



Downtown San Mateo Association Fiscal Year 22 Annual Report July 1, 2021 - June 30, 2022

Overview

Fiscal year 2022 (FY22) was another challenging year for the Downtown San Mateo Association (DSMA) and the country. The fiscal year started in the second year of the COVID pandemic, when the federal government pushed to increase vaccinations. At first, there was a period optimism that the end of the pandemic was around the corner. However, the optimism was curtailed when COVID variants emerged. And local public officials, once again, had to impose public health orders to mandate indoor mask wearing to slow the spread of COVID and companies postponed employees return to office dates into the spring of 2022.

While vaccinations rates are up, COVID positivity and hospitalization rates are down, the economic damage from the pandemic continues to affect Downtown San Mateo's small businesses. Yet, the continued resilience and ingenuity of Downtown business owners are impressive. While there have been several hardships for businesses such as finding labor, uncertainty in COVID variants and government mandates, and the ending of the temporary outdoor dining permits, many businesses were able to pivot their business and remained opened.

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 FY22, the DSMA accomplished the following:

- Monitored restaurant and business changes in Downtown San Mateo and updated information on the DSMA website, social media, and print ads.
- 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.
- Continuously worked with the City Manager's office to collaborate on DSMA efforts.
- Continued a strong partnership with the Public Works, Downtown Coordinator to identify Downtown issues and coordinate solutions.
- Held regular monthly board meetings (both live and online), 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.
- Contracted the Downtown Cleaning Porter, seven days a week, to keep our Downtown clean, sanitary and welcoming for customers and visitors.
- Recruited one new board members – Tyson Mao of Wursthall
- Restarted the effort to propose a modified, equitable fee Downtown Business Improvement Area structure for long-term sustainability for the district.
- Completed a new, fresh version of the DSMA website to make the website easier for residents and visitors to use. The website was optimized for mobile use to meet the demands of a new generation of users.
- Enforced strict financial restraints on the annual budget to both provide services and retain as much savings as possible.
- Responds to dozens of emails and phone messages from both members of the community and business owners. These questions and concerns are fielded, channeled to the appropriate partners, and we get back to people in a timely manner. The DSMA is still very responsive to inquiries about Downtown even though we don't have a paid staff.

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, some examples are: Daheo, South Indian Kitchen, Hiro Nori Ramen, Mike's Pizza, Tong Sui, and Simply Cakes. This demonstrates the continued strength of Downtown San Mateo as a location for small business investment.

Finally, the DSMA would like to recognize Downtown businesses for keeping businesses going and providing crucial amenities and services to the Downtown. The DSMA also appreciates the efforts of the City of San Mateo to help keep our Downtown businesses healthy and vibrant with the creation of the Pedestrian Mall between 1st and 3rd Avenues along B Street, permanent outdoor dining permits, construction of the new affordable housing and public garage at KiKu Crossing and their support of the DSMA.

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.

While Downtown is seeing the beginning of a revival as employees are returning to the office in person, the number of visitors and workers remain less than it was before the pandemic. This is due to the permanent shift of employees in technology, financial, and professional industries being able to work from home for 2-3 days a week. It is unknown if this is a permanent change in the number of foot traffic during the work week and in the evenings, or will the same number of people still come to the Downtown, but on few days.

Visitors have commented on the high level of cleanliness in the Downtown area. Thus, 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. DSMA's cleaning efforts increase the frequency and duration of the cleaning services the City provides.

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.

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 twelve 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. 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, and trash enclosures.
- 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. In order to slower the spread of COVID-19, community engagement events have been minimal the last two years. However, as we return to normal, DSMA wishes to partner with the City, Chamber of Commerce, and other non-profits to promote community special events in the Downtown.

Marketing Efforts

Print Materials

- Created and circulated a listing of businesses and restaurants that are operating during the last year in local newspaper, the San Mateo Daily Journal, multiple times.
- 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

- Worked with a 3rd party consultant, Commune Communications (www.communecommunication.com), to create a high impact website that will update current website.

- New website provides greater information, search capabilities, and dedicated pages to specific information for the public and Downtown businesses to access.
- Created a data-rich, accessible, and easily maintained website that will service as another strong avenue for Downtown San Mateo outreach.

BID Member Engagement Milestones FY22

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 FY22

- Strengthen economic development collaboration with local organizations as well as the City of San Mateo.
- Added one Board Members: Tyson Mao, owner of Wursthall and Wunderbar

DSMA Goals for FY23

While businesses are returning to normal, the new fiscal year will be filled with unpredictable challenges. The last two years businesses have been supported through direct financial assistance and regulation relaxations. While the programs have ended or ending, small businesses still have a long road to full economic recovery. Consequently, 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.
- Plans to restart the Downtown walk around with City staff and DSMA board members.
- 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
- Sponsor and promote Downtown events (eg. Music in the Park, September Nights on B Street, 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.
- Explore the possibility of college interns to help with DSMA operations and events.

- Advocate the Downtown BID Fee Schedule modification. Propose a modified, equitable fee structure later in the fiscal year, dependent upon the COVID event.
- Examine the cost benefit analysis of an Executive Director for the DSMA.
- Research the impact of installing a public restroom Downtown closer to the core of the 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 asking City Council to end the two-year reduction in fees (50%) for member BID fees and starting July 1, 2022, resume the full levy of assessments.

Budget FY23 Overview

The DSMA has worked through this pandemic by serving its constituents. The DSMA has lowered their fees for all Downtown businesses by 50% for two complete fiscal years. During this period the DSMA provided regular downtown services and marketing to promote the San Mateo Downtown at a deficit. The DSMA would like to appeal to the City Council to restore the DSMA fees to their original, 100% fee so that the DSMA can start to fund other projects, besides the core services, to help Downtown San Mateo.

Additionally, DSMA will separately return to City Council to ask for a modification of the existing fees in order to make the fees equitable and use the fees to make the organization stable with hiring an executive director and fiscally sustainable in the long term.

The DSMA FY2023 Budget has a planned overrun of \$11,000.00. 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 increasing slightly with our expectation of business returning to a more normal environment in the FY23 (compared to FY22). The slight increase is a reflection of the positive outlook by the DSMA while the future is still uncertain.
- 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.

- Events budget to bring people back to the downtown.
- 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 four and a half years to sustain this deficit, while continuing to offer a high level of services. The volunteer administration, while not sustainable, helps defer the deficit budgets. The DSMA projects a cash balance of \$189.8K at the start of FY22 and projects a cash balance of approximately \$144.8K at the end of this budgeted FY23 fiscal year, the careful management of funds by the DSMA.

Appendix: Budget Comparative Overview



Budget Highlights - DSMA Annual Budgets FY20-FY23

	<u>FY20</u>	<u>FY21</u>	<u>FY22 (Est)</u>	<u>FY23 (Bud)</u>
FY Beginning Cash	\$ 244,342	\$ 252,563	\$ 189,823	\$ 144,823
Total Income	\$ 183,941	\$ 95,208	\$ 95,000	\$ 150,000
Total Expenses	<u>\$ 183,287</u>	<u>\$ 126,467</u>	<u>\$ 140,000</u>	<u>\$ 161,000</u>
Net Income	\$ 654	\$ (31,259)	\$ (45,000)	\$ (11,000)
FY Remaining Cash	\$ 252,563	\$ 189,823	\$ 144,823	\$ 133,823

<u>Major Budget Items</u>				
Total Payroll	\$ -	\$ -	\$ -	\$ -
% of Income	0.0%	0.0%	0.0%	0.0%
Downtown Clean up	\$ 81,657	\$ 69,912	\$ 85,190	\$ 90,000
% of Income	44.4%	73.4%	89.7%	60.0%
Marketing	\$ 35,976	\$ 32,368	\$ 27,302	\$ 41,200
% of Income	19.6%	34.0%	28.7%	27.5%
Professional Services	\$ 3,104	\$ 1,250	\$ 1,000	\$ 2,000
% of Income	1.7%	1.3%	1.1%	1.3%
Consulting	\$ 25,750	\$ 14,980	\$ 13,000	\$ -
% of Income	14.0%	15.7%	13.7%	0.0%
Holiday Banner	\$ 5,172	\$ 4,800	\$ 4,800	\$ 5,000
% of Income	2.8%	5.0%	5.1%	3.3%
Event Expense	\$ 25,000	\$ -	\$ -	\$ 10,000
% of Income	13.6%	0.0%	0.0%	6.7%
Total of Major Items	\$ 176,659	\$ 123,310	\$ 131,292	\$ 148,200

Appendix: DSMA Board of Directors

Robert Anderson – Downtown Resident

Steve Carey – LifeMoves

Lew Cohen, President – B Street Books

Martin Kent – Draper University

Colleen Rafferty – Christensen & Rafferty Fine Jewelry, Vice President

Steve Sirianni, Vice President – 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 Frame

Tyson Mao, Wursthall