



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 18

Section Name: {{section.name}}

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TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: City Manager's Office

MEETING DATE: June 07, 2021

SUBJECT:

Downtown Business Improvement Area – Resolution of Intent for Annual Renewal

RECOMMENDATION:

Accept the fiscal year 2020-21 Downtown San Mateo Association Annual Report; adopt a Resolution of Intent to Levy the Annual Assessments for the Downtown Business Improvement Area; and set a public hearing for the June 21, 2021 City Council meeting to consider levying the annual assessment.

BACKGROUND:

The Downtown Business Improvement Area (DBIA) was formed in 1986 for the purpose of improving Downtown San Mateo and promoting businesses within the area. The Downtown San Mateo Association (DSMA) has served as the DBIA administrator since its formation. Each year, as required by the California Street and Highways Code Section 36533, the DSMA provides the City Council with an annual report of activities and expenditures for the previous fiscal year and proposes assessments rates for the upcoming fiscal year.

Before City Council may act on the DSMA's request to renew the DBIA assessments, the request must be considered at two City Council meetings. At first the meeting on June 7, 2021, the City Council is asked to accept the DSMA's annual report and adopt the Resolution of Intent to levy the proposed assessment (included as Attachment 1). At the second meeting on June 21, 2021, the City Council conducts a public hearing on the proposed assessment and considers adoption. In May 2021, the DSMA submitted its annual report, incorporating a summary of 2020-21 activities and proposed program and budget for the next fiscal year 2021-22 (included as Attachment 2).

With COVID-19 creating severe economic injuries to local businesses for the last fiscal year, DSMA played a critical role in the promotion of Downtown businesses with weekly ads in the Daily Journal over the holidays as well as on their website and social media. DSMA monthly newsletters and social media channels amplified the City's messaging related to State's changes in business regulations related to COVID-19. As soon as outdoor dining returned, the DSMA restarted the daily porter to maintain a high level of customer service and cleanliness in the Downtown. Additionally, understanding that an on-line presence is necessary to help bring visitors back to the Downtown, the DSMA has contracted with Commune Communications to redesign and modernize the DSMA website to make the website mobile friendly and easier for residents and visitors to use on the go. The updated DSMA website is anticipated to launch before the end of 2021.

Over the past year, DSMA board members have also turned to each other to help small businesses in the Downtown to get through the Covid-19 pandemic. They provided peer coaching and advice to help solve lease issues, shared information on government assistance programs, and worked to keep their businesses open. The board meetings have seen new businesses attendees from North B Street merchants, Wursthall, and San Mateo Sports Nutrition and Supplements. Additionally, the DSMA recruited two board members this past year – Jill Waxman of Prometheus Real Estate Group and Steve Sirianni, former a board member from All About Parking. All of this demonstrates a strong desire for small

businesses to have a forum to discuss, connect, and collaborate on programs, initiatives, and events for the advancement of the Downtown.

Annual Assessment

There have not been fee increases or an adjustment for inflation for the Downtown assessment fees since 2009. The flatlined revenue has made it difficult for the organization to hire, maintain personnel, grow as an organization, initiate new projects, and support Downtown businesses to the greatest extent possible. For the past three years, the DSMA has functioned as an all-volunteer team, with City staff providing administrative support.

Due to COVID-19 impacts on the economy, the DSMA has again decided to postpone pursuing an assessment fees increase to help small, independent businesses make ends meet during these difficult times and reduce the cost of doing business. Furthermore, the economic damages created by COVID-19 will continue to affect businesses for months after the State's expected reopening in middle of June as businesses slowly continue to recover. Consequently, DSMA is proposing another year of a 50% reduction of business improvement district fees for fiscal year 2021-22 at the annual public hearing for the DSMA. A letter requesting Council approval for the continued fifty-percent assessment reduction is included as Attachment 3.

The DSMA's projected revenue for the next year is approximately \$102,000 in estimated DBIA assessments. Its budgeted expenditures are \$170,000, which will require DSMA to draw from reserves for the next fiscal year. The DSMA projects a cash balance of \$197,600 at the start of fiscal year 2021-22, which accounts for an expected \$68,000 draw from reserves in the current year, and projects a cash balance of \$130,000 at the end of fiscal year 2021-22. The projected cash balance reflects two consecutive years of reduced fees while maintaining services and thoughtfully budgeted future outlays.

Next Steps

Once the Council adopts the Resolution of Intent to Levy the Annual Assessments and sets the public hearing, a notice will be published in the newspaper announcing the public hearing for no less than seven days prior to the meeting. If written protests are received from the owners of business in the area that total 50% or more of the assessments proposed to be levied, no further proceedings to levy the assessments will be taken for one year. Any written protests received will be provided at the June 21, 2021 Council Meeting.

At the June 21st public hearing, Lew Cohen, owner of B Street Books and the current president of the DSMA, will present an overview of their annual report and will be available to address any questions from the City Council and the public prior to Council consideration of levying the assessment for the next fiscal year. Per Streets and Highways Code Section 36535(b), the City Council has the option of modifying the amount of the assessment during the public hearing.

BUDGET IMPACT:

The levying of the annual DBIA assessment does not have an impact on the General Fund.

ENVIRONMENTAL DETERMINATION:

This item is not a project subject to CEQA, because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines Section 15378(b)(5).)

NOTICE PROVIDED

All meeting noticing requirements were met. As required by the California Streets and Highways Code Section 36534, a notice shall be provided in the local newspaper no less than seven (7) day prior to the June 21, 2021 City Council Public Hearing.

ATTACHMENTS

Att 1 – Proposed Resolution of Intent 2021

Att 2 - DSMA Annual Report for Fiscal Year 2021

Att 3 – DSMA Request for Fee Reduction 2021-22

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