



Economic Recovery Roundtable

Meeting Notes

Thursday, August 12, 2021

9:00 a.m. – 11:00 a.m.

Meeting Information

Focus Area • Understanding the Economic Impacts of the Pandemic: What Has and Has Not Changed

Agenda • Welcome and Introductions
• Informing San Mateo County's Recovery Efforts
• San Mateo County Labor Market Opportunities and Challenges
• Keeping Small Businesses at the Forefront in Our Economic Recovery

Welcome and Introductions

Sup. David Canepa, President of the San Mateo County Board of Supervisors
Mike Callagy, San Mateo County Manager

- Supervisor David Canepa welcomed the group to the first of four San Mateo County economic recovery roundtables. The pandemic has seriously affected certain sectors of the County's economy, especially small businesses and lower income workers in the travel and hospitality industries who lost their jobs. Grants for rent assistance and extended unemployment benefits have helped, but we need to think beyond grants to programs and systems that provide long-term support to displaced employees and main street businesses. We want your thoughts and recommendations for a long-term recovery plan.
- San Mateo County Manager Mike Callagy thanked participants for their attendance. We have had our sights set on recovery since the beginning of the pandemic. Our speakers today will provide insights into where we are now and where we are headed. The goal is to come out of the pandemic stronger than we were when we went into it. The County, along with our partners, is uniquely situated to meet that goal.

Agenda and Overview

Danielle Lee, San Mateo County Recovery Initiative and Office of Sustainability

- Danielle Lee reviewed the agenda and meeting objectives.
- The approach to the roundtable is anchored in a framework of educating, innovating, and convening. Educate ourselves on the data regarding the economic recovery and what the research says about what we should consider going forward with our plans.

What are the opportunities for doing things in a different way? Convening all of us together to have conversations and tap the greater knowledge that the full community holds together.

- There will be three more meetings in the roundtable series over the next six weeks focused on getting back to work, supporting vibrant downtowns, and fostering economic resilience.
- Building a business intelligence foundation and convening stakeholders was one of the initial recommendations from the recovery initiative proposal. We want to continue to understand the economic trends and look forward together.
- The work has been ongoing since last March. The recovery work has been a result of many collaborative efforts. We have provided rental assistance to households, meals to most vulnerable, financial assistance to individuals and families, financial support to childcare providers, non-profits, community-based organizations (CBOs), and small businesses.
- With this series, we will think about how we broaden our scope to the medium- and long-term to rebuild our economy.

Informing San Mateo County's Recovery Efforts

Patrick Kallerman, Vice President of Research, Bay Area Council Economic Institute

- Thanks to everyone who has been doing the work leading up to this roundtable series. San Mateo County has been a leader in its thoughtful approach to recovery. The Bay Area Council Economic Institute is the in house think tank of the Bay Area Council, which represents over 300 of the region's largest employers and has taken a civic leadership role. We provide perspective on how the core of the economy is thinking about recovery and our future in the region.
- The Institute's effort has two components:
 - Understanding how organizations are planning for "future ways of working"
 - ◆ We know to expect change, but what will it look like? Will there be more remote or hybrid work? Will they hire from outside of the region or shift outside to save costs?
 - Understanding the long-term impacts to the Bay Area's innovation ecosystem
 - ◆ The Bay Area has served as the world's flagship hub for technology, innovation, and entrepreneurship. How will this change, if at all?
- To gather data, we conducted over 15 interviews with senior leadership in industry across the County including biotech, software/social media, public sector, financial services, aviation, housing development, and others.
- Organizations have been thinking about and planning for the future of work since the pandemic began. They have been carefully and thoughtfully watching and working with peer organizations—they are all very connected through work, research, and friend networks. Businesses are planning to allow hybrid work models to continue into the

future, though transition periods are changing due to the Delta variant. Optimizing office space is a big focus. What are the implications for market development? The ability to retain talent is crucial, so companies are looking to balance employee happiness with product excellence.

- There were winners and losers in the beginning of the pandemic that resulted in massive market shifts. Zoom and other tech companies have flourished while hospitality, tourism, restaurants, airlines have had a long, slow recovery. Will structural changes result in a new normal?
- Companies look for strategies to continue to deliver the best product possible. Many of the companies in the region still require large physical lab facilities for research and development. Many employees are back 3+ days a week. If social problems in the region lead to a less desirable environment, some employers may leave or look for workers elsewhere.
- Company culture, inclusion, employee health and wellbeing are key factors for employers. They want maintain a collegial atmosphere and keep folks from burning out. The hybrid model is probably the most difficult to implement but is the most likely going forward for many organizations.
- Key lessons:
 - Companies are not going this alone. They share best practices on hybrid and remote work.
 - Companies are considering reopening plans and future models.
 - Companies remain committed to delivering the best product possible here in San Mateo County because the talent is here and is essential to achieving that goal.
 - Quality of life is essential. To ignore declining quality of life would spur an exodus. Companies know their product, market, and talent base. They just need us to keep the County a place where employees can thrive.
- A discussion on the future of San Mateo's Innovation Ecosystem followed.
- Many large companies began and grew here. Will San Mateo County retain its position and ability to be one of the world's most innovative and productive economies?
- Research universities, venture capital firms, and startups are key components to the Bay Area's innovation system.
- Other important cultural elements include cultural acceptance of risk, failure, and knowledge sharing; and large, existing ecosystem of companies and talent that foster innovation, enable growth, and acquire smaller companies.
- These elements would be difficult to replicate elsewhere.
- A very large share of venture capital from across the country goes to the Bay Area.
- Where will the talent go? The goal is to continue our success in attracting and retaining talent in a very compact area. Up to 45% of jobs in the Bay Area are eligible for remote work. Make the environment attractive to keep people in the area.
- The region's capacity to innovate technologically is rooted in its leading universities, which are not going anywhere. Venture capital is a significant driver of innovation in the

region and is here to stay. Lastly, our strength in science (e.g., national labs, private research facilities) will provide a conducive environment to growth.

Questions

- Does remote work stick? Especially in context of the housing shortage.
 - We initially thought remote work would stick, but as vaccines began to spread and our vaccination rates became some of the highest in the nation, many companies shifted back to partial in person work. Delta has delayed it a little. These organizations appreciate the region and they developed these offices for a reason. Full remote will likely not stick for most of the big companies. Housing and transportation may drive the hybrid model.
- Are we seeing increased openness to more inclusive hiring as workforce dynamics have changed?
 - The ability of employers to expand their hiring pools and for workers to accept jobs in different regions of the Bay Area are bright spots of the past year. Some people may be able to travel a few times a week but not five times a week. A more diverse workforce pays dividends to organizations that have them. Most organizations are thinking about this very deeply.
- Are there job opportunities for undocumented workers?
 - Our region has long been very accepting of hiring folks from diverse backgrounds, especially immigrants. However, the ability to hire immigrants is less under our control as regional, county, and city leaders. Federal policy in recent years has started to hamper that (e.g., scaling back H-1B visas). A decrease in the ability to hire these individuals is bad for our region. We want talent from many arenas.
- What kind of impact has remote work had on traffic patterns and congestion in the Bay Area?
 - Our transportation lead is doing a monthly return-to-work and transit survey. We are finding that organizations are ready and have planned for a return to work, but we are seeing a regression with Delta and new mask mandates. Folks have become more hesitant about riding public transportation. We need to keep it going for the region to be self-sustaining. If more people are driving their own cars, congestion and greenhouse gas emissions increase. We are now seeing another surge in vaccinations so hopefully it will get better.
- What options exist for small business who cannot pay higher wages? Is there public sector momentum to subsidize pay for low wage workers?
 - Most of those types of programs are administered at federal level. I have not seen much about subsidizing wages at the local or regional level. It is going to be tricky. Return-to-work and hybrid work are important to getting things back to normal because much of retail and restaurants relies on foot traffic. The large organizations we talked to kept their entire workforces.

San Mateo County Labor Market Opportunities and Challenges

Chris Benner, Ph.D., Professor of Environmental Studies and Sociology, UC Santa Cruz

- We conducted research to show the longer-term labor market trends in the County and how to think about them in the current moment. Today we will discuss data for understanding the economy, an overview of structure and trends, and potential opportunities and challenges.
- Inequality is the most striking characteristic of the labor market, especially during the pandemic. There is large inequality between sectors: the tech sector has done remarkably well, while certain low wage sectors have been really hurt. We also see inequality by race, gender, and immigration status.
- There are opportunities, but most jobs require higher education. The health care sector is promising. Opportunities are very limited in accommodation and food service. However, contracting relationships in the tech sector offer opportunities.
- We used data to understand the economy, including demographic data from the Census and industry analysis including structure, job growth, and payroll. Looked at data before and through the pandemic (Q4 2020). We also looked at the proportion of employment by the size of the employer.
- Data is useful for showing big picture, longer-term trends. We use data as a starting point for more in depth conversations.
- Total employment in the County has fluctuated over time. There was substantial job growth for a decade, which drove wages up. However, as of June 2021, the County has fewer jobs than it did six years ago, and it will be many years before we get back to pre-pandemic levels.
- The information technology and pharmaceutical industries make up 30% of employment. Healthcare and hospitality are also important.
- Transportation, tourism, and leisure have decreased significantly but the tech/information sector has grown through the pandemic.
- The County's workforce is two-thirds people of color. Roughly one third are immigrants. Sixty percent of the workforce have a higher education degree, while 24% have a high school degree or less. There are significant racial disparities between these categories.
- We looked at the racial breakdown by sector. Healthcare is over 50% Asian or Pacific Islander. Construction is primarily Latino.
- A breakdown of wage ranges by sector reveals that food services has very few of the highest paying jobs, while information and communications has many jobs in the top tier. Healthcare support is mostly low paying but provides experience to help people move up.
- Gender also shapes the workforce across different sectors. Construction and Transportation and Warehousing are predominantly male industries, while Health Care and Social Assistance is primarily female.

- Comparing growth rate to average pay shows that several industries are high in both (e.g., Information, Professional and Technical Services) but many are in the low quadrant. Food service is low paying and has decreased during the pandemic.
- An analysis of sub-sectors shows growth in Web Publishing and Search.
- Pre-pandemic, there was a shift from employment in hospitals to outpatient care and diagnostic labs. During the pandemic, there was a continued decline in hospital employment.
- The Manufacturing sub-sector, which includes pharmaceuticals, was largely flat pre-pandemic, although there was growth in transportation equipment manufacturing including drone manufacturing.
- Transportation and Warehousing, which includes the San Francisco Airport, shows an 8% annual decline in air transportation employment prior to the pandemic. Transit and ground passenger transport was increasing. There was some growth in couriers and messaging.
- Accommodation and Food Services experienced a large decline in restaurants, which is the largest sub-sector. The largest growth prior to pandemic was in smaller firms.
- We looked at individual occupations within sectors and tried to understand the career ladders that promote upward mobility.

Q&A

- What opportunities exist for inclusive hiring, particularly of undocumented workers?
 - Anchor institution strategies is an important economic development. Anchor institutions include large hospitals, major employers, the public sector, universities, and other institutions that are not likely to leave. These institutions purchase from and support other businesses in the region, which provides an opportunity to support minority communities. You can run a business without immigration documentation, so when you contract with businesses, you do not have to ask for documentation status.
- Where do healthcare techs fit into the healthcare career ladder?
 - They are not as well represented in the chart as well as they should be, as it is mostly focused on nursing and social work. We would like to hear feedback on those opportunities so we can incorporate them.
- What opportunities for mobility exist within the food service industry?
 - Many tech companies have food service on their campuses. Most do it through contracts and providers are not employees of the firms themselves. Wages contracting firm can pay depend on the level of the contract. There are opportunities for increasing contract pricing to allow contractors to pay higher wages. In house, unionized workers typically have higher wages. Contracting with larger companies allows higher funding for renovation of dining halls.
- Has there been discussion of hiring for skills instead of just college degrees?

- In many ways a higher degree is a sign of someone's ability to learn, to be motivated, and do well in school, not so much of technical skills. Google has studied what is needed to be successful and it involves teamwork, communication, and collaboration. Companies use a higher degree as a screening device, or an indirect indicator. There are opportunities to bring in underrepresented groups if the focus is on skills.

Keeping Small Businesses at the Forefront in Our Economic Recovery

Rosanne Foust, President and CEO, San Mateo County Economic Development Association (SAMCEDA)

Claire Mack, Claire's Crunch Cakes

Karen Haas-Foletta, Footsteps Child Care

- Rosanne Foust: Our small businesses have been on the front lines for the past 16 months, including the childcare and cottage food industries, and they need our support. Quality of life includes having a safe place for your children and being able to order food from an established, quality food service operator.
- Claire Mack: It has been tough, but people are still coming by. I used to allow people to enter my home to purchase cakes, but that does not happen anymore. As soon as the pandemic started to be abated, I noticed that food prices had gone up dramatically, and I unfortunately had to go up on my prices. It is extremely difficult to stay in business when people do not have income to shop. I do not want to add a staff and deal with payroll and taxes.
- Karen Haas-Foletta: We are a non-profit organization with nine locations serving infants through middle school. When the pandemic started, we had 80 employees and we had to close our doors. We re-opened a few months later, but we are only now back up to 50 employees. It is hard to hire right now because we are a low paying field comparatively and with lots of qualifications required. We need people with skills who likes children and has taken college classes and has a clean background. People are leaving the area. The Delta variant is making parents worried again, so our business is very slow. At one facility, we are licensed for 78 kids and have 15. Without the PPP loans, we would be out of business. Over 500 childcare centers in California have closed during the pandemic.
- Rosanne Foust: Where have you seen San Mateo County step up to support and where can we do better?
- Karen Haas-Foletta: We received assistance from Sequoia Health Care District to subsidize care, as well as SMC Strong money and smaller grants through the County. We received free PPE supplies. A variety of organizations have helped. The PPP loans were critical to keeping us open.
- Claire Mack: I received two grants for equipment. The media have been helpful in driving customers out to support me.
- Karen Haas-Foletta: I have been on the local news four times, and it has shed a light on small businesses that have been struggling. We are focused on children's health and development. It is part of the infrastructure in other countries.

- Claire Mack: Newspapers and television stations have helped. People have been very kind. They want to support small businesses.
- Rosanne Foust: We are working on a Shop Local app for the County that will highlight local businesses. Where else do you need support? Challenges for childcare can cross over into elder care. What can we do?
- Karen Haas-Foletta: We need help spreading the word that we are safe and we are doing well in the pandemic. Staff are wearing masks and parents can feel comfortable bringing their children back. Donations towards helping middle income families who cannot afford childcare. Childcare should be 7% of income but sometimes it is 22% or more. Families need help or they will have to leave the area.
- Claire Mack: My cakes are a luxury item. A young couple came by yesterday and we gave them a free cake in honor of their wedding. All of us need to be happy and we need a little sweetness in our life.
- Rosanne Foust: We are pushing information out about the Middle Income Fund and supporting cottage food businesses. More grant programs will come out in September and November. Thanks to the County for putting this in play.
- Karen Haas-Foletta: We received a grant to remodel a church to serve as a daycare. It would be wonderful if every city had developer fees for childcare to revamp existing locations or to open new ones.
- The group viewed videos featuring South City Ciderworks, 47 Hills Brewery, and Pie Ranch and how they were helped by San Mateo County Strong grants.

Closing

- Supervisor Canepa offered closing remarks. The small family daycare where his son goes can have about 14 children at capacity, but only has three currently. This issue is extraordinarily serious. He thanked everyone for their attendance.
- Mike Callagy thanked Peggy, Jessica, and Danielle for their work putting this meeting together and throughout the pandemic. Coming together to solve problems makes San Mateo County great. If we work together, we can come out stronger than we went in. He thanked the speakers for the work they do.
- The next Economic Roundtable meetings will be held in September and will feature the following topics:
 - September 1: Getting Back to Work
 - September 15: Supporting Vibrant Downtowns
 - September 29: Fostering Economic Resilience