



## City Council Economic Development Subcommittee

MINUTES (DRAFT)

Conference Room A

City Hall, 501 Primrose Road – Burlingame, California  
Wednesday, June 10, 2020 – 8:15 a.m.

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### **ATTENDANCE**

**Members Present:** Vice Mayor Ann O'Brien Keighran, Councilmember Ricardo Ortiz

**Members Absent:** None

**Staff Present:** City Manager (CM) Lisa Goldman, Community Development Director (CDD) Kevin Gardiner, Economic Development Specialist (EDS) Joseph Sanfilippo

**Members of the Public Present:** John Hutar (SMCCVB), Lisa Kershner (Marriott), Fetta Aydin (Embassy Suites), Michael McKee (DoubleTree), Kevin Kretsch (Hyatt SFO), Georgette Naylor (Burlingame Chamber of Commerce), Riyadh Salma

### **READ AND APPROVE MINUTES FROM MAY 13 AND MAY 28 MEETINGS**

Approved.

### **DISCUSSION ITEMS**

#### **Discussion with Hoteliers**

John Hutar noted that the San Mateo County/Silicon Valley Convention and Visitors Bureau (SMCCVB) established a Sanitation Committee for safety protocols and best practices to disseminate information to their membership. A Facebook Live event is scheduled for June 11 with a general manager speaker, both for travelers and hospitality representatives.

Mr. Hutar noted that State guidance for leisure travel will allow business to begin accommodating leisure travel guests on June 12, pending approval by local Health officials. He mentioned that Monterey, Napa and San Diego Counties will be opening on June 12. The industry anticipates that most visitors will likely be within a drive radius (200-250 miles), primarily because of consumer sentiment to stay isolated in one's own car.

The California travel industry is examining Arizona as a model, as their state reopened 3-4 weeks ago. Visit California and CalTravel are using this as a methodology to gauge that reopening is safe.

Mr. Hutar noted that the Hyatt Regency and Marriott Waterfront are suited specifically for large groups, and they are particularly hard hit because large conferences are not anticipated for several months at a minimum. He mentioned that they are extremely important for the region's economic vitality.

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In general, he anticipates a 50-55% decline in regional hospitality revenue for 2020 and mid-high 40's occupancy for 2021, but group bookings could skew recovery larger or smaller.

Kevin Kretsch (Hyatt SFO) noted their corporate office directs many sanitation protocols and notes there are no problems in communicating or implementing these. He mentioned that his hotel was at single-digit occupancy during the peak of COVID-19, but occupancy is increasing slowly to the teens. He anticipates a long road to "normalcy" for this area in the travel industry.

Mr. Kretsch noted that larger hotels that generate meeting space revenue will be more greatly challenged because of large gathering limitations, though notes interest in inquiries asking "what if" for potential gatherings in late 2020 or 2021.

Lisa Kershner (Marriott) mentioned her hotel has been closed, but they are looking at reopening on July 1. They are concerned about reopening without group markets (leisure or business). She mentioned that Burlingame is competing with the major metros of San Francisco, Oakland and San Jose, etc. She hopes that the City can help the SMCCVB market to promote the area, assist in the beautification of Airport Boulevard, or attract flight crew business specifically. Recently, a San Francisco hotel "poached" one of their flight crews, but she does not know what specifically caused this. She did note Burlingame's advantages (proximity to major metros, clean air, fewer homeless people, etc.) She also predicts a slow recovery that will likely take 12-18 months. She is concerned about the County reopening too slowly and losing competitive advantage to major hubs.

Ms. Kershner noted that some Marriott hotels achieved almost 80% occupancy in the drive radius market for leisure travel on Memorial Day weekend because of their early reopening. Mike McKee (DoubleTree) agreed, stating that two DoubleTree resorts sold out over Memorial Day weekend. Mr. Hutar also noted that coastal areas (Pacifica, Half Moon Bay) are doing well on weekends.

Fettah Aydin (Embassy Suites) has stayed open, with occupancy in single-digits to low-20s. Hilton (parent company of Embassy Suites) has partnered with a sanitation company to better implement their sanitation protocols (contactless key cards, touchless environments, etc.) They will also work on meeting space sanitation improvements soon. He noted that 20% of their business depends on flight crews.

Councilmember Ortiz questioned occupancy for a clearer picture. Mr. McKee forecasts 65% occupancy in Q1 and Q2 2021. Mr. Aydin anticipates 50% for 2020, 65% in Q2 2021, 80-90% by end of 2021. Mr. Kretsch painted a more sobering picture of 30% for 2020 (very dependent on group gatherings), 65% by end of 2021. Ms. Kershner noted SF Travel is forecasting 50% till Q2 2021.

Mr. Hutar mentioned that corporate travel will likely be nonexistent for 2020, primarily because it is difficult to overcome the stigma of sanitation and safety in travel.

Councilmember Ortiz questioned how daily room rates calculate into the forecast. Hoteliers unanimously agreed that rates are down significantly for 2020, and it will take 12-18 months to recover to pre-COVID rates.

Ms. Kershner and Mr. Kretsch applauded that Burlingame Avenue is doing well. They reiterated the importance of Bayfront beautification, particularly in tandem with sea level rise, and would like greater enforcement on property owners for Bayfront maintenance. Vice Mayor O'Brien mentioned that Burlingame Ave will initiate a pilot program to close for one month on Friday-Sunday, which was met with praise. Councilmember Ortiz noted there are difficulties in enforcing property maintenance on private property, but the City can facilitate connections between owners.

Vice Mayor O'Brien requested a full City Council discussion concerning Bayfront beautification, budget permitting. CM Goldman mentioned that Code Enforcement sent a Property Maintenance letter to property owners several weeks ago, but the Public Works Department cleaned up the areas along the Bay due to a lack of response.

#### Burlingame Back in Business Grants Next Steps

CM Goldman introduced the topic, mentioning that \$170,000 is coming back to the City from the San Mateo County Strong Fund. At the initial Council discussion, there were ideas of assisting with PPE costs, barriers between tables, Burlingame Avenue cleanup, parklet implementation, etc. She noted that money does not have to be used and can go back into the General Fund or reserves in case of emergency.

Councilmember Ortiz wanted a list of businesses that had applied but did not receive funds to continue the process in our own way. CM Goldman noted that this is not public information unless the business actually received funds. The City is reluctant to receive this information because it will be subject to Public Record requests, which could compromise sensitive financial information of the applicants.

Vice Mayor O'Brien proposed to use the funds for personal protective equipment (PPE) or to aid in protocol implementation, because this may be a broader need beyond rental assistance.

CM Goldman noted that these funds could be used in a program similar to the Broadway Façade Improvement Program. For example, this would be a request up to a maximum of some funding amount for PPE reimbursement (face coverings, gloves, partitions, disposable menus, contactless payment systems, etc.) This would likely be on a first-come, first-serve basis.

Councilmember Ortiz expressed concern that many businesses have already spent funds to implement protocols and would like them to receive compensation for improvements that have already been made. CM Goldman noted this would have to go to the full City Council on July 6 and suggested that an EDS Special Meeting may be necessary. Subcommittee members tentatively proposed that

improvements completed in the previous 45 days (or perhaps after May 4, when County reopening guidelines were first established) would be eligible for reimbursement.

Councilmember Ortiz inquired if a sanitation certification is possible for businesses to obtain. Mr. Salma mentioned that it is possible to obtain, but in his conversations with business owners, it is quite expensive to undertake the improvements and obtain the certification.

Vice Mayor O'Brien noted the funds could be used for general amenities (hand sanitizer stations on Burlingame Avenue provided by the City, etc.) or other miscellaneous COVID-19 precautions. She suggested that this could make the area more attractive to hesitant visitors, and the City could market itself as a destination that maintains health and safety.

CM Goldman suggested setting aside a certain amount for individual business reimbursement (\$60,000), \$40,000 for communal sanitation (cleaning crews, hand sanitizer stations, etc.) and then retaining the remainder in reserves (\$70,000) to examine what happens as the reopening process moves forward (either expansion of these programs or allocations to reserves). She suggested a limit of \$2,500 per business. She also noted these programs would have to be accessible for all commercial districts.

The Subcommittee members would like the option to modify the funding amounts if necessary, as they do not know what protocol implementations might actually cost.

Vice Mayor O'Brien noted that restaurants will likely use more funds than retail. To promote equity, Councilmember Ortiz proposed the City can cover up to 80% of costs up to \$3,000 for all types of businesses. Mr. Salma mentioned that retail and personal services will likely have a slower recovery than restaurants.

Georgette Naylor (Chamber of Commerce) advocated for the funds to be spent in Burlingame if possible, but she is unsure if PPE production in Burlingame is sufficient enough to enforce such a stipulation. Potential language proposed would be: "We encourage you to shop local with the funds as much as feasible." Ms. Naylor hopes to investigate how much implementation costs are, and Councilmember Ortiz mentioned that this may be illuminated in the full Council discussion.

Mr. Salma advocated for some funding to be allocated for messaging efforts (A-frames, etc.)

CM Goldman inquired if these programs would only be for retail storefronts (as was the intention in the Burlingame Back in Business grant program) or for all business sectors. The Subcommittee members agreed that commercial storefronts interface with the public much more often, and CDD Gardiner mentioned that this would be a way to help restore confidence in these sectors.

### **Future Agenda Topics**

Vice Mayor O'Brien requested a review of the pilot Burlingame Avenue Closure at the July 8 meeting. CM Goldman noted that the August meeting will likely be canceled due to the Council recess.

**Miscellaneous Discussion**

All discussion was related to the agenda items.

**Action Items**

- EDS Sanfilippo will flesh out a proposal for a Sanitation Measures Reimbursement Program (name pending) and send this to CDD Gardiner and CM Goldman.

**FUTURE AGENDA TOPICS**

- July 8, 2020- Examination of Burlingame Avenue Pilot Closure

**PUBLIC COMMENTS**

There were no public comments.

**ADJOURNMENT**

Meeting adjourned at 9:43 a.m.

Respectfully submitted,

Joseph Sanfilippo  
Economic Development Specialist