

## Executive Summary

The Nation's and the World's economies are in severe crisis. This past October, as the economic problems affecting much of the rest of the country began to more directly affect San Francisco, the Mayor unveiled a 5-part strategy for stimulating and supporting the local economy: (i) accelerating capital spending, (ii) investing in local businesses, (iii) reducing the burdens local government places on local businesses, (iv) supporting our workforce and (v) attracting more foreign investment in San Francisco.

Since October, the City's economic condition has significantly worsened. Attached to this Executive Summary is a complete "Updated Strategy for Supporting San Francisco's Economy" that details, and in some case expands, the City's efforts to implement those key strategies. These implementation strategies both build on existing economic development programs and launch a number of major new initiatives, including:

- Amending the City's Public Works Code to further expedite billions of dollars of already funded local infrastructure projects and to make it easier for local companies to work on those projects;
- Launching a business assistance strategy specifically directed to Spanish-speaking businesses;
- Expanding the successful "Shop SF. Get More" and "Staycation" holiday marketing campaigns to more permanently attract shoppers and tourists to the City from the 9-county Bay Area;
- Expanding the reach of the City's successful Neighborhood Marketplace Initiative ("NMI") and Community Benefit District ("CBD") programs to support even more neighborhood commercial corridors;
- Expanding the scope and reach of existing state and federal tax credit programs;
- Granting local businesses a New Jobs Payroll Tax Credit for two years;
- Granting local businesses a tax credit on new equipment purchases; to the extent such purchases are made locally;

- Developing a program that provides an offset for qualifying small businesses who are participating in Health San Francisco;
- Directly providing over \$23 million in no-interest loans to local businesses;
- Providing free space to local artists in vacant storefronts;
- Opening a new “one-stop” workforce center for the unemployed in the Western Addition (the City’s fifth)
- Expanding the City’s groundbreaking “Bank on San Francisco” program to include financial literacy;
- Expanding the scope of the “Working Families Tax Credit” program; and
- Building on the success of “Homeless Connect” by launching a series of new “Job Connect” events that include job fairs and workforce assistance and counseling.

The City’s strategies for supporting local businesses are based on the following core underlying principles:

- The notion that City policy makers must choose between the interest of keeping our economy strong and supporting social services is a false dichotomy. The City’s ability to care for its neediest residents is directly dependent on the strength of its economy and the tax revenues it generates.
- Cost margins matter now more than ever. As local businesses face extraordinarily difficult challenges, bottom line cost issues will play an even larger role in employers’ decisions about whether to grow, or even stay, in San Francisco.
- Because the City has limited resources to spur economic growth, those resources should directly stimulate local hiring and purchasing.

The full report both updates the City’s ongoing economic development efforts and describes key new initiatives implementing the City’s economic stimulus plan. Some of these new initiatives are summarized below.

1. Accelerating Capital Spending. The City's Department of Public Works is preparing a series of contracting reforms to the City's Public Works Code to further expedite the construction of large-scale, job-generating infrastructure projects that are sufficiently funded and designed to be under construction shortly, including:

- The PUC's 4.3 Billion Dollar rebuild of the region's water infrastructure;
- The Airport's 383 Million Dollar rebuild of Terminal 2;
- The PUC's construction of a new office building at 525 Golden Gate;
- The 900 Million Dollar rebuild of San Francisco General Hospital; and

2. Investing in Local Businesses. The City is advancing a number of new initiatives to support and invest in local businesses, including the following:

- Legislation streamlining city contracting laws to make it easier for local businesses to bid and win city contracts;
- Targeted business support outreach effort to Spanish-speaking businesses;
- Expansion of recent marketing campaigns to attract Bay Area shoppers and tourists to San Francisco; and
- Expansion of the City's successful Neighborhood Marketplace Initiative and Community Benefit District Programs for the City's neighborhood commercial corridors.

3. Reducing the Burden of Local Government on Local Businesses. The City is also developing a number of strategies to help local businesses reduce the costs of doing business in San Francisco, including the following:

- The City has recently expanded or reauthorized powerful state and federal tax credit programs. However, local businesses are missing out on tens of millions of dollars a year of tax credits by not fully utilizing these benefits. The City is targeting outreach to 4,000 small, midsized, and large businesses in 2009 to show them precisely how to better take advantage of these tax credits.

- The City is going to apply to the Treasury Department in 2009 for an allocation of up to \$150 million in federal New Market Tax Credits.
- The Mayor is introducing legislation to create a New Jobs Payroll Tax Credit. This New Jobs Payroll Tax Credit will waive local payroll taxes on new jobs created in the City for the next two years.
- At the same time, the Mayor will introduce legislation that provides a 2-year tax rebate for businesses that buy new equipment locally. Qualifying purchases will be eligible for a rebate of the City's share (currently 50%) of the increase in unsecured property taxes that would otherwise apply because of such capital investments.
- Mayor Newsom will also develop a program that provides an offset for qualifying small businesses who are participating in Healthy San Francisco.
- Mayor Newsom will also immediately make desperately needed credit directly available to businesses in San Francisco through two separate programs: (i) \$800,000 of micro loans to qualified small businesses and (ii) \$23 million in non-interest business loans.
- The Mayor is developing a program for local commercial landlords to offer rent-free short-term leases to local artists.

4. Supporting our Workforce. Upcoming new and expanded workforce development programs to help train and employ the City's under and unemployed include:

- Expanding the Working Families Tax Credit Program, which provides working families living in San Francisco a \$100 tax credit that yields an average of \$2,415 in Federal EITC refunds;
- Expanding the City's "Bank of San Francisco" program, which has helped 16,000 San Franciscans open bank accounts, to include important financial literacy programs;
- Opening a new "One-Stop" workforce center in the Western Addition, adding to the City's other One-Stop centers in the Bayview, Chinatown, SOMA and the Mission;

- Launching a new series of “Project Job Connect” employment assistance resource fairs, patterned off of the highly successful Homeless Connect.