

4 new firms seek Twitter tax break

BY MARK HEDIN

As 2013 draws to a close, the city is preparing to enter into nine new community benefit agreements with tech companies benefiting from the Twitter tax break.

After an uproarious Town Hall meeting at the library in mid-November, the city administrator's office and the new chair and vice chair of the Citizens Advisory Committee that represents the neighborhood in the process have begun hammering out the new agreements with five firms that have executed CBAs at least once before, and four neighborhood newbies: Spotify, Advsor, Sosh and the Golden Gate Restaurant Group, which runs the Burger King at U.N. Plaza.

The agreements have to be in place by Jan. 31. Drafts based on negotiations at two closed-door December meetings will be presented to the citizens committee at its Jan. 2 meeting and could be approved on the spot.

The committee may schedule additional January meetings to invite public comment on the agreements before signing off on all nine, but in the six CBAs signed in 2013, that process ultimately produced few changes.

"It has been really rushed," Supervisor Jane Kim said when asked about the process. "Last year and again this year. We need to start the conversations earlier."

Kim has met privately with representatives of all nine CBA companies, she said, with "thoughts on the best way to be effective," including a focus "on how to be more specific. Take on one or two issues instead of the vast multitude of the neighborhood's needs," Kim advised.

Speaker after speaker at the town hall decried the lack of several elements the CAC had identified as key goals back in 2012: transparency; close ties among the companies, community members and organizations seeking their support; tech training and hiring of locals; and efforts to counter gentrification.

"Your presence means the displace-

ment of someone who was already here," said Tony Robles, the housing director of Senior and Disability Action. "I'm not hearing a tweet on displacement, where are the tweets about that? Is there an app to make that better? I'm not seeing one tweet. I heard all about the IPO. ... The onus is on the tech companies to prove they're worthy of being here."

Any \$1 million-payroll company taking the Twitter tax break must sign an MOU agreeing to help the neighborhood, from grants and technical expertise to buying local and volunteering. In 2013, there were six such firms although 21Tech dropped out after about six months and now pays the 1.5% payroll tax. For 2014, the remaining five and the four newcomers have applied for the break, which they can't have without signing a CBA.

CAC Vice Chair Robert Marquez said that at the Dec. 9 meeting, he and Peter Masiak, chair of the committee, encouraged the tech companies to focus on stabilization and training locals to join the tech workforce. Although Twitter sent three representatives to that meeting, Marquez said, they arrived with no draft of a CBA proposal. Three of the four new companies also arrived empty-handed.

The value of those agreements and the process for monitoring compliance remain very much a work in progress, shrouded in secrecy. Only Zendesk has been willing to discuss with The Extra and others the size of its tax break. In fact, Masiak asked The Extra the source of our information that the CBAs are expected to be worth approximately a third of the value of the tax break they offset.

Zendesk community liaison Tiffany Apczynski had attributed it to the former city administrator. But it's not mentioned in the tax break legislation, or in Kim's follow-up ordinance that established the CAC.

It'll be next September before the Treasurer's office reports on the cost of 2013's tax exclusions, and it'll be 2015 before we know how much tax reve-

nue the city forgave in exchange for the CBAs being negotiated now.

At CAC meetings, Twitter and the other companies have repeatedly been encouraged by the public and committee members to be specific about how much they're spending on CBAs and saving in taxes, but as yet, this call for transparency has fallen on deaf ears.

Beyond the value of the tax break and benefits, the CAC has also repeatedly been urged to try to improve the companies' reporting process as they conduct their CBA activities. As 2013 draws to a close, the second-largest of the six companies, Microsoft's Yammer, has never had its efforts publicly reviewed — a review was on the agenda for the Dec. 5 CAC meeting, but no Yammer representatives showed up.

The volunteer CAC has no authority to approve, deny or change the agreements the city administrator has made with each company.

The Extra noted in September that the only report of Yammer activity then available included the biggest single expenditure of any of the six CBAs: \$2 million spent on catering from neighborhood newbie Green Heart, which owner Lisa Chatham told The Extra was overstated. The city administrator's review, distributed but not discussed at the December CAC meeting, only said that the city had been able to confirm about \$750,000 of local spending by Yammer. Microsoft has never responded to The Extra's queries on the matter.

Marquez said that making changes to the reporting process will have to wait for now. "We'll have to revisit that in the spring, once all four quarters (of 2013 activity) have been reported. Hopefully we can process it and report our findings to the Board of Supervisors at the Rules Committee."

The committee's plans to submit a six-month status update to the Board of Supervisors, touted by Barnes earlier in the year when quarterly reports were overdue and still in discussion at the September meeting, never came to fruition.

In a community that has so many needs, Kim told The Extra, "There has to be some management of expectations." Speaking at the December CAC meeting, Apczynski commented that people speaking up at the town hall meeting two weeks before asked the CBA companies "to fix everything." Kim said that not only does the community need to be realistic about what to expect from the tech firms, the companies need to get educated as to what would create a meaningful relationship. "Everyone has a different concept," she said.

"The process has had its faults last year and this year," she said. "It has been a bit discouraging."

Marquez, still battling to make the process pay off, said of the tech firms, "Everybody as a chance to really make a name for themselves. I want to stay open to that." ■

Tax break cost skyrocketing

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tentially could have gotten \$107.5 million if all those options were exercised.

Add that to the \$22 million in tax on regular pay that the city already expected to forgo over the six-year life of the tax break, and the total is almost \$130 million.

Every dollar change in the price of Twitter stock is worth about \$1.9 million lost to city revenues.

Voter-approved Measure E in 2012 replaces the payroll tax with a combination of business registration fees and a tax on each business' gross receipts. The five-year phase-in of that system begins in January. But the gross receipts tax rate will be tailored to produce the same amount of revenue as the payroll tax it's replacing. So Twitter will continue to be charged what it paid in 2012 — about \$535,000 annually, if the budget analyst's initial study was correct — and all those stock options will never be reflected in city coffers.

The bottom-line cost to San Francisco of Twitter's tax-break may never be known. How many options get exercised and at what price is too early to track, but these are the numbers today. And of course, any more new hires beyond the 2,650 in the city's calculations also skate on the payroll tax, too.

A high emotional price is already being paid by central city nonprofits and their thousands of clients that are being displaced by all the businesses that have followed Twitter into the neighborhood.

Time will tell if it was worth it — and to whom. ■

Libby

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mittee, advocating to end the definition of homosexuality as a "mental illness" and remove the section on homosexuality from the National Psychiatric Association's Manual of Mental Disorders. In 1978, she campaigned against California Proposition 6, the Briggs Initiative, which sought to ban gays and lesbians from working in California's public schools. She served on the Health Department's Committee on Services for People with AIDS/ARC and the Mayor's HIV Task Force, and was a board member of the NAMES Project (AIDS Quilt). For 10 years, she co-chaired the capital campaign to renovate the Women's Building, the country's first woman-owned and woman-operated community center.

Libby was board president of the Charila Foundation, which operates residences for emotionally disturbed teenage girls; La Casa de Las Madres, a safe home for victims of domestic violence and their children; and SAGE (Standing Against Global Exploitation).

"I've known Libby for many years, and I'm still astonished to read how much she was involved in," says John Burks, Study Center board president. "In board meetings, she seemed to not want to dominate any discussion — maybe it was her version of politeness — but when I'd call on her, the gates opened. She'd get this wonderful, bright smile and would proceed to run a list of who could help us and how. Every time we met, the list got longer of the people she knew."

The Study Center's board members are excellent, Burks says, "but no one



PHOTO BY MARK DONEZA

Libby receives her Dozen for the Decades award from Executive Director Geoff Link during the Study Center's 40th anniversary party in February.

could match Libby's contribution. She brought to our table the wisdom of decades of nonprofits that help people in need. I always think of her as our founding mother."

Other organizations that benefited from Libby's wide-ranging passions include: the San Francisco Boys Chorus, Cathedral School for Boys, Outward Bound's Pacific Crest School, San Francisco Head Start, Jewish Family and Children's Services, National Council of Jewish Women San Francisco section, San Francisco Adult Day Health Services Network, Community Living Campaign.

Libby also was an adviser to the Children's Psychological Trauma Center, Oakes Children's Center, Women's Alcoholism Center/Pomeroy House, and the Pine-Pierce House for Young Developmentally Disabled Adults. With her close friend Anne Bashkiroff she helped establish the Family Caregiver Alliance.

Her work is only highlighted here. Awards for her lifetime of contributions included: Volunteer Merit Award from

the United Way in 1984, Outstanding Volunteer Award for the Pacific Medical Center in 1987, San Francisco Senior Center Lives of Achievement Award in 1999, and the Community Service Award from the Community Living Campaign in 2012. The California Legislature named Libby Assembly District 12 Woman of the Year in 2003. Libby was honored as one of our Dozen for the Decades at Study Center's 40th anniversary party at Stern Grove.

State Sen. Leland Yee, at Libby's memorial at Temple Emanu-El, paid her an eloquent, anecdotal tribute. He told of his time with her on the School Board and elsewhere over the years, calling her his "mentor," recalling their evolving relationship.

Libby's husband of 64 years, Robert S. Denebeim, died in 2004. She is survived by her immediate family, children Robert, Nancy, David, William, Thomas and Edward, and seven grandchildren. ■

— Geoff Link and Marjorie Beggs

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ERRATA

In Issue 139, page 2, in "The torch is passed," we misidentified Anakh Sul Rama. He is a community organizer with Community Housing Project, not TND.