



Downtown San Mateo Association

Fiscal Year 2021 Annual Report

Overview

Fiscal year 2021 (FY2021) continues to be the most challenging year for the Downtown San Mateo Association (DSMA) and the country. The fiscal year began in the middle of the COVID pandemic and has had a great effect on Downtown San Mateo. Yet, the resilience and ingenuity of Downtown business owners were impressive as many businesses stayed open through the changes in public health orders and were able to keep their operations as close to normal as possible. For example, restaurants nimbly changed their operations to focus on take out/delivery options when County was in lockdown due to high COVID positivity rates and seized the first opportunity to start outdoor dining when the lockdown was over. Retailers enhanced their business presence online. And fitness service providers utilized City parks to hold classes outdoors. Even with all the efforts to keep things going as close to normal as possible, the COVID event has taken its toll on small businesses. We have seen a few businesses go from temporary closed to permanently closed. And, while we can see the light at the end of the tunnel, there will be a period of time that businesses will need to recover from this event.

Despite the COVID headwinds, the DSMA has continued to operate through the efforts of an all-volunteer board and administrative assistance from City Hall. The DSMA has continued the tireless work of successfully promoting San Mateo's unique and thriving Downtown during the pandemic. The DSMA partnership with the City Manager's office has produced a strategic and proactive relationship with the City of San Mateo.

In FY2021, the DSMA accomplished the following:

- Monitored restaurant openings and business changes in Downtown San Mateo and updated information on the DSMA website.
- Disseminated COVID health order information to the public through social media.

- Promoted local businesses with weekly ads in the local newspaper to encourage public support for our small businesses with take out, curbside pickup, and online shopping experiences.
- Continued our strong partnership with the Public Works Downtown Coordinator, Lance Hall, to identify Downtown issues and coordinate solutions.
- Held regular monthly board meetings through zoom, keeping a large number of board members engaged throughout the pandemic.
- Continued a close working relationship with City Council members.
- Produced two monthly e-newsletters (one to BID members and one to the community at large) announcing Downtown news.
- Reactivated the Downtown Cleaning Porter, after a pause due to the COVID event, to keep our Downtown clean, sanitary and welcoming for customers and visitors.
- Recruited two new board members – Jill Waxman of Prometheus Real Estate Group and Steve Sirianni, former Board member from All About Parking
- Paused the study of the existing the Downtown BID Fee Schedule to propose a modified, equitable fee structure for long-term sustainability for the DSMA (while the study is still in draft, it will be revisited after the COVID-19 event is under control.)
- Contracted with Commune Communications for a redesign and modernization of the DSMA website to make the website easier for residents and visitors to use.
- Enforced strict financial restraints on the annual budget to both provide services and retain as much savings as possible.

As a reminder, each year since 1986, the DSMA has been designated by the City Council to manage the Downtown Business Improvement District. Originally activated to serve a largely retail-oriented district, the DSMA now manages a district with a much broader range of businesses.

It has been both trying and difficult time, a large percent of businesses has kept their operations going during the COVID-19 event, and the better news is that there were new businesses joined Downtown. During the last year, several new businesses opened in the Downtown: Avenida Restaurant, Blue Bottle Coffee, Dahlia Mexican Grill, DejaVu Juice Bar, Estate Coffee, Green Leaf Bistro, Rise Pizza, TaiChi ShabuShabu and others. This demonstrates the continued strength of Downtown San Mateo as a location for small business investment.

Finally, the DSMA would like to recognize and thank these businesses for supporting a form of normalcy and provide crucial services to the Downtown area. The DSMA also recognizes the efforts of the City of San Mateo to help keep our Downtown businesses healthy and vibrant with street closures, outdoor dining, and financial assistance through the San Mateo Strong Fund.

Downtown San Mateo

Thanks to its regionally central location and proximity to CalTrain, Downtown San Mateo is an employment hub and a popular place to meet for both business and leisure purposes.

Commuters and leisure visitors come from San Francisco, Santa Clara County and the East Bay, as well as nearby Peninsula communities. Downtown is known for its vast abundance and variety of restaurants, which comprise more than 20% of district businesses. It is also an important node in the Silicon Valley ecosystem, hosting the offices of start-ups and tech-based companies large and small. The presence of Mills Medical Center means that Downtown also includes many medical professionals and other healthcare uses. While there are traditional retailers in the district, the storefronts on most blocks are dominated by food purveyors, along with services such as salons, fitness studios and banks. The blocks east of the railroad tracks also have a variety of automotive uses.

Since Downtown office workers are a sizable portion of Downtown customers, the district has had less activity during the work week and into the evenings due to people working from home. Downtown is beginning to revive as people are getting vaccinated and are striving to return to normalcy and their office settings. The return to normal will take more time and Downtown has not completely returned to being busy both day and night with residents and visitors enjoying Downtown's offerings.

Downtown visitors have commented on the cleanliness in the area. It is important to continue the success of a clean Downtown to attract visitors. The DSMA has addressed these issues by contracting with Universal Site Services. Under the current contract, the DSMA contracts a cleaning porter to wipe trash cans and newspaper racks, sweep sidewalks and gutters, and ensure Downtown is clean and attractive throughout the week.

The DSMA utilizes social media to promote Downtown's unique offerings and inform both businesses and the public of news that affects them in a very timely fashion. The DSMA's social media efforts have proven to be an extremely effective way to attract Downtown visitors, particularly appreciated by restaurants in the Downtown. Social media outreach also produces monthly newsletters (one oriented to the public and the other for Downtown businesses) and provides updates on the social media platforms of interesting current affairs.

There is always more that can be done to support and promote Downtown. Besides its own efforts to do so, the DSMA sees itself as an organization which helps to supplement City Hall's efforts to support businesses as well. And, due to the COVID event, the DSMA is proposing

the continuation of a further one-year reduction of assessments by 50% for FY2022 for all businesses.

When the time is right, DSMA will continue to explore a modification of assessments. The current assessment is out of date and does not reflect the current business composition. It is important to note that the DSMA has not seen an assessment increase in eleven years. The current business climate cannot support a modification and the DSMA recognizes that we need to continue our proactive support through a continued, smaller annual assessment. The DSMA maintains that dedicating the assessment funds for the Downtown is necessary to deliver high-quality customer experience, implement beautification initiatives, promote Downtown businesses, and provide greater equity among the varied Downtown businesses in the future.

DSMA FOCUS AREAS

DSMA activities for the past several years have addressed three focus areas:

- Civic Partnership
- Community Engagement
- BID Member Engagement

Civic Partnerships

The DSMA routinely works with city staff from Public Works, Planning, Parks and Recreation, and the City Manager's office on projects affecting Downtown. While this fiscal year has been curtailed, here is a summary from the past year.

Downtown Beautification and Cleanliness

- Provide daily oversight of private contractor for cleaning porter services.
- Contracts a private contractor to install seasonal banners on light posts.
- Cooperates with Downtown Post Office to ensure landscaping and sidewalks are kept clean.
- Work with City to monitor trash ordinance Downtown.

Additional civic partnership activities

- Work closely with the San Mateo Police Department on public safety downtown; the SMPD is an active participant in the monthly DSMA Board of Directors meetings.
- Business outreach for city initiatives including street tree lighting, trash enclosures, and adopt-a-drain.
- Outreach and attendance at neighborhood association meetings.

Community Engagement

Public outreach builds interest among local audiences and invites them to explore Downtown San Mateo for a variety of experiences. Due to the COVID event, Community Engagement has been minimized.

Marketing Efforts

Print Materials

- Created and circulated a listing of businesses and restaurants that are operating during the COVID event in local newspaper, the San Mateo Daily Journal over a span of six weeks.
- Continuously updated restaurant and retail store information in successive print ads to keep the public updated on store hours and availability.

Social Media

- Enables DSMA to share news about our businesses and extend the marketing reach of individual businesses. Our combined Facebook, Twitter, and Instagram audiences now exceed 13,000 followers.
- Downtown San Mateo Monthly Update email blast goes to about 1,400 community subscribers and business owners.
- Improved Media Content will include features of local restaurants and businesses, history, testimonials from visitors, business owners, familiar local stakeholders, events, City announcements, and media/news items.
- Coordinated with the City of San Mateo on social media blasts.

Website Creation

- Working with a 3rd party consultant, Commune Communications (www.communecommunication.com), to create a high impact website that will update current website.
- New website will provide greater information, mapping capabilities, and dedicated pages to specific information for the public and Downtown businesses to access.
- Creating a data-rich, accessible, and easily maintained website that will service as another strong avenue for Downtown San Mateo outreach.

BID Member Engagement Milestones FY2021

While BID membership is automatic based on a district address, awareness and participation is always trying to be improved. The DSMA strives to engage BID members and add value to the varied businesses located Downtown. Examples of engagement by the DSMA include:

- Personal outreach visits by DSMA board members to new Downtown businesses.
- Coordination of regular outdoor cleaning services to promote a Downtown in which people enjoy spending time.
- Regular features of new Downtown businesses via social media.
- Held regular DSMA Board meetings, inviting businesses and the City to present topical presentations to the Board.
- Increased consistency of board member attendance and participation.
- Talked to businesses to clarify hours and days open during the COVID event.

Additional DSMA Milestones FY2021

- Strengthen economic development collaboration with local organizations as well as the City of San Mateo.
- Added two Board Members: Jill Waxman of Prometheus Real Estate Group and Steve Sirianni, former Board member rejoining from All About Parking. See detail in the DSMA Board of Directors Appendix.

DSMA Goals for FY2022

With the continued economic damage from COVID-19, the new fiscal year will be filled with unpredictable challenges. DSMA's role as an advocate, facilitator, and organizer of Downtown businesses will be mission critical in the post COVID economy.

DSMA will continue help the City provide a high-level of customer service with enhanced cleaning services; attract visitors to shop and eat in Downtown businesses with promotional efforts; and convene Downtown business owners and property owners to support each other through the crises while helping the City understand the needs of the Downtown businesses.

Most of all, DSMA will help Downtown businesses through this difficult time by being a resource to businesses, a partner with the City of San Mateo, and an organization dedicated to keep the Downtown an attractive place for visitors.

- Continue to support our Downtown through the COVID-19 event and its fallout through marketing, outreach, and public safety information.
- Strengthen economic development collaborations with local organizations.
- Develop a communications plan to further the DSMA brand.
 - Advertise the new DSMA website to further market to and engage the public to visit Downtown businesses.
 - Targeted messaging campaigns throughout the year which will feature various Downtown attributes.
 - Develop Social media advertising.
- Refresh, print, and distribute the Downtown Restaurant Guide.
- Continue print ads in the local paper, the San Mateo Daily Journal
- Restart hotel magazine ad campaign.
- Create relationships with developers and tech companies coming into the area.
- Serve as co-sponsor and administrative support for the MLK Day event at the CalTrain station
- Explore possibilities if sponsoring events Downtown (ex. Music in the Park, Music on B Street, a City event, College of San Mateo Centennial, etc.)
- Regular representation at Council, task force, and Commission meetings.
- Update to council to inform and report on campaigns and progress.
- Expand board membership.
- Improved board member participation.
- Set up Board Committees to facilitate more participation.
- Continue to partner with City staff to continue the support of Downtown.
- Review possible events to sponsor (example, Music in the Park series, City events, College of San Mateo Centennial event, etc.).
- Explore the possibility of college interns to help with DSMA operations and events.
- Revisit the Downtown BID Fee Schedule and propose a modified, equitable fee structure later in the fiscal year, dependent upon the COVID event. First steps would be to restart the conversation with Downtown businesses.
- Examine the cost benefit analysis of an Executive Director for the DSMA.
- Research the impact of a public restroom Downtown.

In summary, the DSMA seeks the continued support of the City Council. Even in the absence of an Executive Director, the organization still works to attract visitors, promote local businesses, and maintain a clean Downtown. The DSMA is proposing a reduction for member BID fees for

members by 50% for another fiscal year. This will be reevaluated next year and is specific to the impact of the COVID event.

Budget FY2022 Overview

The DSMA needs to support its base and one of the best ways to do that is to lower the BID fees again for all Downtown businesses by 50% for the whole fiscal year (July 1, 2021 through June 30, 2022). There are still essential services that need to be provided to further support our members, such as promotion and cleaning services. These issues have led the DSMA to propose another deficit budget for FY2022.

The DSMA FY2022 Budget has a planned overrun of \$67,800.00. This deficit is a reflection of the commitment of the DSMA to provide support and services to the Downtown area. Planned expenses for FY2022 are thoughtfully planned to continue services and encourage patrons for the Downtown businesses. The following are a summary of the major budget highlights (detailed the Budget Comparative Overview Appendix):

- Revenue projections are stable in the FY2022 (compared to FY2021). The revenue will remain close to flat because we are expecting continued fluctuations that cannot be estimated due to the instability of the COVID event. The DSMA plans on maintaining the current BID fees decrease by 50% for all business for one additional year.
- Support of Program Services to benefit the Downtown area
 - Downtown cleaning service seven days a week to keep the area litter free so that visitors will enjoy their experiences and want to return
 - Marketing services to provide outreach.
 - A contingency fund for unplanned expenses at these uncertain times

The DSMA has the savings from operating on an all-volunteer administration for over the last three and a half years to sustain this budget overage, while continuing to offer a high level of services. While the volunteer administration is not sustainable as a model, the current savings can be used to support the DSMA services in the FY2022 budget year. The DSMA projects a cash balance of \$197.6K at the start of FY2021 and projects a cash balance of approximately \$129.8K at the end of this budgeted fiscal year, reflecting a reduction in dues generated and careful budget outlays.

Appendix: Budget Comparative Overview



Budget Highlights - DSMA Annual Budgets FY2019-FY2022

	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021 (Est)</u>	<u>FY2022 (Bud)</u>
FY Beginning Cash	\$ 212,533	\$ 244,342	\$ 252,563	\$ 197,563
Total Income	\$ 187,549	\$ 183,941	\$ 95,000	\$ 102,000
Total Expenses	\$ 139,585	\$ 183,287	\$ 150,000	\$ 169,800
Net Income	\$ 47,964	\$ 654	\$ (55,000)	\$ (67,800)
FY Remaining Cash	\$ 244,342	\$ 252,563	\$ 197,563	\$ 129,763

<u>Major Budget Items</u>				
Total Payroll	\$ -	\$ -	\$ -	\$ -
% of Income	0.0%	0.0%	0.0%	0.0%
Downtown Clean up	\$ 85,645	\$ 81,657	\$ 76,753	\$ 80,000
% of Income	45.7%	44.4%	80.8%	78.4%
Marketing	\$ 32,959	\$ 35,976	\$ 27,363	\$ 41,500
% of Income	17.6%	19.6%	28.8%	40.7%
Professional Services	\$ 3,104	\$ 3,104	\$ 3,000	\$ 4,500
% of Income	1.7%	1.7%	3.2%	4.4%
Consulting	\$ 1,000	\$ 25,750	\$ 29,980	\$ 13,500
% of Income	0.5%	14.0%	31.6%	13.2%
Holiday Banner	\$ 5,172	\$ 5,172	\$ 4,800	\$ 4,800
% of Income	2.8%	2.8%	5.1%	4.7%
Event Expense	\$ 3,096	\$ 25,000	\$ -	\$ 10,000
% of Income	1.7%	13.6%	0.0%	9.8%
Total of Major Items	\$ 130,976	\$ 176,659	\$ 141,896	\$ 154,300

Appendix: DSMA Board of Directors

Robert Anderson – Downtown Resident

Steve Carey – LifeMoves

Lew Cohen, President – B Street Books

Todd Han – Dynadot

Martin Kent – Draper University, Secretary

Colleen Rafferty – Christensen & Rafferty Fine Jewelry, Vice President

Steve Sirianni – All About Parking

Joe Sully – Downtown Building Owner

Susan Uzunoglu – Susan's European Beauty Therapy

Janet Wagner – Mills Health Center

Jill Waxman – Prometheus Real Estate Group

Seamus Whitley, Treasurer – Nutanix