, with little to no new development of industrial space to replace this reduced supply. The conundrum that the City faces is addressing the question of how much land area and how much existing building stock should be preserved to not only serve current business needs but also to provide ample opportunities for business expansion and evolution over time to maintain the City’s diverse economy.

“As San Francisco works to address its housing needs, we must also be mindful of our employment goals. Back Streets businesses play an important role in the local economy by producing goods in the City and providing opportunities to grow our workforce.”

Supervisor Sophie Maxwell, District 10



LAND USED FOR INDUSTRY
SOURCE 1961-64 LAND USE SURVEY

Second, there is a problem of general public misperception about the city’s light industrial/ Back Streets economic sector: most everyday San Franciscans and visitors to the City know little about these kinds of nuts-and-bolts and relatively humble businesses or where they exist in the maze of districts and streets away from the high-profile parts of town. Even many city officials have had limited exposure to this business sector as it does not have a well established advocacy voice. This lack of awareness and understanding has led to a diminished sense of importance of these businesses and the overall light-industrial sector of the local economy. Thus, a major part of the problem is that there isn’t a perception that a problem even exists.

Lastly, there is an increasing blur of what kinds of businesses are thought of as “industrial” in the city’s modern economy. While the traditional activities continue to keep the city running on a day to day basis—the contractors and auto services and deliveries and small production houses, etc—there is also the arrival and growth of “new industry” businesses that are opening up the City’s economy to new technologies and markets. The bioscience sector has been the most highly touted of these new industry businesses, but there is an even more rapid growth of internet-related “digital media” businesses, as well as some budding R & D businesses in the “green technology” sector. These new types of businesses interface with the older existing Back Streets Businesses in a shared geography in the very same limited areas of the city where industry has traditionally clustered (see the section in this report on Business Clusters). The implication of allowing or not allowing these traditional and new industrial businesses to co-mingle in the same zoning districts is a topic of debate in setting land use policy for the city’s established industrial areas.

It is difficult sometimes to clearly demarcate the characteristics of traditional businesses from these “new industry” sectors. This blurring of traditional Back Streets Business activities with newer uses has its pros and cons. The positive side is the possibility of new mutually-beneficial synergies between an even greater diversity of businesses in the industrial areas of the city as a strategy of economic vitality. The down side, however, is that because the underlying real estate value of traditional vs. new industrial businesses is substantially different, there is the risk that traditional Back Streets Businesses will lose the competition for the use of land as other types of businesses out-bid them, thus finding it even more difficult to remain and grow in San Francisco.

The other challenge with blurring the new industrial and traditional Back Streets Businesses is to ensure that a balance of employment opportunities is retained for a wide range of workforce skills among San Francisco residents. The city’s existing Back Streets sector has provided an important source of employment for residents with limited educational training (see the section in this report on Workforce Profile). New industrial sectors require workforce training and re-skilling that presents its own challenge as these businesses try to grow a local qualified workforce. The potential land use competition between traditional Back Streets Businesses and newer businesses thus has the potential to dislocate workers who might not be prepared to transition quickly and easily into “new industry” employment.

Thus, the City faces this additional conundrum of how to appropriately retain, grow and evolve the traditional Back Streets Business sector while also nurturing and growing the newer “industrial” sectors that are opportunities for the future, and all in a limited geography of a city with constrained land area.



CITY POLICIES FRAMEWORK

The San Francisco General Plan has a number of existing policies related to the protection of a diverse economic base including industrial (“back streets”) business sectors. A selection of these policies is shown in the sidebars within this report section. The Commerce and Industry Element of the General Plan in particular provides clear guidance on the importance of improving the viability of existing industry and creating opportunities for new industries. Other supporting policies are found in the General Plan’s Transportation Element and in the Area Plans for the Bayview and South of Market. The Commerce and Industry Inventory prepared on an annual basis also articulates the City’s commitment to monitoring and maintaining its industrial base as the economy evolves.

Overarching these various City policies is one of the fundamental “priority policies” of the General Plan, which is also codified as Section 101.1 of the City’s Planning Code, which states:

General Plan Commerce & Industry Element

POLICY 2.1

Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

General Plan Commerce & Industry Element

POLICY 3.1

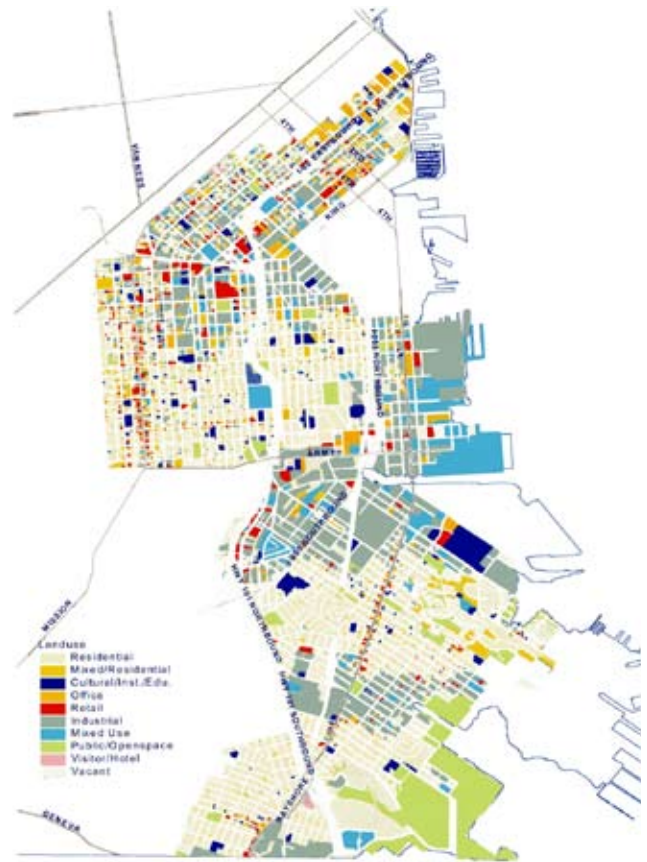
Promote the attraction, retention and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

“(5) That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;”

The Planning Department has been wrestling with these General Plan prerogatives for the last several years as it has engaged in efforts to plan for the future of much of the city’s remaining industrially-zoned lands, the so-called “Eastern Neighborhoods”— the districts where the vast majority of “Back Streets Businesses” are located. The map of those planning areas and the general existing land uses is shown here. The Board of Supervisors reiterated the importance of light industrial retention policies for the Eastern Neighborhoods in its Policy Resolution passed in January 2007 with Supervisor Maxwell as lead sponsor.

Another reference point for the policy framework relative to the Back Streets Businesses sector is the recent work conducted to prepare a comprehensive ‘Economic Strategy’ for the city*. An early component of that effort was to conduct a broad community survey in the spring and summer of 2006 to get public direction on the goals for the strategy. The highest-scoring goal from that survey was “Retaining existing businesses in the City.” Other top goals from the survey were: “Creating more jobs and new employment opportunities; Investing in infrastructure to enhance residents’ and workers’ quality of life; Ensuring stability in the City’s economy; Encouraging new industries to grow in the city.” The ultimate policy directions of the Economic Strategy which has now taken shape as a draft plan, include “[providing] enough of the right kind of space to support growth” of what the plan refers to as the “physical infrastructure sector” (ie, light industrial/Back Streets Businesses), and “building a responsive (workforce) training system to provide jobs where they are needed.”

As the city continues to sort out appropriate plans for the future of the Eastern Neighborhoods industrial areas, and for other changing districts of the city, there will be a continuing challenge to blend these industrial policies with other policies related to housing production, open space, transportation, etc. A fundamental insight has been gained through the arduous process of planning, that there is a critical relationship between economic development policy and land use policy. The Back Streets Businesses Advisory Board’s analysis and recommendations emphasize the intersection of these perspectives and try to carry forward the policy framework already existing within the General Plan, and supports the goals of the City’s draft Economic Strategy.



General Plan South of Market Area Plan Element

POLICY 1.4

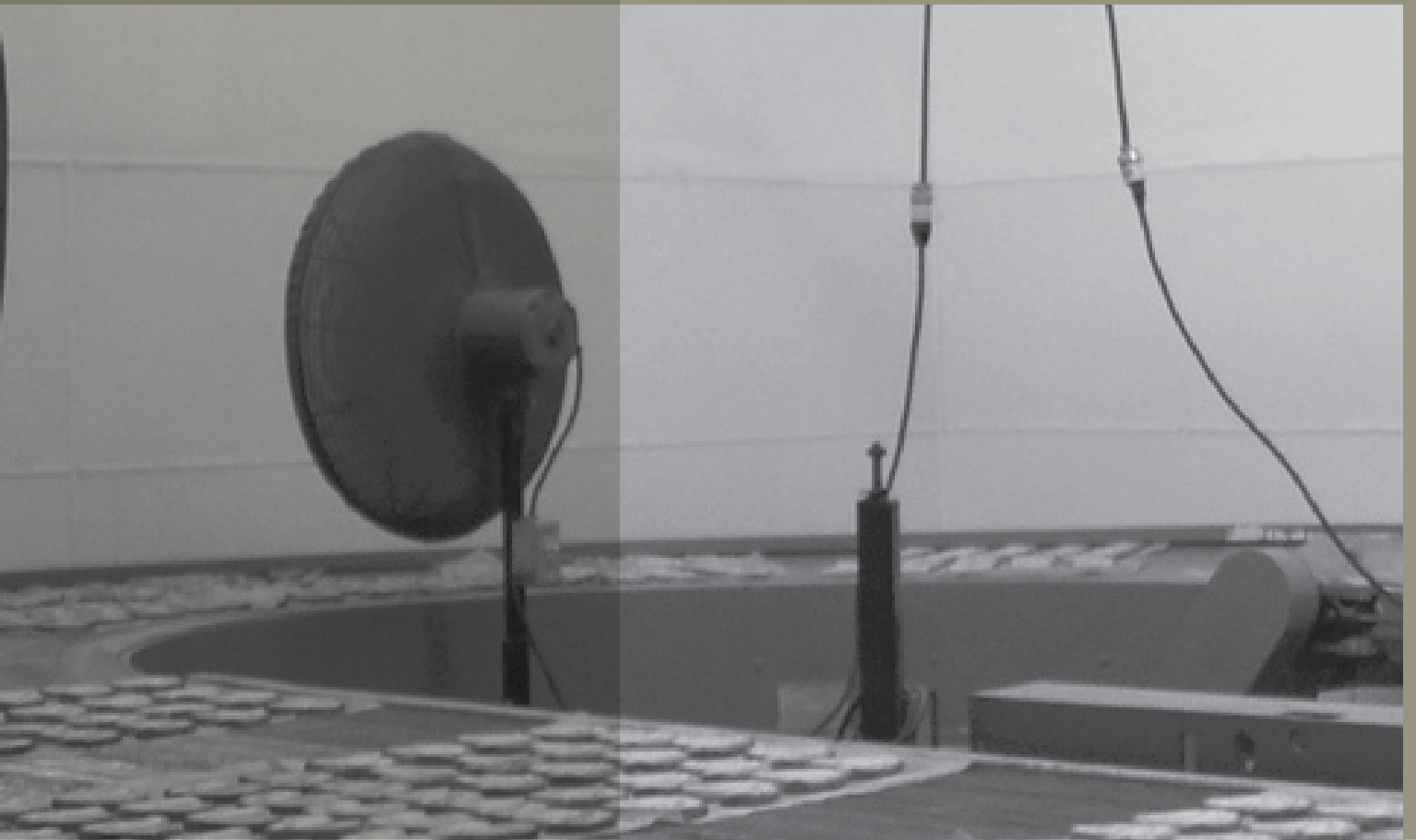
Provide sufficient land and building area to accommodate the reasonable growth and expansion of the South of Market’s diverse economic activities.

General Plan Transportation Element

POLICY 6.1

Designate expeditious routes for freight trucks between industrial and commercial areas and the regional and state freeway system to minimize conflicts with automobile traffic and incompatibility with other land uses.

* The Economic Strategy was initiated under Proposition I to create an economic development plan for San Francisco and was released in November 2007.



San Francisco's Economic Diversity
Business Linkages
Tax Impact
Back Streets Workforce Profile
Business Clusters

ECONOMIC CONTEXT



SAN FRANCISCO'S ECONOMIC DIVERSITY

Back Streets Businesses operate within the broader context of a city, regional and increasingly global economic framework. This section explains the economic diversity of San Francisco and highlights the critical role these businesses play in the citywide economy.

The San Francisco economy has evolved significantly over the past 150 years. Since the 1850s, San Francisco has been a national and international center of trade and transportation, with employment primarily driven by industrial, finance, and logistics businesses. The industrial sector of the economy grew dramatically through the war years of the 20th Century and San Francisco like many core cities had a base of large-scale factories and operations that remained a visible part of the landscape well into the 1970s and 80s. By this time, however, the dominance of large-scale manufacturing and the port were ebbing. After the 1950s the city's overall economic makeup, and the industrial sector itself, became increasingly diversified. At the same time that San Francisco was becoming a corporate center for global headquarters and office based businesses, the older manufacturing base was evolving into an increasingly diversified and smaller-scale array of light industrial/service/commercial business activity. The main anchor industries of the city's manufacturing economy have shifted from large export-based factory employers, such as food processing, garment manufacturing, metal works and printing, to a more diverse plethora of businesses providing local and regional

The history of industry in San Francisco is not a simple linear rise-and-decline trajectory, but rather an increasingly diversified and smaller-scale "back streets" sector of the economy.

serving functions. These new industrial businesses have sustained a light industrial sector of the local economy. Some of these types of "old economy" businesses, moreover, have evolved over the 1990s and 2000s in response to the rise of "new economy" high technology and internet sectors

(this point is discussed further in the Emerging and Evolving Industries section of this report). The tourism and finance sectors continue to be the other mainstays of the city's economy. It is important to consider that the history of industry in San Francisco is not a simple linear rise-and-decline trajectory, but rather an increasingly diversified and smaller-scale "back streets" sector of the economy.

The San Francisco economy is also still fundamentally tied to the national and international trade relationships developed over the past two centuries of the city's history. Research provided by the San Francisco Economic Strategy shows that while the city's core exporting activities have for the most part shifted towards various "knowledge" sectors and providing "experiences" to visitors, the complete picture of the city economy also shows that back streets businesses are absolutely vital to the success of these export industries. There is a symbiosis between the health and growth of these export sectors and what might be called the "infrastructure" sectors of the San Francisco economy.

By providing critical transportation, distribution, construction, production and other industrial services, Back Streets Businesses move the materials, make the goods and provide the services that support the City's export industries (these linkages are examined in the Business Linkages section of this report). But this constellation of light industry, service and commercial businesses is not just an enabler of the export industries, it is also a critical determinant in the competitiveness of San Francisco's knowledge and experience sectors. Through proximity to customers, experience in serving local markets and the benefits of clustering, Back Streets Businesses provide efficiencies that help increase the competitiveness of San Francisco's overall economy. In fact, one of the five "Strategic Priorities" of the City's recently drafted Economic Strategy is to "Preserve the physical infrastructure sector [the plan's terms for light industrial businesses] by strengthening its linkages to local markets."

While the city economy is often thought of in terms of economic sectors and business types and individual business operators, it is important to recognize that businesses represent jobs and it is San Francisco residents who are workers in the city economy. The Economic Strategy research shows that Back Streets Businesses provide an important job base to a wide range of San Franciscans. Thus, by creating good middle-income jobs accessible to workers of all levels of educational attainment, these businesses are critical in achieving broader objectives of greater inclusion and equality in job opportunities (this issue is explored in more depth in the Workforce Profile section of this report).

While the role of the city's industrial sector has evolved over time, the importance of today's "Back Streets Businesses" to the economic diversity of San Francisco has not diminished.



BUSINESS LINKAGES

One way to understand the economic diversity of San Francisco's economy is to illustrate the integrated linkages between businesses in various sectors – the economy on a day-to-day basis operates through a web of connections, many of which include a role played by Back Streets Businesses. Those connections are both within the geography of the city and between the city and a broader geography of outlying supply and distribution networks.

To illustrate some of these intricate business linkages on a local scale, the Advisory Board chose three example products that are often commonly associated with San Francisco's economy—they are trademark commodities of the city: sourdough bread; financial reports; and restaurant dining. The maps below show the many points of connection between “Back Streets” businesses of various types in creating these “Main Street” commodities, representing the many hands of workers and business operators involved along the way. Each set of linkages results in an interesting different pattern of connections that span various scales of geography across the eastern part of the city.



SUPPLIERS		
Sugar Bowl	480 A Toland St, San Francisco	Cookies
Bi-Rite	123 S Hill Drive, Brisbane	Baking Supplies
Westco Bake Mart	3621 Central Ave, Union City	Baking Supplies
ConAgra	2201 E 7th St, Oakland	Flour
BAKERIES		
Boudin at the Wharf	160 Jefferson	Produce 7,000 loaves daily
Boudin Bakery	399 Tenth Ave	Produce 8,000 to 10,000 loaves daily
RETAIL STORES & CAFES		
Wharf Pavilion	2890 Taylor	Retail Sales
Pier 39	Pier 39	Retail Sales
Market St	619 Market	Retail Sales
Embarcadero 4	4 Embarcadero Center	Retail Sales
Macy's Union Square	170 O'Farrell	Retail Sales
Macy's Kiosk	170 O'Farrell	Retail Sales
Stonestown Galleria	19th Ave & Winston	Retail Sales



BOUDIN BAKERY SOURDOUGH BREAD

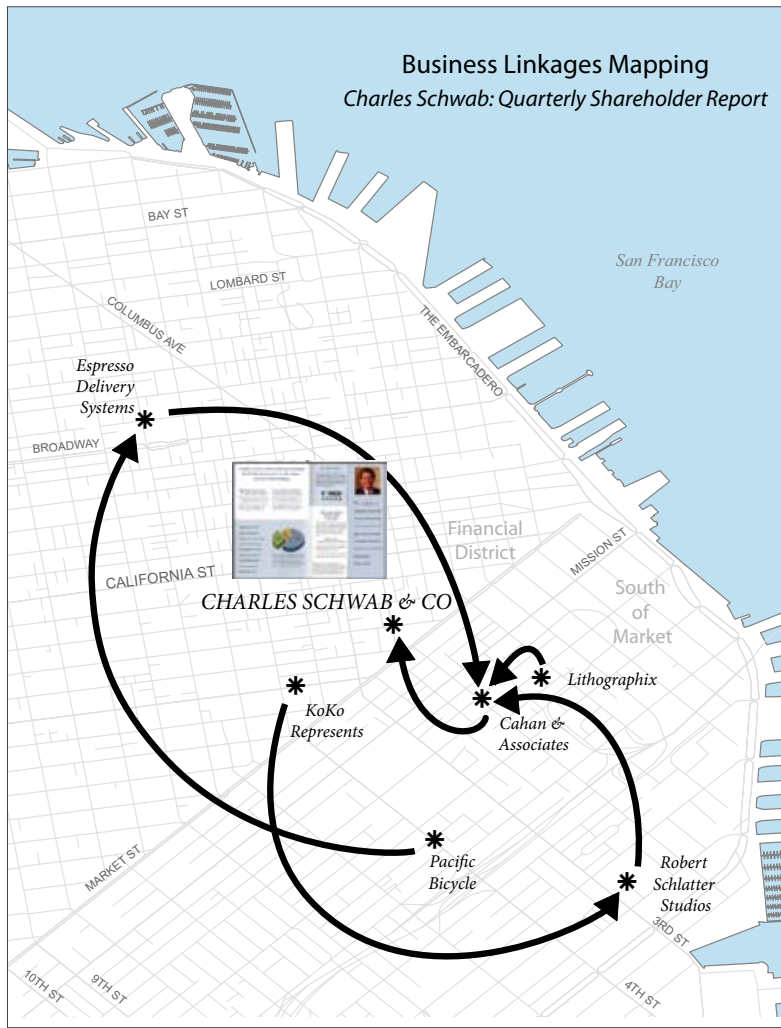
The Boudin Bakery was founded in 1849 and is considered by many to be the oldest established business in San Francisco. The histories of San Francisco and the Boudin Bakery have been connected since the Gold Rush.

It all began in 1849 when members of the Boudin family arrived in the city and created the first classic loaf of Sourdough French bread. Boudin Sourdough French Bread is known by travelers' world wide as one of San Francisco's most enduring symbols. Boudin Bakery operates two bakeries that are located at Fisherman's Wharf and at 10th Avenue and Geary Boulevard, as well as the 21 Boudin Bakery & Cafés located in Northern and Southern California. The Boudin Bakery bakes over 17,000 loaves of Sourdough French Bread daily in San Francisco, employing approximately 50 bakers and over 200 total employees at their various businesses in the City. Every loaf is made with a portion of the original Boudin "mother dough" that has been carefully preserved over the decades -- and heroically saved by Louise Boudin during the Great Earthquake of 1906. The Boudin Bakery purchases materials from local suppliers throughout the Bay Area including ConAgra (Oakland), Bi-Rite (Brisbane), Westco Bake Mart (Union City) & Sugar Bowl (San Francisco). Boudin's original Sourdough French Bread is sold through its local outlets and its catalog sales are shipped nationally by both UPS and FedEx.



CHARLES SCHWAB QUARTERLY REPORT

In early March of 2006, thousands of stockholders across the country opened their mailboxes to find a copy of the Charles Schwab Corporation's 2005 Annual Report. Only a few (if any) asked themselves how many Back Street Businesses and workers it took to get the 88-page, handsomely bound report to them. Following the path of Charles Schwab's annual report reveals a fascinating interrelationship among downtown and south of market San Francisco designers, photographers and printers. The journey began in the company's investor relations office, which hired Cahan & Associates (15 employees) to design the report. Cahan & Associates in turn hired Robert Schlatter (self-employed) to produce photographs of models for the report. Koko Represents, Inc. (4 employees) provided hair and make-up services to Robert Schlatter's models. Throughout this production process, Cahan & Associates used bicycle messengers working for Espresso Delivery Systems (4 employees) to shuttle draft reports to and from Charles Schwab's offices. Lithographix, Inc. with 3 employees in San Francisco printed the final report at its Los Angeles plant. Historically, Lithographix printed the report in San Francisco, but it recently consolidated its major production floor projects to its Los Angeles facility.



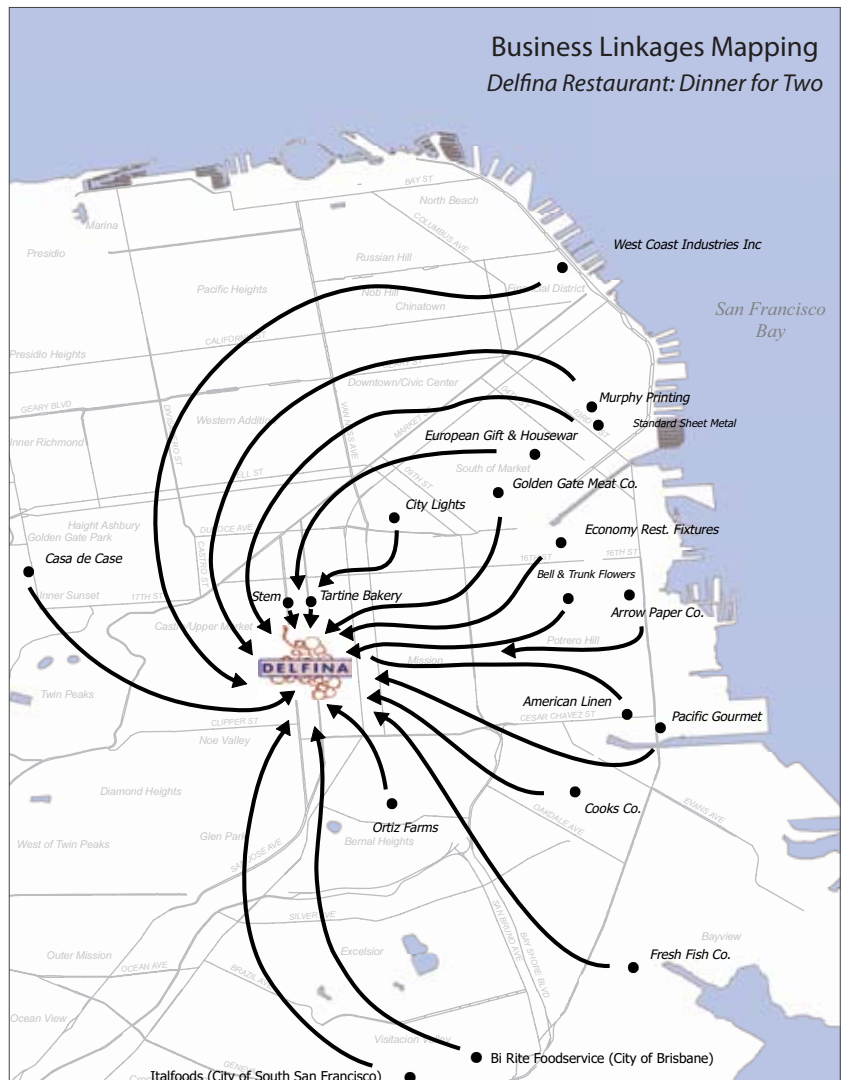
- Charles Schwab & Co.**
Corporate Headquarters
101 Montgomery
-Issues annual report to shareholders
- Cahan & Associates**
171 Second St
Established 1984; 15 employees
-Designs annual report for Charles Schwab
- Espresso Delivery Systems**
895 Vallejo
-Established 1998; 4 employees
-Provides bicycle messenger services for Cahan & Associates to and from Charles Schwab
- Pacific Bicycle**
345 Fourth St
-Established 1985; 10 employees
-Provides bicycle repair services to Espresso Delivery System
- Lithographix**
530 Howard
-Established 1991; 3 employees
-Provides printing services to Cahan & Associates
-Sales office in SF only; annual report is printed at its Los Angeles plant
- Robert Schlatter Studios**
1 Carence Place
-Self-employed
-Provides photography services to Cahan & Associates for annual report
- KoKo Represents**
166 Geary
-Established 1990; 4 employees
-Provides hair and make-up services to Robert Schlatter Studios for models photographed in annual report

DELFINA RESTAURANT DINNER FOR TWO

Opened to a packed house and rave reviews in November 1999, Delfina is a trattoria (small Italian restaurant) in San Francisco's Mission District, owned by Anne and Craig Stoll. Today, Delfina is busier than ever, and continues to receive top marks for preparing delicious food. Hundreds of local residents and visitors may dine at Delfina on any given night. However, how many of them know where their food comes from or where their plates, cups, glasses, silverware, napkins and even to-go bags come from? Asked another way, how many Back Streets Businesses are engaged in supplying Delfina's menu and table settings? The answer may surprise you. Examining the ingredients in some of Delfina's most popular dishes as well as the non-food items in its dining room and patio revealed the Stolls' strong ties to local producers, suppliers and merchants.

MENU	
GRILLED CALAMARI W/ WARM WHITE BEAN SALAD	
	SUPPLIERS
- Calamari.....	Fresh Fish Co.
- White Beans.....	Zursun, LTD, IDAHO
- Garlic, Sage & Lemons.....	Cooks Co.
- Champagne Vinegar.....	Pacific Gourmet
- Olives.....	Columbus Foods Co., San Jose
- Olive Oil.....	Casa de Case
- Pure Olive Oil.....	Italfoods, South San Francisco
- Frisee, Arugula & Sage.....	Local Farms
NIMAN RANCH FLATIRON STEAK W/ FRIES	
	SUPPLIERS
- Steak & Bone Marrow.....	Niman Ranch, WASHINGTON
- Beef Bone Sauce.....	Golden Gate Meat Co.
- Italian Wine.....	Italfoods, South San Francisco
- Shallots & Potatoes.....	Cooks Co.
- Olive Oil.....	Casa de Case
- Fry Oil.....	BiRite FoodService, Brisbane
- Rosemary & Herbs.....	Local Farms
BUTTERMILK PANNA COTTA W/ RASPBERRIES	
	SUPPLIERS
- Buttermilk & Cream.....	Petaluma Farms, Petaluma
- Sugar, Lemons, Gelatin.....	BiRite FoodService, Brisbane
- Raspberries.....	Ortiz Farms, Watsonville
COFFEE AND WINE	
	SUPPLIERS
- Espresso.....	Mr. Espresso, Oakland
- Dinner Wine.....	Young's Market, Los Angeles
- Dessert Wine.....	Vinity Wine Co. Inc., Emeryville

TABLE SETTING	
	SUPPLIERS
- Table Bases.....	West Coast Ind., Inc.
- Table Tops.....	Standard Sheet Metal
- Wine Glasses.....	Wine Warehouse, Richmond
- Espresso Cups.....	European Gift & Houseware, NEW YORK
- Chairs, Breadplates, Salt & Pepper, Water Glasses & Silverware.....	Economy Rest. Fixtures
- Salt.....	Italfoods, South San Francisco
- Pepper.....	Pacific Gourmet
- Napkins.....	American Linen
- Flowers.....	Stem; Bell & Trunk Flowers
- Bread.....	Tartine Bakery; Acme, Berkeley
- Butter.....	Petaluma Farms
- Menus.....	Murphy Printing
- Lights.....	City Lights
- To-Go Bags.....	Arrow Paper Company



One table-for-two customer, by simply ordering a meal at Delfina, is connected to a total of 25 different Back Streets Businesses throughout San Francisco, the greater Bay Area and beyond. For instance, if a customer orders Delfina's grilled calamari with warm white bean salad for dinner and its buttermilk panna cotta with raspberries for dessert, he or she is indirectly supporting 11 different businesses that supplied the ingredients for these dishes (five of which are located in San Francisco). These include the Fresh Fish Co., Cooks Co., Pacific Gourmet, Casa de Case and a number of local farmer markets. That customer is also indirectly supporting 14 additional businesses that supplied the pieces of Delfina's table settings (nine of which are in San Francisco). Among others, these include Economy Restaurant Fixtures, American Linen, Murphy Printing, City Lights and the Arrow Paper Co.



One table-for-two customer, by simply ordering a meal at Delfina, is connected to a total of 25 different Back Streets Businesses.

TAX IMPACT

Back Streets Businesses have a considerable beneficial impact to the local economy in terms of taxes generated annually. Like all business in San Francisco, unless their taxable payroll is less than \$66,666.33 all Back Streets Businesses must pay payroll taxes to the City. Research by the Board of Supervisors' Office of the Legislative Analyst with available Treasurer Office data resulted in estimates that collectively Back Streets Businesses generate approximately \$55 million in annual payroll tax revenues for the City. This accounts for approximately 22% of the City's total payroll tax collection each year. The City Planning Department estimates that there are about 10,000 industrial and commercial businesses of various sizes, primarily located in the Eastern Neighborhoods, which can be categorized as Back Streets Businesses, and that these businesses are employing more than 80,000 workers. In addition to payroll taxes, Back Street Businesses are also required to pay registration fees and business unsecured personal property taxes (on such things as equipment). The cumulative impact of these expenses to the City has not been calculated but is inferred from this analysis to be significant.

BACK STREETS (per Treasurer data categories)	PAYROLL TAXES (2003)	% OF TOTAL COLLECTED (2003)
Construction	\$ 11,462,610	4.6%
Manufacturing	4,983,744	2.0%
Wholesale Trade	7,226,428	2.9%
Transportation & Warehousing	3,239,433	1.3%
Information	22,925,220	9.2%
Professional, Scientific & Technical Services	1,744,310	0.7%
Admin. Support, Waste Mgt., & Remediation Services	1,993,497	0.8%
Accommodation & Food Services	498,374	0.2%
Other Services	1,245,936	0.5%
Total	\$ 55,319,554	22.1%

Source: Office of the Legislative Analyst, December 2006

BACK STREETS WORKFORCE PROFILE

In the 21st century workplace, education is increasingly seen as the ticket to economic success, yet not everyone is able to go on to college. The Advisory Board's workforce analysis revealed that for workers with less than college educational attainment, Back Streets jobs pay substantially more than other jobs. While San Francisco is a place with a highly educated workforce, it is critical to note that according to Census data 55% of all residents working in San Francisco do not have a degree from a 4-year college, as shown in the table here. Thus, when discussing the benefits of employment from Back Streets Businesses we are talking about potential opportunities for the majority of working San Franciscans. Table 1 provides a summary of major characteristics of Back Streets workers as compared to non-Back Streets workers in all other jobs in San Francisco.

For workers with less than college educational attainment, Back Streets jobs pay substantially more than other jobs.

Workers in Back Streets jobs tend to have less education than other workers do in San Francisco. For instance, according to 2000 Census, 36% of workers in Back Streets Businesses had either dropped out of or completed only high school. This compared to only 18% for residents working in all other businesses in San Francisco. Back Streets Businesses remain the primary source of employment for the majority of those working in San Francisco lacking a 4-year college degree.



Another finding is that workers in Back Streets jobs are somewhat more likely to be racial and ethnic minorities. For instance in 2000, 52% of all Back Streets workers were non-white compared to 48% in other businesses. Notably, the primary reason for that difference is that 15% of Back Streets workers were Hispanic, compared to only 12.7% in other jobs. There is a slightly higher percentage of Asian and Pacific Islander residents in Back Streets jobs as well compared to other types of employment. Table 1 shows these various data summaries.

**Table 1: Characteristics of San Francisco Residents:
All Back Streets Workers compared with All Other Workers**

	SF RESIDENTS IN BACK STREETS JOBS		SF RESIDENTS IN ALL OTHER JOBS	
Mean Annual Wage	\$ 36,181		\$ 40,349	
Race / Ethnicity	Number	Percent	Number	Percent
White	34,844	48.7%	129,149	52.1%
Asian and Pacific Islander	19,283	26.9%	64,365	26.0%
Hispanic	10,732	15.0%	31,459	12.7%
African American	3,272	4.6%	11,668	4.7%
American Indian	251	0.4%	1,047	0.4%
Other	3,183	4.4%	10,197	4.1%
	71,565	100.0%	247,885	100.0%
Education	Number	Percent	Number	Percent
Less Than High School Degree	12,406	17.3%	22,710	9.2%
High School Degree or GRE	13,523	18.9%	22,912	9.2%
Some College	16,098	22.5%	64,296	25.9%
College Degree (BA or BS)	22,740	31.8%	88,275	35.6%
Post Graduate Degree	6,798	9.5%	49,692	20.0%
	71,565	100.0%	274,885	100.0%

Data Source: 2000 Census, 5% Public Use Micro Sample (IPUMS)

Workers in Back Streets jobs actually earn higher wages and salaries than workers in other sectors of the economy with similar levels of education. The 2000 Census data indicates that San Francisco residents employed by Back Streets Businesses earned an average of \$36,181 per year, while those working in all other business earned an average of \$40,349*. However, of the San Francisco workers with a high school education or less, those employed by Back Streets businesses earned an average of \$19,867 per year, while those working in other businesses earned an average of only \$15,926, which is shown in Table 2 below.

Table 2: Wage Income of Workers With Less Education

EDUCATION LEVEL	BACK STREET WORKERS	WORKERS IN ALL OTHER JOBS
High School or Less	\$19,867	\$15,926
Some College	\$29,909	\$27,004

Data Source: 2000 Census, 5% Public Use Micro Sample (IPUMS)

This trend of higher compensation applies to racial or ethnic minorities as well. For those with similar levels of education, minority workers employed by Back Streets businesses tend to be paid more than minorities employed by other businesses. As shown in Table 3 below, in 2000, African American employees in San Francisco with a high school education or less were paid an average of \$11,402 working for Back Streets businesses, versus only \$5,267 when they worked in other jobs. Hispanic employees who had dropped out of high school or had only a high school education were paid \$17,328 in Back Streets jobs, but only \$12,728 in other kinds of jobs. The Census data in the table also shows that workers in Back Streets jobs with some college education tend to earn higher wages than their counterparts in all other jobs in San Francisco.

Table 3: Wage Income, Ethnicity and Race For Workers with Less Education

RACE/ETHNICITY	BACK STREET WORKERS	NON-BACK STREETS WORKERS
Hispanic		
High School or Less	\$17,328	\$12,728
Some College	\$19,775	\$18,786
African American		
High School or Less	\$11,402	\$5,267
Some College	\$37,514	\$12,892
Asian and Pacific Islanders		
High School or Less	\$14,734	\$12,595
Some College	\$16,593	\$16,744

Data Source: 2000 Census, 5% Public Use Micro Sample (IPUMS)

* Note that 2000 Census data shows wages that are lower but still comparable in approximate magnitude to those calculated by the City Planning Department in its July 2002 report "Industrial Land in San Francisco: Understanding Production, Distribution, and Repair", which used a combination of three separate California Employment Development Department data sets as its primary source of information for analysis of wages. The Planning Department's 2002 report shows that all workers employed by "PDR" industries (which are essentially Back Streets businesses) earned an average of \$44,075 per year, while the average earned by those employed by all industries, including PDR jobs, was \$45,968 per year.

The same trends hold when examining various sub-sectors of Back Streets jobs. Table 4 below shows that workers in jobs in the Warehouse and Delivery sub-sector who only had a high school education or less earned \$17,102 on average according to Census 2000. This compares to \$15,926 for all other working San Franciscans with a high school education or less. In Specialty Manufacturing, Back Streets workers with high school or less earned \$16,623, compared again to \$15,926 for similarly educated workers in other jobs. Across the spectrum of Back Streets jobs, the wage levels tend to be higher than other employment options.

**Table 4: Wage Income of Selected Back Street Sub-Sectors
For Workers With Less Education**

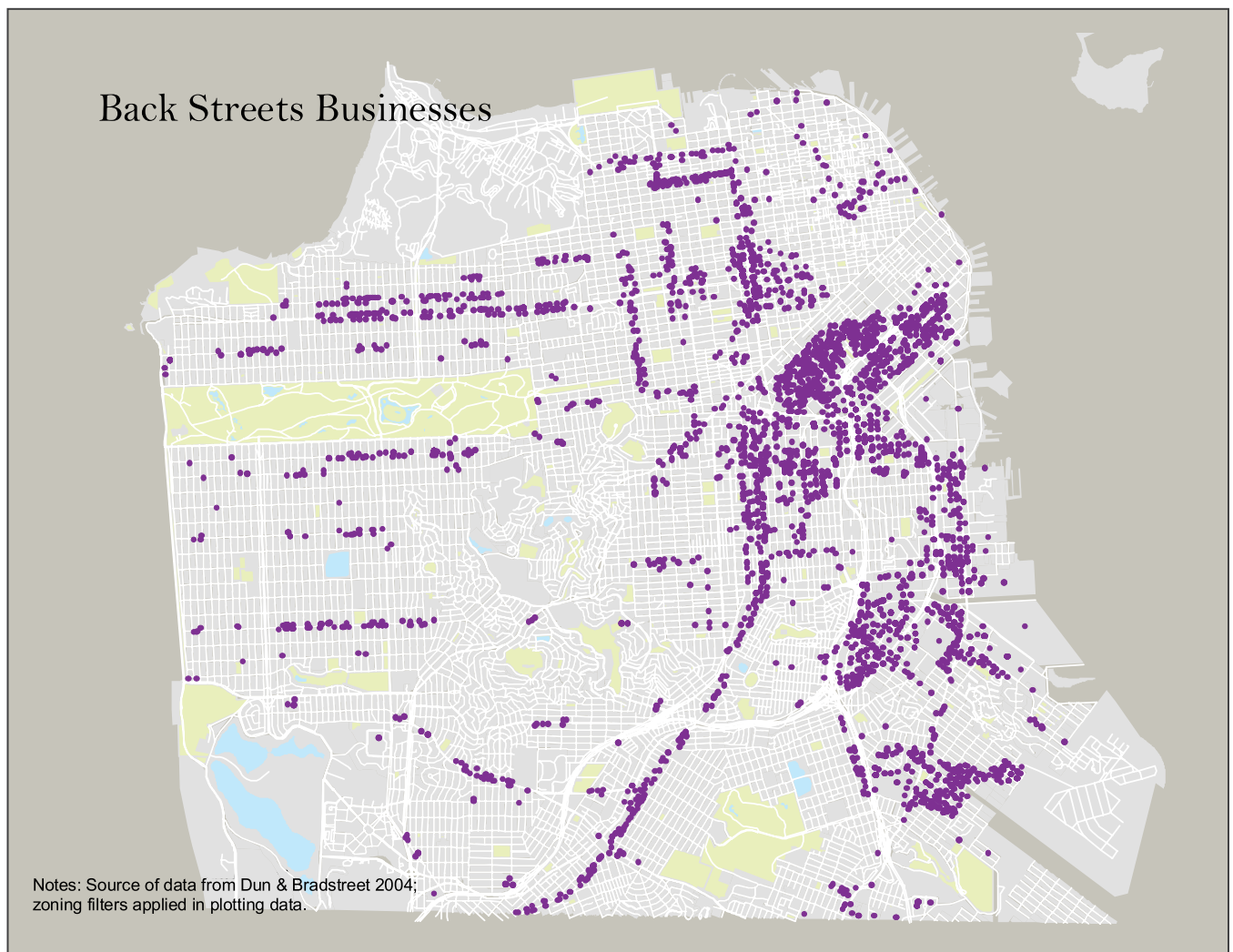
BACK STREETS SUB-SECTOR	SUB-SECTOR WORKERS	NON-BACK STREETS WORKERS
Warehouse and Delivery		
High School or Less	\$17,102	\$15,926
Some College	\$26,423	\$27,004
Specialty Services		
High School or Less	\$17,551	\$15,926
Some College	\$15,120	27,004
Wholesale		
High School or Less	\$16,988	\$15,926
Some College	\$25,209	\$27,004
Specialty Manufacturing		
High School or Less	\$16,623	\$15,926
Some College	\$22,496	\$27,004

Data Source: 2000 Census, 5% Public Use Micro Sample (IPUMS)

BUSINESS CLUSTERS

Using the Businesses Profile introduced earlier in this report that generally categorizes the array of activities in the Back Streets economic sector, the Advisory Board mapped out the dozen sub-sectors to see what geographic patterns may exist. The plotting of Back Streets Businesses' overall locational "clustering" is shown here, along with a sampling of the sub-sector maps in the following pages.

It is fairly clear that the majority of these business types cluster in the traditional industrial areas of the city. By comparison, the city's 1964 map of industry from the citywide land use survey shown below this current back streets mapping has a similar "footprint" of industrial clustering in the central and southeastern quadrant of the city. Back Streets Businesses also cluster along the major transportation corridors traversing the city out to the western residential neighborhoods and south towards Daly City, though there are differences in the locational factors for these types of businesses in the peripheral parts of the City from the Back Streets Businesses in the eastern core of San Francisco.



There are a number of factors that likely explain the clustered location patterns of Back Streets Businesses in the eastern flatlands of San Francisco: the building stock in these traditionally industrial parts of the city, much of which dates from the first half of the 20th century, is relatively affordable for businesses and tends to be highly flexible for use by a variety of activities; the parcel sizes in these historically industrial areas and along the big transportation corridors tend to be larger than elsewhere in the city; these areas of the city have generally good access to the freeways and the major arterial roadway network (and in previous eras these areas were also proximate to the railroad lines and to the water-based transport systems); and, these clusters of light industrial/commercial “Back Streets” business activities are for the most part located away from residential neighborhoods of the city, avoiding nuisances and operational conflicts. Thus, as an overall sector of the city’s businesses, these Back Streets Businesses have a well-established location pattern or “footprint” that makes sense intuitively.



LAND USED FOR INDUSTRY

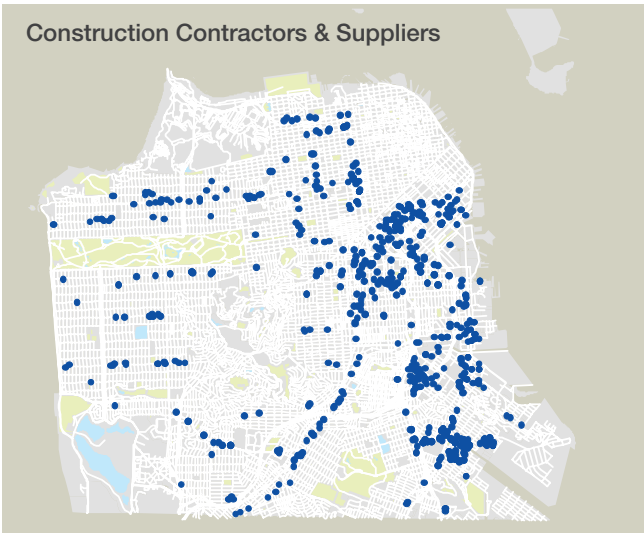
SOURCE: 1961 - 64 LAND USE SURVEY

Looking at the sub-sector cluster mappings, however, it is more difficult to discern how certain specific types of Back Streets Business activities might be clustering in proximity to each other. Perhaps the most familiar notable “cluster” San Franciscans are aware of is the “produce district” in the northwest Bayview where several similar and related wholesaling and distribution businesses are located.

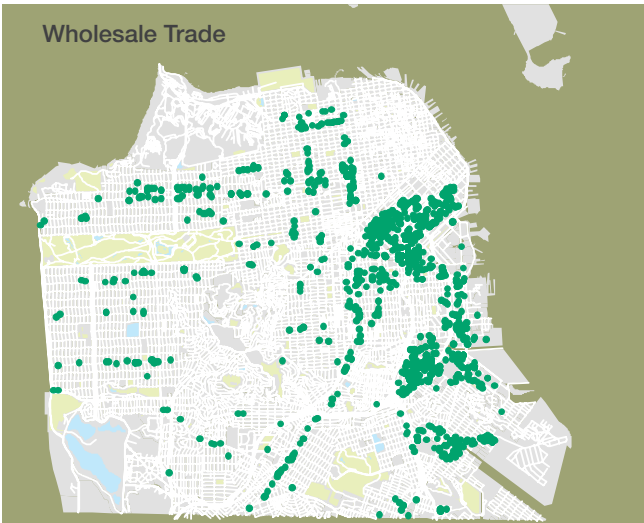
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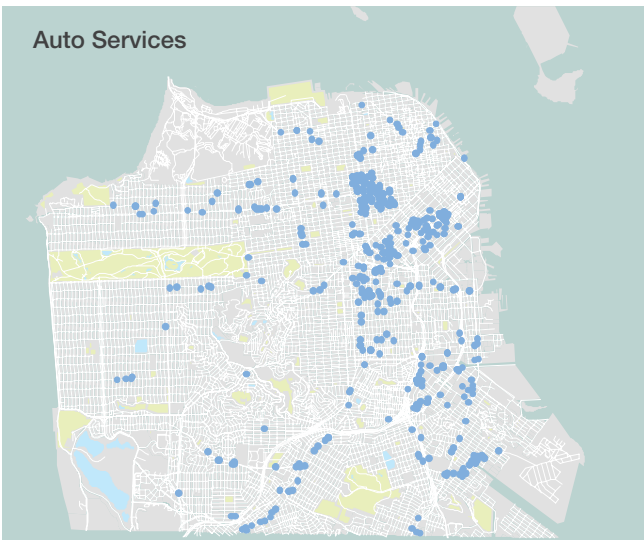
Construction Contractors & Suppliers



Wholesale Trade



Auto Services



This kind of “agglomeration economy” can create benefits for individual businesses that have similar suppliers that rely on the same transportation routes, that have common markets, and that regularly do business with each other. The flower mart cluster is another still-functioning example of this kind of business agglomeration, and in a previous era of San Francisco the famous “butchertown” was a cluster of animal slaughtering businesses. But other than these particular specialty districts, the landscape of Back Streets Businesses seems to be highly variegated within the overall Back Streets footprint across San Francisco. There are not clear sub-sector clusters in today’s light industrial/commercial Back Streets Businesses economy.

This is not surprising—the section in this report on the Economic Diversity of San Francisco notes that over the last several decades the city’s overall economic makeup, and the industrial sector itself, has become increasingly diversified. At the same time that San Francisco was becoming a corporate center for global headquarters and office based businesses, the older manufacturing base was evolving into an increasingly diversified and smaller-scale array of light industrial/service/commercial business activity. It is common, therefore, to find a much more mixed combination of Back Streets Businesses in these cluster areas than to find any distinct zone of a particular business type.





Emerging & Evolving Industries
Business Needs/Problems
Best Practices/Strategies

BACK STREETS BUSINESS ISSUES



EMERGING & EVOLVING INDUSTRIES

In San Francisco, Back Streets Businesses are capitalizing on new technologies, new markets and new business practices to better compete in a constantly evolving and changing economy. As one business owner said about evolution: “that’s what good businesses always do.” The objective of this section is to explore the key factors necessary for Back Streets Businesses and workers to evolve and to adapt to the circumstances of the constantly changing economy, and how City government has the potential to help them succeed.

There is a wide range of factors that contribute to the ability of a Back Streets Business to evolve over time and to meet new challenges. Some of these factors are uniquely “personal” for the business. For example, where the owner is in his or her life cycle is important. A 45-year old business owner is likely to view the need for change differently than a 65-year old owner. Some of the factors, however, are best viewed at a wider, more policy level: is the City setting up a framework of encouragement for creativity and evolution of industries? The recommendations of the Back Streets Businesses Advisory Board seek to strengthen the atmosphere and the infrastructure of city government to create that opportunity for businesses to evolve and capitalize on changing trends in industries. Just as it is difficult to predict the next generation of Back Street Businesses it is difficult to predict how and why industries will evolve.

The recommendations of the Back Streets Businesses Advisory Board seek to strengthen the atmosphere and the infrastructure of city government to create that opportunity for businesses to evolve and capitalize on changing trends in industries.

There is also the question of what we mean by evolution. For some Back Streets Businesses evolution means the slow adoption of newer techniques to accomplish the same basic task. For others, evolution is more of a leap in the integration of new practices and technologies. This report does not attempt to speculate on specific changes in the city’s industrial businesses into the future nor specific intervention strategies to move business evolution in a certain direction. The emphasis instead is on leveling the playing field and providing the resources for opportunities to potentially seed and flourish.

Successful evolution is not a one-sided issue. Successful business evolution is inextricably linked to successful workforce evolution. It is one thing to consider the issues for a business owner to modify operations and equipment to keep up with markets or to create new markets. It is another thing to consider how the viability of those opportunities is dependent on the readiness of the workforce and access to training and re-skilling to meet the needs of evolving industries.

One example of the evolution of Back Streets Businesses is the ever increasing “greening” of businesses. The Mayor’s Office of Economic and Workforce Development’s Clean Tech Initiative generally defines “clean technology” as any products, services or processes that create solutions to environmental problems by harnessing renewable materials and energy sources, dramatically reduces the use of natural resources, and cuts or eliminates pollution and toxic wastes. Clean technology includes a number of growing economic opportunities in the following industries: green building and construction, energy efficiency, solar power, biodiesel fuel and other renewable energy. There is great focus at the policy level on the development of new businesses in this clean technology sector. It is important, also, that City policies not overlook the evolution of Back Streets Businesses to incorporate clean technology.

There are a number of San Francisco Back Streets Businesses that have taken advantage of this new technology to respond to the needs of customers and capitalize on new business opportunities. Examples of these types of businesses are:

- Heating, ventilation and air conditioning companies (HVAC) (such as Mason Heating and Air Conditioning) that have begun to incorporate tankless water heaters, passive heating mechanics and other high efficiency means to heat, cool or provide hot water to their clients.
- Laundromats and car washes (such as the Auto City touchless on South Van Ness) that have begun to capture gray water to reduce not only their water usage but also their impact on the environment.
- Businesses that have installed solar panels (such as Sunset Scavenger and Pet Camp) to reduce their energy usage.



The City's Clean Tech Initiative is coordinating the needs of clean and green tech businesses with workforce development to ensure San Franciscans can take advantage of strong job growth in environmental businesses. The City is working with businesses to identify their workforce development needs and ensuring that local job training programs and city resources are devoted to providing the skills necessary to fill these new roles. The City has also developed Citybuild, a construction trades program that trains residents in construction, including clean and green trades. Solar installation job opportunities are targeted through the local electrical union training program, which offers an emphasis on solar development. These programs incorporate clean technologies into the workforce training, so that graduates are prepared to take advantage of jobs that require the "greening" of traditional blue collar jobs.

Besides the Clean Tech Initiative, the Biodiesel Access Task Force is working to make biodiesel available to city residents and businesses by establishing the permitting process for biodiesel fueling stations. This is expected to not only bring in new green businesses, but provide more business for existing auto body repair shops to convert fuel tanks to biodiesel.

The convergence of Back Streets Businesses and clean and green technology is just one example of how these businesses are evolving over time to take advantage of new business opportunities, to respond to evolving customer demands, and to capitalize on new technology. This trend highlights that San Francisco's Back Streets Businesses are not static; they are dynamic businesses that are often at the forefront of their industry.

BUSINESS NEEDS / PROBLEMS

During the course of the Back Streets Businesses Advisory Board's work, members interviewed various businesses, attended neighborhood business association meetings (like the Bayview Merchants Association) and attended meetings discussing the so-called "Physical Sector" businesses hosted by the consultant developing the City's Economic Strategy.

Throughout these discussions, several issues and possible solutions from the vantage point of Back Streets Business owners were consistently raised. These issues are summarized below, paraphrased to reflect the perspectives and "voice" of business owners themselves. The Recommendations section of this report is in turn also informed by the suggestions from this input.



LAND USE

Issues

- There is almost universal agreement that land use is the critical foundation upon which any successful Back Streets Business policy must be built and that there is a shortage of viable industrial properties in San Francisco.
- In sorting out land use conflicts between industrial properties and housing, most businesses understand the need to have both a place to work and a place to live.
- Housing use is currently permitted in existing industrial areas; while industrial uses are not permitted in residential areas. This already tips the land use "balance" in favor of housing at the expense of business.
- Much of the property zoned for industrial use was modified during the "dot-com boom" to facilitate use by that sector. When the dot-com "bomb" came and this sector contracted, the property was no longer viable industrial property (for example, large open spaces were divided or ceilings lowered). Yet this property is still counted as industrial property.
- Insecurity about leases and land use constrains private investment in new technology and limits job creation.

GOVERNANCE/BUSINESS CLIMATE HAMPER'S BUSINESS RETENTION AND ATTRACTION

Issues

- The cost of doing business in San Francisco is very high. Back Streets Businesses, like almost all businesses in San Francisco, face a high minimum wage, payroll tax, mandated health care costs and sick leave. Smaller Back Street Businesses in particular suffer the most from these increased costs because they cannot “off-load” these costs to other locations as is possible by larger businesses.
- Back Streets businesses have needs and costs that are often not addressed by the City or the NEDOs funded by the City. Back Streets businesses often have higher infrastructure and energy costs than other businesses (especially small businesses in San Francisco).
- Unlike other business sectors, such as bio-tech, that have lobbied and received financial incentives to locate in San Francisco, Back Streets business have not sought favorable financial treatment from the City, such as payroll tax exemption.

WORKFORCE

Issues

- Lack of labor with technical and job readiness skills.
- City funded workforce development programs should be audited to determine if training being offered matches Back Streets Businesses needs.
- Programs designed to enable workers to retain more of their earnings are too complicated for the workers to use (i.e., the working family tax credits).

PHYSICAL INFRASTRUCTURE

Issues

- Land use pressure during the dot-com boom caused industrial space to be subdivided so as to be unusable for industrial uses.
- Poor quality of roads/infrastructure – City maintenance is not well provided in industrial areas.
- Mass transit is not as readily accessible to serve workers in industrial areas as it is in other job areas.
- Limited truck routes create conflict in the neighborhoods and delays for businesses.
- Limited availability of modern building stock for Back Streets Businesses.

BUSINESS ASSISTANCE

Issues

- There is a lack of business assistance programs designed for Back Streets businesses.

BACK STREETS BUSINESSES ARE NOT PART OF THE ECONOMIC DISCUSSION

Issues

- Back Streets Businesses do not have voice at City Hall and in influential advocacy groups (e.g., San Francisco Chamber of Commerce; SPUR).



BEST PRACTICES / STRATEGIES

San Francisco is not alone in its challenge to balance the various sectors of the city's economy in the midst of a highly competitive real estate market and a rapidly expanding high-tech business sector. The issues are complex, but the city does not need to come up with all of the solutions from scratch—there are a variety of “best practices” strategies that have been employed in other cities across the country as they grapple with many of the same issues related to light industrial/Back Streets Businesses. These various strategies have helped to inform the Back Streets Businesses Advisory Board in crafting recommendations for programs and policies appropriate for San Francisco.





BUSINESS ASSISTANCE

Business Assistance is provided by a City or a non-profit organization to help Back Streets Businesses succeed. Business assistance programs often include dedicated business managers who serve as a single point of contact and information clearinghouse for Back Streets businesses.

- **Berkeley:** The City of Berkeley assists in permit processing, public works issues resolution, developing a citywide referral network, providing economic data, and assisting local firms with recycling and energy conservation.
- **Boston:** Boston's Back Streets Program "grows Boston's viable industrial and commercial businesses and their diverse job base through the strategic use of land, workforce and financial resources." Boston's program offers comprehensive industrial planning services and business technical assistance and features a team of business managers who serve as ombudsmen to the Back Streets business community and "provide solutions, resources, and contacts as they relate to business needs--one stop shopping for zoning, permitting, City department resources and more."
- **Chicago:** Established in 1995, Jane Addams Resource Corporation (JARC) serves the Lakeview/ North Center community of Chicago. It provides retention services for manufacturers including: support in the development and management of smaller industrial spaces, marketing assistance, site selection assistance, and planning and advocacy in relation to land use.
- **Cleveland:** The Cleveland Industrial Retention Initiative (CIRI) is a city-wide industrial outreach program that assists businesses to maintain their existing strength, expand their operations, or relocate within or into the City of Cleveland. A primary feature of the CIRI program is CIRI's six Industrial Development Managers who identify available real estate for business expansion, serve as liaisons for business needs and concerns to the City, provides information on government programs, partner with training organizations to supply manufactures with trained employees, assist with public/private financing programs, and organizes companies that are geographically close to one another around issues that affect the neighborhood they're located in.
- **New York City:** The New York City Mayor's Office for Industrial and Manufacturing Business (IMB) was created to "retain and grow the sector's job base, execute the goals of the industrial policy, and serve as a single point of coordination for the industrial and manufacturing sector." The Industrial Business Solutions program provides business assistance to industrial and manufacturing businesses through solution providers located within or near Industrial Business Zones and provide answers to a broad range of business questions related to financial and business assistance programs, navigating and complying with applicable regulations, workforce development and maintaining a competitive business environment.

INDUSTRIAL BUSINESS ASSOCIATIONS

An Industrial Business Association is a member based trade group that provides a network for industrial businesses, advocates for Back Streets Businesses and offers business assistance programs to its members.

- **Cleveland:** WIRE-Net is a membership based non-profit dedicated to retaining, growing, and attracting industrial and related employers and engaging them as stakeholders. WIRE-Net serves Cleveland's manufacturers by providing the following services: advocacy, business assistance, technical assistance, workforce development and financial assistance.

FINANCIAL ASSISTANCE

Financing programs provide Back Streets Businesses with financial assistance to start, improve or expand an industrial business and can range from low interest loans to tax incentives that help businesses compete and grow.

- **Berkeley:** Berkeley offers manufacturers help with financing by creating and facilitating financing programs. Citywide Loan Fund provides all qualified businesses up to \$100,000 for working capital, machinery and/or fixed assets.
- **Boston:** Boston's Back Streets Program offers low-cost tax exempt bond financing to Boston's Back Streets businesses to finance construction, capital expenses and working capital needs resulting from expansion. Boston Local Development Corporation provides loans between \$15,000 and \$150,000. Back Streets Backup Loan Program provides financing of up to \$250,000 to eligible businesses. The Business Loan & Equity Fund can assist businesses in acquiring working capital.
- **Chicago:** The City of Chicago issues industrial revenue bonds to finance new construction, renovation, and other purchases for manufacturers. Chicago also offers low-interest loans and property tax incentives to owners of industrial property. In addition, through the Landmark Program, the City provides incentives for the rehabilitation of industrial landmarks.
- **Cleveland:** The City has a Small Business Revolving Loan (SBPL) Program to be used for fixed assets, renovation of an existing facility and/or new construction. The Economic Development Enterprise Zone Tax Incentive Program offers a 60% real and personal property tax abatement for business retention and expansion projects located outside the central business district.
- **Oakland:** Oakland provides industrial businesses an alternative financing option for industrial businesses that are having difficulty accessing traditional credit markets. Funded through tax-exempt Industrial Development Bonds, Back Streets Businesses have additional avenues to capitalize growth and expansion. The Economic Development Alliance for Business (EDAB) for Alameda County and its cities administers the IDB Program to encourage manufacturing businesses to locate or expand in the County. The program targets small and medium-sized industrial and manufacturing companies normally shut out of national credit markets and provides financing for land, buildings, new equipment acquisition, and expansion projects at very low interest rates, low administrative costs, and longer terms.

TECHNICAL ASSISTANCE

Technical assistance programs help Back Streets Businesses adopt new and improved technologies, production methods and business practices.

- **Chicago:** Jane Addams Resource Corporation (JARC) provides a peer learning support group around modernization issues for industrial businesses.
- **Cleveland:** WIRE-Net provides counseling to Cleveland manufacturers on technology modernization, providing support in manufacturing improvement and human resource management and training; real estate/expansion services and helps arrange joint purchases.

WORKFORCE DEVELOPMENT

Workforce Development Programs assist Back Streets Businesses train, hire and retain their workers and managers. Programs range from financial incentives for training employees to helping improve the hiring process to ensure top candidates and lower cost.

- **Boston:** Boston's Workforce Training Fund's Express Program provides up to \$15,000 a year to match training expenses of employers. The City has three career centers to match businesses with employees.
- **Berkeley:** The Berkeley Office of Economic Development refers qualified local candidates from its First Source Employment program. Businesses that receive certain OED services are required to first consider First Source candidates.
- **Chicago:** Chicago's Jane Addams Resource Corporation (JARC) expands the job base in the area and increases the number of qualified community residents to fill those jobs. JARC offers school-to-work programs, adult basic education, and introduction to manufacturing classes.

- **Cleveland:** Cleveland's Westside Industrial Retention Network (WIRE-Net) offers placement services and trains managers, supervisors, and workers and runs a school-to-work program as well. WIRE-Net's "Hire Locally" initiative receives job orders from area firms and refers residents from its job candidate bank.

INDUSTRIAL ZONES AND MANUFACTURING DISTRICTS

Industrial Zones and Manufacturing Districts are specifically designated areas for Back Street Business activities. Programs for these areas can include targeted financial assistance and business services to assist Back Streets Businesses located in or relocating to the Industrial Zone or Manufacturing District.

- **Chicago:** Chicago currently has five Planned Manufacturing Districts (PMDs), which are designed to prevent the encroachment of competing uses, primarily residential and commercial. In addition to zoning controls, Chicago has Tax Increment Financing (TIF) districts that work in conjunction with the PMDs by providing TIF dollars to assist existing companies expand their operations, attract new companies to Chicago, help companies relocate from another site in the City that is no longer viable, to fund land acquisition and preparation costs, to assist with financing, to provide job training, and to fund infrastructure projects.
- **New York City:** The New York City Mayor's Office for Industrial and Manufacturing Business (IMB) designated New York City's sixteen most productive manufacturing zones "Industrial Business Zones" (IBZs) to support and create high-performing business districts. IBZs are administered by local development groups and provide expanded City assistance to industrial firms which include: services from industrial business solution providers (see below), conduct planning studies, and providing relocation tax credits for firms that move to an IBZ.

INFRASTRUCTURE IMPROVEMENTS

Infrastructure Improvements are capital investments made to key infrastructure in Back Streets Business areas.

- **Chicago:** The Industrial Corridors program in Chicago focuses on the infrastructure, marketing, and physical needs of Chicago's 22 industrial corridors. The City has established the "Industrial Area Improvement Program" focusing on upgrading the industrial and transportation infrastructure, for which TIF dollars can be used.
- **Portland:** The City of Portland provides infrastructure improvements needed by manufacturers including street improvements and waste elimination programs.

LAND USE CONTROLS

Land use controls use zoning to regulate the types of activities (e.g., housing, office, industrial, etc.) allowed on a specific piece of land. Zoning land for industrial/Back Streets use serves to provide space for businesses while minimizing conflicts with residents.

- **Chicago:** Chicago currently has five Planned Manufacturing Districts (PMDs), which are designed to prevent the encroachment of competing uses, primarily residential and commercial. Zoning within a PMD can only be changed with a majority vote by City Council. A PMD must be at least five contiguous acres with core manufacturing areas. Residential uses are prohibited and special uses are limited. In a buffer zone, residential uses are prohibited but a broader range of commercial uses are permitted depending on the neighborhood's needs.

- **Portland:** Portland's main industrial retention and expansion strategy has been the implementation of land use controls through their zoning code. Portland adopted the concept of the "industrial sanctuary" in 1981. Portland used three industrial zones to implement the industrial sanctuary: general industrial 1 (IG1), general industrial 2 (IG2), and heavy industrial (IH) zones. Conversion of a sanctuary to another use requires a change in the City's comprehensive land plan, which must be approved by the state legislature. Of the 16 sanctuaries created in 1981, three have been legislatively removed to accommodate other types of uses. Industrial sanctuaries allow commercial or retail development only when they are ancillary to industries in the sanctuary. Retail buildings in the sanctuaries are limited to 16,000 square feet.
- **Seattle:** Akin to Portland, Seattle's main industrial retention and expansion strategy has been the implementation of land use controls. As described in the Land Use Element of their Comprehensive Plan, Seattle relies on "manufacturing-industrial centers" (MICs). The goal of MICs is to promote the growth of industrial jobs and businesses by strictly limiting incompatible commercial and residential activities. MICs do not allow new residential construction. Retail uses that are ancillary to industry are permitted, but there are strict regulations that limit the size of retail structures. MICs allow the conversion of obsolete manufacturing warehouses and buildings for residential use, limited to artist live-work studios.



RECOMMENDATIONS



RECOMMENDATIONS

The Back Streets Businesses Advisory Board offers the following recommendations to the Board of Supervisors. These recommendations cover a wide range of policy and programmatic strategies to retain and expand Back Streets Businesses, and are categorized into types of strategies that address various aspects of the sector's business and workforce needs.

The Advisory Board recognizes that some of these recommendations may be easier to implement than others, and some are more resource dependent than others—the nuts-and-bolts details of implementing the recommendations will need to be further fleshed out by relevant City departments. Nor has the Advisory Board attempted to prioritize these recommendations. In any case, we suggest that the Board of Supervisors establish a report-back schedule for updates on progress in advancing these ideas.

A. BUSINESS ASSISTANCE

1. Improve/streamline business assistance services provided by the City.
 - Retain the city's Back Streets/PDR businesses liaison position recently created through MOEWD, to provide a "single point of contact" central clearinghouse and assistance program and facilitate inter-department coordination. (this could be coupled with a privately funded advocate (similar to the Chamber of Commerce) that could speak for industrial businesses)
 - Develop a "rapid response team" of City agency representatives to handle urgent issues at existing Back Streets businesses (e.g., recently Parisian Bakery) and the recruitment of new businesses. (e.g.s., Boston, Chicago and Cleveland models)
2. Create a commercial and industrial space "site finder"/ tracking of available space and sites.
 - Improve existing commercial and property locator web pages to help growing and new businesses find the space they need to operate successfully. Existing resources (e.g.s., SF Prospector; MLS) do not currently have comprehensive data collection and/or do not typically list industrial space for Back Street businesses to evaluate the viability of listed space.
 - To find land for truck and equipment parking that support local businesses
 - "Filter" data to properly classify types of space suitable for various Back Streets uses
3. Explore the possibility of providing "bulk packaging" of health insurance (eg, provided through centralized business association/alliance?).
4. Explore the possibility of bulk packaging of insurance bonding for small start-up businesses in contracting work (such as construction contractors).
5. Further research on the possibility of providing bulk workers compensation.
 - It is possible to have coverage for a range of work 'classifications' under a single bulk policy—e.g. Carpenters' Union model
6. Create 'employer development' programs to complement workforce development programs – a two-way "training" approach (e.g., dealing with multi-lingual workforce).
 - Possibly increase diversity/range of current offerings (e.g.s., SBA classes, City College, NEDOs)
7. Provide training and program re-tooling for business assistance providers (NEDOs) that are funded through MOCD, to understand specific circumstances of light industrial/Back Streets Businesses.
 - Work with City departments and non-profits to increase awareness and expertise in areas needed by Back Streets businesses. Specifically develop programs within the City and non-profits to work with companies with high levels of depreciable assets and energy needs.
8. Further research on the possibility of low-cost tax exempt bond financing to the city's Back Streets Businesses, such as used in the Boston and Oakland models.
 - Industrial development bonds and industrial revenue bonds – e.g. to finance capital improvements with City assistance

9. Further research on the possibility of seed financing to create a Back Streets Businesses “backup loan program,” such as used in the Boston model.
 - Assemble financing packages from multiple sources of funds – e.g. SBA programs (7A and 504 programs—property acquisitions and equipment)
 - Amounts and terms of loans may need to be restructured/tailored for Back Streets Businesses
10. Further research on the possibility of tax relief measures for utilities costs.

B. BUSINESS RETENTION & ATTRACTION

1. Develop and implement a Back Streets Businesses retention program. Establish a pro-active and balanced marketing strategy by the city to articulate that Back Streets Businesses remain welcome in San Francisco. The City offers financial incentives to all sorts of business to come to San Francisco, but offers little to existing companies. At some base “emotional” level the City needs to articulate that it appreciates the jobs and services these businesses provide (similar to the stated pride in the tourist, hospitality, restaurant and other industries in the City). The same should be said about Back Streets businesses (including the businesses supporting the more “high profile” sectors).
 - Emphasize city’s strengths – educated work force, multi ethnic
 - Work to attract large, cutting edge industries
 - Should be careful not to neglect or discourage existing business community that is desirable.
2. Develop a marketing plan to strengthen/identify image of each distinct industrial “district,” such as used in the Boston model.
3. Streamline the permitting process— permitting potentially impacts Back Streets businesses more than other business since many light-industrial/ Back Streets Businesses require extensive build outs and equipment installation prior to beginning operations. This should be linked to the role of the Back Streets Businesses manager/ liaison at MOEWD.
4. Further research on establishing a low cost loan fund, as used in the Cleveland model, for companies willing to make investments in capital investments in improving their business, as many Back Streets Businesses require extensive capital investments that are depreciated over time. (similar to recommendation #9 under Business Assistance). Such loans should also be available to Back Streets businesses investing in energy efficiency/green technology implementation.
 - Assemble financing packages from multiple sources of funds – e.g. SBA programs (7A and 504 programs—property acquisitions and equipment)
 - Amounts and terms of loans may need to be restructured/tailored for Back Streets Businesses
 - Education to NEDOs and MOCD about specific/ tailored needs of Back Streets businesses (as see recommendation #6 under Business Assistance)
5. Further research on creating a first-time business ownership program (comparable to first-time homeownership programs).
 - e.g., La Cocina in the Mission—great culinary training but little resources to help with starting a business and finding business space
 - e.g., recent program tailored to PDR/Back Streets entrepreneurship
6. Develop a strategic/focused business attraction program.
 - Attraction of symbiotic uses for existing businesses—advantages for sharing business services/facilities
 - Identify potential business “clusters”
 - Higher-end manufacturing – e.g., designer furniture
7. Launch a “Buy in San Francisco” (or Buy “from” SF) initiative, such as used in the Boston model.
 - e.g., local models—“Think Local First”; “SF Made” (emphasis on locally made consumer products)
 - Create preferences for locally owned companies in terms of the City’s purchasing of both goods and services.

8. Increase promotion of State and City tax credits and provide technical assistance in seeking such credits (for example, many Back Streets businesses currently must provide up to 30% of the value of tax credits from operating in Enterprise Zones to the companies that facilitate them getting such credits).

C. LAND USE CONTROLS

1. Emphasize Planning Dept consistency in future plans for areas, taking a comprehensive view. Stability in land-use decision making – remove “uncertainty” in zoning/planning regarding allowed uses on sites—beneficial for both Back Streets Businesses and land developers.
 - Create certainty with regard to land use so that Back Streets businesses will know that they should invest in their businesses and their property. The City should finalize the Bayview EIR (finalized during the term of the Back Streets Advisory Board – though litigation continues), the EIR for the Eastern Neighborhoods, the Redevelopment Plan Amendments for the IBID and BIT Redevelopment Areas.
 - Zoning by area, not on a parcel by parcel basis, to avoid incompatible land uses on adjoining properties (e.g., the “planned manufacturing districts” in Chicago, the “industrial sanctuaries” in Portland, and the “manufacturing-industrial centers” in Seattle).
 - Adopt established light-industrial districts, such as used in the Boston, Chicago and New York City models.
 - Establish appropriate buffering so that incompatible uses are not in close proximity. (e.g., possibly through use of “tiered” land uses (for example, heavy industry next to light industry next to commercial space next to mixed use space next to residential space).
 - Simplify the land use decision making process—tie to higher standards for area plans and more certainty in land use and development allowances.
2. Emphasize that comprehensive planning should include understanding and creating connections between people in communities and business growth—a cumulative analysis within plan areas.
 - Adopt economic development plans as a complement to each neighborhood plan prepared for industrial areas undergoing zoning and planning revisions. DCP and MOEWD coordinate plan implementation.
 - e.g., ENCHIA approach—holistic planning, use of ‘Healthy Development’ tool
 - Priority on needs of existing communities
3. Monitor effectiveness of recently adopted (2006, during the term of the Back Streets Businesses Advisory Board) “coming to the nuisance” ordinance.
4. Emphasize that space issues are critical to Back Streets Businesses. Make sure zoning decisions are built around idea of preserving viable building stock.
 - Amount of space
 - Type of space – clear-span ceilings; floor plates; roll-up doors, etc
 - Consider “work-live” rather than “live-work” as the norm in industrial areas.
5. Strengthen neighborhood planning standards when industrial land is converted to office, commercial, residential or institutional uses.
 - e.g., consider establishing standards for socioeconomic impact analysis as part of planning studies—already an SIR for eastern neighborhoods
 - Look to precedents from other jurisdictions—e.g., LA and courts in upholding significance of impacts on businesses that creates “blight”
 - Analyze business competition within economic development districts (e.g., distinguishing PDR from biotech and digital media sectors)

D. INFRASTRUCTURE

1. Determine infrastructure needs for Back Streets Businesses. Identify opportunities and constraints for business viability. Balance needs for infrastructure among various/competing land uses.
 - Proactive City investments in infrastructure improvements.
 - E.g., commitment of capital funds over 5 year period, such as used in the Boston model and similarly in the Chicago and Portland models, to upgrade roadways, sidewalks, lighting in industrial areas
2. Develop and implement a more regularized maintenance program for infrastructure in industrial areas.
3. Broaden definition/concept of “infrastructure” to include adequate police and emergency services, communication systems (including quality broadband), transportation, etc.
 - include both “hard” and “soft” infrastructure
4. Conduct public transit assessments and access plans for workforce transportation and mobility.
5. Emphasize planning industrial “districts,” to include supporting services and amenities to maintain them as vibrant places over time (e.g., Mission Bay Plan)
6. City should delete the idea of “unaccepted” streets from its lexicon and install uniform improvements throughout the industrial areas of the City to increase area desirability for businesses and residents.
7. Pressure PUC/DPW to move forward quickly on needed water/sewer improvements through Sewer Master Plan and Water Dept upgrades.

E. WORKFORCE DEVELOPMENT

1. Return to vocational training opportunities at high school and community college levels as alternative for those students so inclined. (e.g., Chicago and Cleveland models)
2. Improve coordination of small business employers and workforce development organizations
 - Create stronger links between business and workforce coordinators. Build stronger personal relationships. Provide educational opportunities to both businesses (to know what people are available through the one-stop programs) and to the one-stop programs (so they have a better understanding of business needs).
 - Coordinate efforts and programs available to businesses to hire from underserved populations.
 - Start summer and youth employment programs earlier in the year (waiting until May to start such programs limits the ability of smaller seasonal businesses to hire students).
 - Provide language education to employers and potential employees lacking second language skills.
3. Further research on possible coordination of PIC “customized training” program for Back Streets worker pools (tailored to sub-sectors of businesses).
 - Possibly coordinate as off-site “classroom” training through City College
 - Subsidize direct employer training?
 - Incentives for on-the-job training
 - Focus on specialized sectors
4. Stress job-readiness skills in workforce training—while specific employment circumstances may differ, basic job readiness skills apply across the sector.
 - Industrial businesses can be very diverse
 - Attention should be spent on specific job related skills (e.g., Chicago model)
 - Further research on possibility for centralized “pre-apprentice” training—e.g., Carpenters union program as a model

5. Develop an “employer development” program to mirror job readiness programs currently available—a two-way “training” approach—so that employers are better able to avail themselves of potential employees in underserved communities.
 - Should include cultural awareness and language classes. Possibly increase diversity/range of current offerings (e.g.s., SBA classes, City College, NEDOs)
6. Look at Bridges to Biotech program as potential model for other coordinated workforce training.
7. Emphasize that the Economic Strategy’s business development priorities should be matched to employment needs of existing Back Streets Businesses workforce.
8. Involve community organizations that are involved with worker outreach in targeting workforce training efforts.
 - The advocacy organization should not be an exclusive business model like Chamber of Commerce -- should include both business owners and workers

3. Coordinate with other Bay Area interest groups (e.g., through the emerging Inner Bay Cities Industrial Roundtable)
4. Launch a “Buy in San Francisco” (or Buy “from” SF) initiative, such as in the Boston model.
 - e.g., local models—“Think Local First”; “SF Made” (emphasis on locally made consumer products)
 - Develop a program to “brand” San Francisco Back Street businesses – both those in the manufacturing and service sectors.
5. Create a technical assistance “mentor” program for Back Streets Businesses by leading corporations/institutions for marketing advice, competitive procurement opportunities, and technology adaptations, such as used in the Boston, Chicago and Cleveland models.
6. Develop relationships with other business advocacy groups in San Francisco as potential allies in promoting policies to preserve and promote Back Streets Businesses.
 - Poll the Chamber of Commerce about their interest in Backstreets – e.g., Small Business Advisory Committee as a potential model
7. Further research on the potential for “matching” to create/reinforce synergies among similar businesses.
 - e.g.s., bulk purchases, logistics coordination

F. ORGANIZING/BUSINESS ALLIANCES

1. The Board of Supervisors should establish some kind of evaluation process/mechanism to review effectiveness of recommendations.
 - Form a permanent Back Streets Businesses Advisory Board?
 - In the interim, extend the term of the current Advisory Board through August 2008 and redefine its role as part of the stewardship of and advocacy for the report’s recommendations.
2. Establish a Back Streets/PDR association of businesses—an organized industrial business association/alliance to act both as clearinghouse to get information to individual businesses and an advocate for Back Streets businesses.
 - A privately funded advocate (similar to the Chamber of Commerce) that could speak for industrial businesses (outside of association with City government) (e.g., the Cleveland model)
 - Advocacy group—e.g., The Manufacturers Association (California chapter)
 - Further research on possible development of a Back Streets Businesses “chamber” or business council



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