

Planning Commission spares small business from transit fee

By:Ari Burack | 07/19/12 7:28 PM *SF Examiner Staff Writer*

Fee: The City's Small Business Commission feared including small businesses in the proposal would discourage growth.

New and expanding businesses would have to pay more for the transit impacts they have on The City under new legislation proposed by Mayor Ed Lee's administration, but the Planning Commission agreed Thursday to spare some small businesses from the brunt of the charges.

Business growth puts a burden on public transit operations citywide, and officials in the Mayor's Office note that The City's Transit Impact Development Fee on most non-residential developments hasn't changed in eight years. In May, they proposed a small increase in the one-time fee for new development or developments that make additions.

The fee — designed for Muni system maintenance and improvements such as new bus lines, additional buses on existing lines, or transit signal changes — currently raises an estimated \$23.7 million annually.

More controversially, the Mayor's Office also proposed enlarging the number of businesses subject to the fee, from those occupying 3,000 square feet and more to 800 square feet and above, in line with a city-commissioned study that concluded even smaller businesses impact transit.

However, The City's Small Business Commission protested that this would discourage small businesses. A new 2,500-square-foot childcare center, for example, could be subject to more than \$30,000 in fees to open, the business commission said in a recent letter to The City.

"These dollar amounts are enough to prevent a potential business from opening, leading to a missed opportunity to create jobs," wrote Regina Dick-Endrizzi, director of the Office of Small Business.

Several planning commissioners on Thursday agreed.

"I'm painfully aware of the difficulties small businesses are facing," Commissioner Kathrin Moore said.

Commissioner Mike Antonini said the fee "might have a dampening effect" on starting or growing small businesses. So the Planning Commission unanimously agreed to tweak the plan. Non-chain stores smaller than 5,000 square feet are exempted from the fees — even those that currently pay the fee. And nonprofit organizations will be grandfathered into the old pay scheme until 2014.

Light manufacturing companies and museums are the only sectors whose fees would decrease under the plan.

The new fee schedule, if approved by the Board of Supervisors, is expected to raise an additional \$988,000 per year.

A future plan, which The City hopes to implement in about a year and a half, could again subject small businesses and also residential developments to a transit impact fee, according to the Mayor's Office.

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Transit Impact Development Fee (per square foot)

- Office space: currently \$12.06, proposed \$12.64
- Day care/community centers: currently \$12.06, proposed \$13.30
- Post-secondary schools: currently \$12.06, proposed \$13.30
- Museums: currently \$12.06, proposed \$11.05
- Medical and health services: currently \$12.06, proposed \$13.30
- Light manufacturing: currently \$9.65, proposed \$6.80
- Retail/entertainment: currently \$12.06, proposed \$13.30
- Visitor services: currently \$9.65, proposed \$12.64

Source: Planning Department