



**City of Daly City
Small Business Commission Meeting
Meeting Minutes**

Thursday, October 14, 2021 – 7:00pm

Virtual Meeting:

<https://bit.ly/dalycityoct14>

Call to Order:

The Commission commenced the meeting at 7:00pm.

Pledge to the Flag:

Roll Call:

Present: Maybelle Manio, Maria Cruz, Charles Hill

Absent: Francis Espiritu

Announcements and Communications:

Commissioner Manio provided the update that Paloma Concordia stepped down as a member of the Small Business Commission due to her relocation to Southern California. Commissioner Manio thanked Ms. Concordia for her service on the Commission and wished her well in her future endeavors. Commissioner Manio also provided the update that the Filipino Bar Association has offered the Daly City business community free legal aid/assistance. Commissioner Manio also updated the Commission that the North County Business Resource Center is set to open in the next couple of months. The Resource Center will provide business support to North County businesses, including businesses within City of Daly City.

Approval of Minutes:

Minutes approved as distributed through motion. Charles Hill motioned for approval; Commissioner Manio seconded the motion.

Commission Meeting Frequency:

Commissioner Manio asked if Commissioners would be willing to increase the Small Business Commission's meeting frequency from six to twelve regularly scheduled meetings per year. Commissioner Carson expressed she does not have a problem with increasing meeting frequency. Commissioner Hill expressed support and requested clarification on when the meeting frequency would go into effect. Brandon Phipps responded that if City Council was supportive of an increase in meeting frequency, the changes would go into effect in early 2022. Commissioner Hill expressed the importance of a set agenda for each regularly scheduled meeting and recommended the Commission check-in at least once a month. Commissioner Manio expressed support for monthly Commission meetings.

Stephen Stolte reminded Commissioners that all Commissioners are not present at this meeting and recommended that Commissioners reconsider this item when all Commissioners are present. The item will be added to the December 9 Commission meeting.

Smoke / Vape Shop Regulations:

Stephen Stolte presented that Mayor Manalo has requested Commissioner feedback on potential smoke/vape shop regulations in the City. This item was brought to Commissioners due to a proliferation of smoke shops in the City, particularly along the Mission Street Corridor. Specifically, 6 of the 8 smoke shops in Daly City are located along Mission Street. Stephen Stolte mentioned there are a couple of ways to regulate smoke shops but there are some necessary steps that staff would have to take to first define what a smoke/vape shop is. As a sidenote, smoke shops were deemed essential businesses during the pandemic as they serve food. City would have to create findings for any proposed regulation. Mr. Stolte mentioned that two of the options that staff have researched internally include employing a locational standard which is designed to avoid an overconcentration of shops in a given area (similar to the policy Daly City uses for check-cashing businesses). The second option would be to ban certain tobacco products – particularly those that are marketed to minors. Currently staff are tracking SB 793, which banned flavored tobacco products in 2020 and will be going to voter referendum in 2022 due to backlash to the legislation. Mr. Stolte mentioned we will be tracking that bill and summarized consideration of a locational standard or a product-related ban. Mr. Stolte noted that cannabis businesses would be exempt from these regulations and requested feedback from Commissioners.

Commissioner Carson mentioned she does not smoke and has concern for children's access to flavored tobacco – she expressed interest in regulating flavored tobacco products. Commissioner Hill expressed agreement with Commissioner Carson and mentioned that the Mayor came to his establishment to discuss the recently opened smoke shop in his neighborhood. Commissioner Hill expressed he is in favor of regulating this industry but asked the question of what kind of “look” does the City want presented on Mission Street and the Top of the Hill neighborhood. Commissioner Hill is aware that smoke shops create tax dollars to the City but suggested the City consider proximity between shops and would be open to further examining that. Commissioner Hill emphasized the importance of researching what products are being sold at these facilities to best structure any regulations. Commissioner Manio expressed support of Commissioner Hill's views and expressed preference to considering locational standards as opposed to specific product bans due to their relative ease in implementation. Commissioner Manio expressed general support of the industry but stated that there is a negative impact associated with high concentrations of smoke/vape shops in the City. Commissioner Manio also expressed interest in signage regulations so as to avoid overly bright lights.

Mr. Stolte thanked Commissioners for their feedback and stated that Staff is also looking into signage regulations within the City. As a first step, Mr. Stolte recommended coming up with proposals for smoke and vape shop regulations that employ a locational standard, and stated that Staff will continue to track SB 793.

Microenterprise Home Kitchen Operations:

Brandon Phipps thanked Commissioner Manio for the introduction and stated that this item pertains to the allowance of a new type of food facility in the City called Microenterprise Home Kitchen Operations (MEHKO). City of Daly City is proposing to amend the City's zoning Ordinance (specifically, the Home Occupation Section) to allow for MEHKOs to legally operate in the City. Brandon Phipps presented that MEHKOs are defined as a food facility that is operated by a resident, from their private home kitchen. Once permitted, a resident can store, handle, prepare and serve food to the public as allowed by state law, somewhat like a restaurant, and discussed that State law places a number of limits on MEHKOs including but not limited to the number of

meals that can be served, the revenue they are able to receive, and some of the foods that can be prepared. Brandon Phipps presented previous State approvals that have occurred related to MEHKOs such as the adoption of AB 626 in 2019 and cleanup legislation AB 377. As a result of these statewide approvals, many cities and Counties are allowing these food facilities to operate locally. As County of San Mateo has allowed for these types of facilities to operate locally, they will be the agency granting health permits for MEHKO facilities – specifically, permits are issued by the San Mateo County Environmental Health Services Division.

Brandon Phipps stated that Daly City is proposing to amend Chapter 17.36 of the municipal code to authorize MEHKOs, and further described the specifics of the program, including the many limitations placed on MEHKOs. Mr. Phipps then presented the specific text that City staff is proposing to amend in the zoning ordinance and reminded Commissioners that this same item was brought to Planning Commission in the previous week and was unanimously recommended for Council adoption. Mr. Phipps opened the floor to questions or comments from Commissioners.

Commissioner Hill asked if Daly City will be responsible for monitoring the program. Mr. Phipps responded that the County would be responsible for monitoring, but certain items will be regulated by the City, including violations of the City's noise ordinance. Commissioner Hill asked about patrons being able to consume food on premises. Mr. Phipps responded that the program is a relatively low-cost way to create something similar to a retail food facility. Commissioner Manio expressed concern related to consumption of food on-site and the health and safety regulations associated with permitting restaurants – but expressed knowledge of similar programs in various contexts including Air-BNB dining experiences. Commissioner Manio asked what is the impact of not exempting MEHKOs from Daly City's home occupation. Mr. Phipps responded that this would exclude MEHKOs from operating in City of Daly City.

Commissioner Hill asked if the City has conducted research on potential local demand for this business type and expressed concern for existing businesses that are struggling in addition to other business types that are increasing competition in the City, such as ghost kitchens. Mr. Hill expressed interest in the program, however, as a potential economic development tool. Mr. Phipps responded that each kitchen facility will be evaluated by a County Health employee for food safety and that requirement will limit the number of eligible establishments. Mr. Phipps also noted that certain business types, such as food peddlers, would not be allowed to function through the MEHKO program. Commissioner Carson requested how sales monitoring would occur and expressed concern over existing restaurants that are struggling but expressed overall support of the program if participants are complying with County regulations. Mr. Phipps responded that monitoring would occur through the County Department of Environmental Health and provided details as to how program violations would be dealt with. Commissioner Hill asked how MEHKOs could advertise and expressed concern over advertising negatively impacting residential neighborhoods. Mr. Phipps responded that one of the MEHKO program restrictions is that MEHKOs cannot post signage or displays for their business, but they are allowed to use print marketing materials and online sources to support their business, such as social media.

Commissioner Manio expressed support of the MEHKO program and expressed interest in patronizing permitted establishments in the future. Commissioner Manio asked if a vote is required. Mr. Stolte stated that their feedback is sufficient and that it will be provided to Council.

Colu Shop Local Application:

Mr. Phipps described a new shop local application being developed at the County level: Colu – Choose Local San Mateo County. Specifically, Colu is a private company that creates innovative digital solutions to incentivize community members to shop local and support their community's small businesses. The application being considered by the County would reward app users with points for shopping at local businesses in San Mateo County. Each point earned has a value of \$1, which can be redeemed at other local participating businesses. It is the hope this these financial incentives will draw more customers to our local small businesses and keep our dollars local.

Mr. Phipps stated that a number of cities have already developed shop local applications with Colu and have observed positive results of up to a 9x return for every dollar allocated to support the application. Other cities currently implementing shop local applications with Colu include Boston Massachusetts and Akron Ohio – with many other cities in the process of developing the application such as Rancho Cordova, Monterey Park, Chula Vista. Mr. Phipps also expressed interest in having Commissioners help to “get the word out” related to the rollout of this application to generate a “buzz” within the community.

Commissioner Manio asked if we have background on the app developers. Mr. Phipps stated that Colu has been active for a number of years and has been able to expand quickly into the US market. Commissioner Hill stated that any advertising that can support businesses is a good thing and stated that he has seen the logo. Commissioner Hill asked if there is a cost to businesses associated with the program. Mr. Phipps responded no. Mr. Hill asked if the County will take the lead on the program marketing. Mr. Phipps responded that funds have been allocated to assist in marketing. Commissioner Hill expressed support of the application to increase exposure of local businesses. Commissioner Carson expressed support of the application. Commissioner Manio expressed support of the application and willingness to support the rollout of the application through small business outreach.

Mission Corridor Top of the Hill Revitalization:

Mr. Phipps presented photos and an aerial map of the Top of the Hill area and requested Commissioner feedback on some of the concerns that Commissioners have expressed related to blight in the neighborhood. Commissioner Manio stated that the neighborhood has a rich history but that its current state is unfortunate, but also very fixable. Commissioner Hill commented that he wished we were at a City Council meeting to express this concern but stated he has connected with the Mayor on this item as well. Mr. Hill expressed issues include trash dumping, graffiti, general sense of blight, and crime and stated that this may be partially as a result of the bus line terminus locating within the neighborhood. Mr. Hill sees this neighborhood as a gateway to the City containing a diverse number of community members, small business owners, and national credit tenants. Mr. Hill sees an opportunity to improve the neighborhood with cleanup, community involvement, beautification, and branding. Regarding cleanup, Commissioner Hill mentioned his windows have been broken twice in the past two months and has had issues with homeless presence and employees quitting due to management challenges in the area. Mr. Hill expressed that there is a high cost to not addressing these issues as it reduces overall neighborhood impressions. Mr. Hill expressed interest in creating resources at the City level to address some of these concerns, which could fund items such as repainting initiatives, façade improvements, additional signage, and efforts to reduce crime. Regarding branding, Commissioner Hill re-stated the historic importance of the neighborhood and sees an opportunity to re-brand the neighborhood

– potentially through partnerships with local stakeholders such as youth. Mr. Hill expressed willingness to assist in these efforts and reiterated his belief of there being significant opportunity to improve the neighborhood.

Commissioner Manio thanked Commissioner Hill for his insight. Commissioner Carson stated that she has not been in the neighborhood lately because she has been busy with her establishment. She was surprised to see the state of the neighborhood and agrees there is opportunity for improvement. Commissioner Manio agreed with Commissioner comments and stated that it does not reflect pride in Daly City's community; she stated the multi-faceted nature of the issues observed in the neighborhood and stated the importance of addressing systemic issues that cause blight in the neighborhood. Commissioner Hill agreed with Commissioner Manio that there are greater societal concerns associated with the neighborhood but posited that community members are the ones dumping trash in the neighborhood. Commissioner Hill stated that there needs to be some attention to the elephant in the room because it is not going away and getting worse; the state of the neighborhood is also disincentivizing businesses and residents from coming into the area, which represents a revenue loss for the City. Commissioner Manio re-expressed the importance of branding in the neighborhood citing examples from South San Francisco and San Francisco that have been successful.

Mr. Stolte commented that Mission Street is getting a street improvement project next year which will improve driver and pedestrian experience. Mr. Stolte also expressed the City has launched a clean Daly City program that included extensive outreach, and stated the City's commitment to making changes in the neighborhood. Mr. Stolte stated there are a number of stakeholders in the area, including residents, and expressed interest in connecting commissioners with the Top of the Hill Improvement Association. Mr. Stolte mentioned the connections in the neighborhood are strong and that cleanup initiatives have been formed to address these issues. Mr. Stolte sees this as a large and long-term discussion and is enthusiastic to report-out on the positive changes that have been occurring in the neighborhood. Mr. Stolte sees a bright future for Top of the Hill, welcomes Commissioner feedback, and expressed interest in connecting relevant stakeholder groups. Ms. Mothershead mentioned there used to be a façade improvement program in the neighborhood but that it lost funding a few years ago and expressed the importance of bringing the landlords as well as business owners into the discussion. Commissioner Manio recommended a Town Hall meeting to specifically discuss Top of the Hill due to the neighborhood's importance and to create a central space for ideas to be discussed.

Commissioner Hill agreed with Commissioner Manio regarding community engagement and a potential Town Hall meeting and expressed the interest in changing the mindset in the neighborhood. Commissioner Manio stated this was a great start to a long discussion on this topic and looks forward to continuing to follow-up. Mr. Phipps shared information related to a development site in the neighborhood at 609 Mission Street. Specifically, the site has recently been entitled for a high-density project. Ms. Mothershead agreed that a vacant parcel can be an attractor to dumping and clarified that the site is entitled for a 36-unit mixed-use building. Commissioner Hill stated that a large amount of dumping occurs at the Walgreens and believes they can be doing more to support the community. Ms. Mothershead stated she would connect with our code enforcement officer regarding potential dumping at the Walgreens site. Commissioner Manio asked if there were fees or penalties that can be levied for garbage on site. Ms. Mothershead stated there are code enforcement fees for ongoing issued on private property.

Next Meeting:

Next regularly scheduled meeting scheduled for December 9, 2021 at 7pm.

Public Comment:

No public comment was received for this meeting in addition to the public comment previously discussed in connection with the item on the disposable food wares ordinance.

Adjournment:

Commissioner Manio adjourned the meeting at 8:35pm.