



Small Business Commission Agenda Report Item

Meeting Date: July 10, 2025

Subject: Recap of Small Business Retention Efforts through the Small Business Commission's Small Business Engagement Day

Recommendation

This report provides an update on the City's efforts to support small businesses at the City Heights Shopping Center considering a proposed change in property use and outlines the results of recent meetings between the City, Callan G3 Management LLC (property owner), Mercedes-Benz of South San Francisco (master leaseholder), and the affected small business tenants. Staff recommends that the Small Business Commission receive and file this report

Background

This effort was initially prompted by the **Daly City Small Business Commission (SBC)** through their **Small Business Engagement Day on November 14, 2024**, an outreach initiative designed to foster direct communication with small business owners and understand their on-the-ground challenges. During this event, multiple tenants at the City Heights Shopping Center shared concerns about possible displacement due to proposed changes at their site. The tenants highlighted their long-term presence in Daly City and the potential hardship posed by relocation or closure. This early engagement not only brought the issue to the City's attention, but also reinforced the value and impact of the SBC in amplifying the voices of small businesses and serving as a bridge between local government and the entrepreneurial community.

Following the event, it was confirmed that MJK Properties, had issued Notices to Vacate to all tenants, effective April 30, 2025 when MJK's lease was up for termination. The shopping center, located at 2025 Gellert Boulevard, is zoned as Light Commercial (C-1), which permits small businesses by right. Representatives from Mercedes of South San Francisco signed the new master lease with the intent to expand Mercedes' footprint. Vehicle storage or car dealership uses in this zone require a discretionary use permit, subject to Planning Commission and City Council review.

CITY RESPONSE AND ADVOCACY EFFORTS

In response, the City took swift action to assess the situation and facilitate dialogue:

- **Small Business Advocate and Economic Development Specialist, Maybelle Manio** led outreach to all affected tenants through both group and individual meetings to understand their needs and interest in remaining on site.
- Staff then coordinated and facilitated discussions between the property owner, **Callan G3 Management LLC**, and the master leaseholder, **Mercedes-Benz of South San Francisco**, to present tenant feedback and explore mutually agreeable solutions.

THE MAYOR'S OFFICE RESPONSE

The Mayor's Office expressed formal support for preserving small business operations at City Heights through two statements:

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1. **Mayor Roderick Daus-Magbual's Letter (January 23, 2025):** The Mayor emphasized that the proposed use is inconsistent with Daly City's economic development goals and reaffirmed that any land use changes must undergo a formal permitting process. The Mayor also extended an invitation to Callan G3 Management LLC to meet and discuss alternative solutions.
2. **Mayor Juslyn Manalo's Statement (December 16, 2024):** The Mayor underscored the significance of small businesses to Daly City's economic fabric and advocated for their continued operation within the City Heights Shopping Center.

MEETING OUTCOMES

The series of meetings led to the following outcomes:

1. **Mutual Understanding Achieved:** Mercedes-Benz recognized the economic and cultural significance of the existing small business community and expressed openness to retaining some tenants.
2. **Tailored Solutions Explored:** Individual business needs were considered, and space planning options were discussed to accommodate both vehicle storage and small business operations.
3. **Tenant Retention Prioritized:** Several tenants expressed a desire to stay, and discussions to finalize possible new lease terms or configurations that would allow them to continue operating at the site are complete.
4. **Zoning Compliance Reinforced:** The City reiterated that any use change would require a use permit, reinforcing the public process and community input as a prerequisite for any redevelopment.
5. **Ongoing Support:** For tenants unable to remain, the City is continuing to provide relocation assistance and other resources to help them transition.

Fiscal Impact

There is no direct fiscal impact associated with this report. However, preserving small businesses at this location contributes to maintaining a stable and diverse economic base in Daly City.

Conclusion

The City of Daly City remains steadfast in its commitment to supporting and retaining small businesses. This collaborative effort, initiated through the Small Business Commission's engagement work and advanced through staff-led outreach demonstrates the City's dedication to inclusive economic development and responsible land use. Staff will continue to work with all stakeholders to ensure that solutions are equitable, legally compliant, and aligned with the City's broader goals for community and economic vitality.

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Staff is available to provide any additional information desired by the Chair or Commissioners.

Respectfully submitted,



Maybelle Manio
Economic Development Specialist



Timothy J. Nevin
Director of Finance & Administrative Services

ATTACHMENTS:

1. Mayor Roderick Daus-Magbual's Letter (January 23, 2025)
2. Mayor Juslyn Manalo's Statement (December 16, 2024)
3. Resolution 25-18: A Resolution of the City Council of the City of Daly City Supporting Small Business Growth and Development and Policies to Enhance Economic Growth (January 27, 2025)



OFFICE OF THE MAYOR CITY OF DALY CITY

333 – 90TH STREET
DALY CITY, CA 94015-1895
(650) 991-8125

January 23, 2025

Callan G3 Management LLC
City Heights Shopping Center
2085 Gellert Boulevard
Daly City, CA 94015

Re: Letter of Support for Daly City Small Businesses

Dear Property Owner:

At the November 14, 2024 Daly City Small Business Commission Meeting, several small business tenants, located at the City Heights Shopping Center, expressed concern that Mercedes-Benz in South San Francisco was seeking to lease the property to create more vehicle storage.

The City has since learned that MJK Properties, the Master Lease Holder of this property, has issued Notices to Vacate effective April 30, 2025 to all tenants. Please be advised that this property is located in a Light Commercial (C-1) zone. Any land use changes would require a use permit, and a use permit requires review and approval by both the Daly City Planning Commission and the Daly City City Council.

The decision to pursue a different use of this property does not align with Daly City's goals for economic vitality, as the City supports small businesses. The City is happy to discuss solutions and invite you to schedule a meeting.

Sincerely,

Dr. Roderick Daus-Magbual
Mayor of Daly City

cc: bdesler@sbcglobal.net



OFFICE OF THE MAYOR CITY OF DALY CITY

333 – 90TH STREET
DALY CITY, CA 94015-1895
(650) 991-8125

December 16, 2024

Statement of Support for Small Businesses

Several small business tenants, located at the City Heights Shopping Center on Gellert Boulevard near King Drive, have expressed concern that Mercedes-Benz in South San Francisco is seeking to purchase the property they are leasing to create more vehicle storage.

Currently, the parcels in which these small businesses are located are zoned as Light Commercial (C-1), and small businesses are allowed by right. A car dealership and vehicle storage in the C-1 zone would require a use permit, and a use permit requires review by the Planning Commission and the City Council.

Small businesses are the fabric of Daly City's business sector. Many of the small businesses located at the City Heights Shopping Center have been in operation for decades, and I am an advocate for these small businesses to continue to thrive in Daly City.

Sincerely,

A handwritten signature in blue ink that reads "Juslyn C. Manalo".

Juslyn C. Manalo
Mayor of Daly City
(650) 580-7777



RESOLUTION NO. 25-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DALY CITY
SUPPORTING SMALL BUSINESS GROWTH AND DEVELOPMENT AND POLICIES TO
ENHANCE ECONOMIC GROWTH

WHEREAS, small businesses are the backbone of our economy, creating jobs, fostering innovation, and contributing to the overall economic vitality of our community; and

WHEREAS, small businesses face unique challenges, including access to capital, navigating regulatory environments, and competing with larger enterprises; and

WHEREAS, the success of small businesses directly impacts the prosperity and well-being of our local community; and

WHEREAS, it is imperative to support policies, initiatives, and programs that enhance the growth and sustainability of small businesses; and

WHEREAS, strategic land-use policies play a critical role in fostering a supportive environment for small businesses by providing affordable, accessible, and appropriately designated spaces; and

WHEREAS, the City of Daly City recognizes the need to address land-use barriers that hinder small business growth and to actively identify opportunities for mixed-use developments, commercial corridors, and small business hubs; and

WHEREAS, the City is committed to providing to platform for its small business community; and

WHEREAS, as part of Daly City's commitment to supporting our small businesses, the City Council adopted an ordinance to create a Small Business Commission, comprised of small business owners within the City; and

WHEREAS, the Daly City Small Business Commission is tasked with helping business owners and entrepreneurs navigate the challenges associated with creating, owning, and operating a small business within the City, as well as creating a fair playing-field for small businesses in Daly City's highly competitive market through the reduction of market entry barriers, information asymmetries, and barriers to access finance and capital; and

WHEREAS, the Small Business Commission nominates Legacy Businesses, which are celebrated annually during National Small Business Week in the month of May; and

WHEREAS, the Economic & Community Development Specialist has been designated the Small Business Advocate for the City of Daly City to foster positive business relationships and further promote economic growth and development in Daly City.

NOW, THEREFORE, BE RESOLVED, that the City Council of the City of Daly City, California does hereby resolve, in recognition of the importance of small businesses, that:

1. **Support for Economic Growth:** We pledge to actively support and encourage initiatives that provide financial assistance, resources, and networking opportunities for small businesses.
2. **Policy Advocacy:** We will advocate for policies at the local, state, and national levels that reduce burdensome regulations, improve access to capital, and create an environment where small businesses can thrive.
3. **Community Collaboration:** We will work with local chambers of commerce, small business associations, and other stakeholders to foster an ecosystem of support for entrepreneurs and small business owners.
4. **Promote Awareness:** We will prioritize initiatives that promote the visibility of small businesses within the community, encouraging local spending and collaboration.
5. **Education and Training:** We will support efforts to provide small businesses with training, mentorship, and educational resources to help them succeed in an ever-changing marketplace.

BE IT FURTHER RESOLVED that the City Council of the City of Daly City, California commits to regularly reviewing the progress of these efforts and adapting strategies as necessary to ensure small businesses continue to thrive.

I hereby certify the foregoing to be a true copy of a Resolution adopted by the City Council of Daly City, California, at a regular meeting thereof held on the 27th day of January, 2025, by the following vote of the members thereof:

AYES, and in favor thereof, Councilmembers: DiGiovanni, Proaño,

Manalo, Daus-Magbual

NOES, Councilmembers: None

ABSENT, Councilmembers: Sylvester


CITY CLERK OF THE CITY OF DALY CITY

APPROVED:

RODERICK DAUS-MAGBUAL
MAYOR OF THE CITY OF DALY CITY