To:                      Honorable Mayor and Council Members

From:                  Downtown San Mateo Association Board of Directors

Re:                      Annual Business Improvement District Report 2015-16
                        Fiscal Year 2016-17 Budget & Goals

Date:                   April 15, 2016

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Downtown San Mateo Association
2015-2016 Summary of Accomplishments

Overview

The 2015-16 fiscal year has been a time of transition for the Downtown San Mateo Association (DSMA). The arrival of new executive leadership in Spring 2015 created the opportunity for a fresh look at how the DSMA can effectively serve its members and the City in an evolving business landscape. Collaboration with community partners and a clear focus on high-impact activities are seen as the surest path to success.

DSMA activities have addressed three focus areas: Civic Partnership, Community Engagement, and BID Member Engagement. DSMA achievements this year included new, regular communications with both district and community members, and the launch of a new graphic identity to unify outreach and begin building a recognizable brand for Downtown San Mateo. The DSMA has also actively supported important City initiatives related to parking and cleanliness, and strengthened relationships with partner organizations as well as City departments. With an experienced Board of Directors and a strong staff team in place, the DSMA is poised for another productive year.

Business Climate

Downtown San Mateo is seen as a very desirable location for many types of businesses. Traditional Main Street businesses such as restaurants, retailers and professional offices have long been attracted by San Mateo’s central location and favorable demographics. In recent years, they have increasingly been joined by start-ups who value Downtown’s location and urban amenities -- walkability, historic character, transit access, green space, and all those restaurants and services -- as key factors in employee recruitment and retention. This is reflective of a national trend of companies of all sizes migrating to urban neighborhoods. (See Core Values: Why American Companies are Moving Downtown, 2015 report, www.smartgrowthamerica.org/core-values)

Those start-ups and small companies that grow beyond a few dozen employees often prefer to stay Downtown, but find it difficult to obtain sufficient office space. At least two Downtown tech
companies have surpassed 100 employees in the last year, and anticipate continued expansion. Additional office development will be needed if San Mateo wishes to accommodate this growing business segment in the Downtown district.

The Downtown restaurant scene continues to be active, with a dozen restaurants and limited-service eateries opening since July 2015, while another half-dozen eateries have closed. Other sectors that have seen multiple new entries are technology (software, gaming, mobile apps) and healthcare services.

As of March 2016, rents averaged $4/sf for office and retail space downtown. Rising rents are especially challenging for independent retailers and restaurants. Many Downtown retailers and restaurateurs are also concerned about the pending increase to the state minimum wage, and especially anxious about additional local action on wages that would disadvantage San Mateo businesses as compared to nearby communities.

**DSMA FOCUS AREAS**

**Civic Partnership**

The DSMA continues to have a great working relationship with the City of San Mateo, with City staff participating on all DSMA standing committees, and DSMA personnel regularly obtaining information and assistance from helpful and responsive staff members in numerous City departments. The last year has seen significant collaboration in several areas.

**Downtown Parking**

The DSMA has collaborated closely with City staff on implementation of the Parking Management Plan. As a key stakeholder, the DSMA assisted on multiple fronts, including permit purchase preparation, centralized valet parking discussions, and launch of www.sanmateo.parkingguide.com. The DSMA has focused especially on communicating parking changes to Downtown permit buyers and the community at large.

**Downtown Cleanliness**

In response to rising complaints about the cleanliness of the district, the DSMA joined with City staff on a task force to identify near-term opportunities to improve the situation. The task force gave rise to new informational materials and outreach for merchants, as well as Clean Team litter patrols organized in partnership with the Workers Resource Center. As it has for several years, the DSMA Design & Improvement committee also leads quarterly walk-arounds to identify and address cleanliness and maintenance problems on a regular basis.
North B Street Initiative
The DSMA has stepped in as the ongoing liaison with the North B Street merchants, encouraging their continued active participation in monitoring safety and cleanliness and promoting this neighborhood. The San Mateo Street Festival, held on seven blocks of B Street in June 2015, was especially well-received on North B. The merchants arranged mariachi for both the Street Festival and the arrival of the Holiday Train in December.

Promotion and Public Engagement
During 2015-16, the DSMA was a key supporter of the City’s Super Bowl 50 marketing and the pop-up ice rink in Central Park. DSMA also provided promotional support for City-led programs and events including the Central Park Music Series, City-wide Yard Sale, Library Book Sale, and neighborhood traffic forums.

Community Engagement
Public outreach builds interest among local audiences and invites them to explore Downtown San Mateo for a variety of experiences.

Branding and Marketing
A major achievement in this focus area was the launch of a new visual identity for the DSMA, seen at right. This striking design is intended to help elevate the brand of Downtown San Mateo and attract increased attention to the district. The new black-and-white image is featured on all DSMA marketing material and advertisements, and also appears on promotional items such as shopping bags and buttons.

The new visual identity also appears prominently on the new DSMA website, launched in August 2015. The website features a growing suite of photographs and news posts highlighting Downtown businesses, locations and happenings, as well as a business directory.

Community Newsletter
Fall 2015 saw the launch of the Downtown News community newsletter, a monthly email publication that highlights events, business openings, Downtown news coverage and more for a growing mailing list – 796 recipients as of this writing. Despite its brief history, the Downtown News has an open rate of 43%.

Social Media
On social media, regular activity draws followers, and the DSMA’s online audience continues to grow. DSMA Facebook followers now number 5,827, an increase of nearly 700 over last year. DSMA’s Twitter following has grown by more than 25% and now number 2,113 followers. Instagram was recently added to the DSMA roster and has grown to more than 350 followers over the last six months.
Events
This year the DSMA organized several public events to draw visitor traffic and promote the Downtown district. The long-running Wine Walk celebrated its 19th year in October 2015, with 400+ attendees and more than a dozen visiting wineries setting up “tasting rooms” hosted by local merchants. A free Halloween Scavenger Hunt was a popular draw for families with young children. More than 300 people came out in costume to explore Downtown by trick-or-treating among Downtown shops. And the San Mateo Street Festival will take over B Street from Tilton Ave. to 5th Ave. on June 18-19, with 10,000 attendees expected. The fourth edition of this summer festival will feature local artists and makers, as well as community performances.

BID Member Engagement
While BID membership is automatic based on a district address, awareness and participation are not. The DSMA strives to engage Downtown businesses and workers so that membership has meaning and value for all business types. This is particularly important given the changing business mix in the district and the shrinking retail element.

Member Newsletter
The DSMA Update member newsletter is a bi-weekly email publication that shares events, opportunities, business news, and Downtown news coverage with a mailing list of 800 as of this writing. DSMA Update reliably has an open rate of 35% or higher.

Programs and social events
Member-focused social events help build community and increase B2B opportunities for district members, while more structured programs provide forums for business concerns on timely topics such as Downtown parking and the proposed local minimum wage. Beginning in December 2015, the DSMA has hosted several increasingly successful social events for members, and these are now being scheduled on a quarterly basis.

Community partnerships
The DSMA this year has enhanced its connections with the San Mateo Area Chamber of Commerce as both organizations work to expand business awareness of Downtown issues and events. The DSMA has also worked with the San Mateo Small Business Development Center to promote and develop educational opportunities for local businesses.
Goals and Areas of Interest for 2016-17

- Support the City’s Downtown planning process and ongoing parking management implementation
- Develop opportunities to activate public spaces, especially with cultural elements
- Enhance marketing of Downtown San Mateo beyond the local community
- Grow DSMA engagement among start-up and tech sector companies
- Review and update the DBIA assessment schedule to reflect changes in the local economy as well as best practices in BID management. (held over from last year)
Downtown San Mateo Association

Estimated income and Expenses for FY 2016-17

Projected Income

Estimated collection of business assessments $ 175,000
Events $ 30,000
Sponsorship $ 17,000
Other Income $ 3,000

Total Projected Income ........................................... $ 225,000

Projected Expenses

Administration.........................................................$ 109,000
Office & administration $ 40,800
Administrative staff time $ 43,500
Payroll taxes and benefits $ 24,700

Program Activities...................................................... $ 116,000

Civic partnership $ 44,000
Marketing & community outreach $ 42,000
Membership & business development $ 30,000

Total Projected Expenses .........................................$ 225,000
Attachment A: Proposed Annual Assessment Schedule FY 2016-17

For 2016-17, the DSMA is not requesting an increase in assessment rates. However, development of a new assessment structure and schedule during the coming year is an urgent matter. The existing assessment structure is outdated and inconsistent with the City’s business classifications. It also relies heavily on retail contributors, who are a shrinking portion of Downtown businesses. A new assessment structure must recognize the significant changes in the local economy since the inception of the DBIA, and reflect current practice in BID management. The DSMA will strive to achieve a rate schedule that is equitable and sustainable for all downtown businesses.

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Attachment B: DBIA Boundary Map 2016-17

Re: Resolution of Intention to Levy an Annual Assessment (2016-17) for the Downtown Business Improvement Area (DBIA)

No changes are requested to the boundaries of the assessment district for this year’s renewal.
Attachment C: 2015-2016 DSMA Board and Staff

Officers
• Robert Anderson, Downtown resident – Board President
• Ryen Motzek, Atlas Skateboarding – Vice President
• Rafat Haddad, Three Bees Coffee – Secretary
• Barbara Walt, Scandinavian Designs – Treasurer

Board Members:
• Sunny Arora, Roti Bistro
• Brett Barron, Capital Realty
• Nancy Bush, United American Bank
• Steve Carey, LifeMoves
• Barbara Lentz, Trag’s Market
• Meggie Presti, Core Taekwondo
• Colleen Rafferty, Christensen & Rafferty Jewelers
• Adam Simpson, Grape and Grain
• Robert Somers, Downtown resident
• Susan Uzunoglu, Susan European Beauty

DSMA Staff:
• Ann Fienman, Executive Director
• Judy Gordon, Staff Associate