



# Economic Recovery Roundtable

Meeting Notes

Wednesday, September 29, 2021

9:00 a.m. – 11:00 a.m.

## Meeting Information

**Focus Area** • Fostering Economic Resilience: Meeting Worker Needs for Childcare, Housing, and Other Essentials

**Agenda**

- Roundtable Overview and Progress
- Housing and Regional Economic Needs
- Childcare
- Transportation
- Q&A
- State and Federal Legislative Update

### *Welcome and Introductions*

*Peggy Jensen, Deputy County Manager, San Mateo County*

*Dave Pine, Supervisor, San Mateo County Board of Supervisors*

*Mike Callagy, Manager, San Mateo County*

- Peggy Jensen welcomed the group to the fourth and final San Mateo County Economic Recovery roundtable.
- Dave Pine welcomed the group once again. In this session, the focus is centered on the connections within the economic recovery in housing, childcare, and transportation. The group will hear from a number of experts from each of these areas. Each of these factors are immensely important in San Mateo County's recovery.
- Mike Callagy thanked Peggy Jensen for her work on these roundtables, as well as for her great work on other projects. He especially thanked the group for their participation and for their work in helping San Mateo County to recover successfully. While there is still more work to be done, he emphasized that the work that this group has done already has left an incredibly positive impact on the County as a whole.

### *Agenda and Overview*

*Peggy Jensen, Deputy County Manager, San Mateo County*

- Peggy Jensen provided an overview of the agenda for the session. This session is broken into six parts: Roundtable Overview and Progress, Housing and Regional Economic Needs, Childcare, Transportation, Q&A, and a State and Federal Legislative Update.

- The goal of these roundtables is to bring together a group of people to share information about new ideas, new approaches, and new ways to do things. With the help of participant feedback, plans can be made to help build back San Mateo County better.
- In April 2020, a group formed based on the interests of participants (i.e., anyone could join) to help decide a recovery approach for San Mateo County. That group helped to address and identify important factors, with the most important being to stop the spread of COVID-19. Eight other factors were identified for how to build a better future for everyone in San Mateo County: Food, Housing, and Basic Needs; Business and Nonprofit Support; Childcare; Out-of-School Care; Public and Active Transportation; Mental Health; the Digital Divide; and Workforce Development.
- Much has been accomplished over the past 18 months. San Mateo County has received nearly \$200 million in relief funding. More than 1,000 grants have been distributed to small businesses within the County, and more than 5,000 businesses have been assisted with permit relief. More than \$5 million was allocated by the board of supervisors to pay for environmental health permits for those 5,000 businesses.
- While there are many considerations for the economic future of San Mateo County, today the discussion will focus on fostering economic resilience. In past roundtables, other factors were discussed as they relate to San Mateo's economic future.

## *Review of Past Sessions*

### *Danielle Lee, San Mateo County Recovery Initiative*

- Danielle Lee provided an overview of the key takeaways from the three previous roundtables.
  - The first roundtable focused on understanding the economic impacts of the pandemic. The group learned that San Mateo County continues to be a hub for innovation. They also learned that inequality is the most striking characteristic of the labor market especially in a pandemic.
    - The group learned that some career ladder and growth opportunities exist in all industries but:
      - They are very limited in the accommodation and food service industries;
      - They mostly require higher education for technology jobs; and
      - They are constrained by slow growth in manufacturing and transportation industries.
    - Promising opportunities exist within healthcare.
  - The second roundtable focused on the workers' journey and the different tools and resources that they need in order to be successful. The group learned about the numerous pathways workers may take and the many challenges that they may face along the way.
    - The group also learned more about the different resources and services available to help workers reach their career goals.
  - The third roundtable focused on ways in which to support a thriving downtown, especially in terms of supporting small businesses.
    - With the help of the group's feedback and ideas, a Proposed Action Plan was created to help support these businesses. The Proposed Action Plan includes seven different action items to ensure that San Mateo County is building back stronger.

## *Housing and Regional Economic Needs*

### *Matt Regan, Senior Vice President of Public Policy, Bay Area Council*

- Matt Regan thanked everyone for being present and participating, as well as for the opportunity to speak at this roundtable. Matt began by offering insight into the housing crisis, sharing that the crisis happens as a result of a mismatch between supply and demand. He shared that, within the Bay Area and California at large, not enough housing has been built in the past or is being built today.
  - Within the period 1955–1989, peak annual new housing permits statewide reached an average of 205,000. However, within the period 2006–2015, the peak annual new housing permits statewide only reached an average of 80,000. This building rate is similar to that in the Rust Belt cities around the United States—cities that are not experiencing any economic growth, whereas we in this area have been experiencing record economic growth. This is a huge issue, and a major indicator of a mismatch between supply and demand.
  - As not enough new housing is being built, we see new residents (that want to move into the area) and already existing residents in the area competing over the same existing housing. This has become a major issue, as not enough affordable housing options are available to this vast group of buyers.
    - In terms of equity, those at the lower end of the income scale are being failed. From the environmental perspective, we learned that more than 200,000 people commute to the Bay Area every day. This takes a hugely negative toll on the environment, and especially highlights the issue of not having enough affordable housing in the area to help lower this number.
- Matt also shared how lower-income families (i.e., those that make less than \$50,000 a year) are leaving the state in record numbers. Matt indicated that the population in California is becoming more predominantly white, wealthier, and more educated. However, those of lower income, people of color, and women are especially being forced out due to this population churn—which means that the state of California is not nearly as equitable as it professes itself to be.
  - This churn has a major effect on childcare and equity within the community. People who work in the childcare industry historically make less than minimum wage, and family-based childcare providers have struggled the most and essentially vanished as a result of the pandemic. Unless we can make housing more affordable, it is highly unlikely that these childcare businesses will be able to come back.
- The cost of housing has always been a huge anchor on economic growth. Over the past 30 years, California has been losing most of its blue-collar jobs, along with the job base for 2-year advanced degree programs and high school graduates. The cost of living is incredibly high in California, which makes it much more expensive for companies to hire employees. As a result, many entry-level jobs have been lost as companies move to other states with lower associated costs of doing business.
  - Matt believes that the current “keyboard economy” is not sustainable and is something that we will have to keep a close eye on. We must continue to work hard to ensure that job opportunities are available at all levels. We want to minimize the number of citizens that are driven out of our communities and the State of California as a whole by ensuring that these opportunities are readily available here. Otherwise, our citizens will continue to be forced out to seek and secure job opportunities and more-affordable living situations.

- Matt has not seen a true emergency response in terms of legislation to the housing crisis yet. The Governor has stated that California will need to build upwards of three million new homes, but Matt feels that this number is an underestimation and that more will need to be done to combat this issue.

## *Childcare*

*Michelle Blakely, Deputy Director, First Five San Mateo County*

*David Fleishman, Executive Director, 4Cs of San Mateo County*

- Michelle thanked Matt for his presentation, as her and David's presentation will greatly build off it. Michelle began by noting that women are essential to our workforce, especially in terms of the childcare industry and other essential industries.
  - Women make up the vast majority of many essential industries, especially in education, human resources, early learning, grocery/retail, social work, nonprofit, etc.
  - Seventy-five percent of women changed jobs as a result of breakdowns in childcare before COVID-19.
    - Childcare is essential.
- This is a huge loss for Silicon Valley, because, without childcare, gender gains in the tech sector will reverse. Pre-COVID-19, 40% of women in STEM careers left or changed their jobs after their first child. This childcare issue further worsened when COVID hit, and greatly hurt parents, children, and employers.
- David focused in on the inequities in early childhood education (ECE) that were exacerbated during the pandemic. These inequities include gender, income, and race—for many individuals, it is all three.
- It was also pointed out that children in low-income families who receive high-quality early childhood education have dramatically better life outcomes.
  - Every \$1 spent on high-quality early learning and care for kids in low-income families saves \$13 in future social spending. Children in these programs are more likely to attend college, have successful jobs, and have better mental and physical health.
- Especially during the pandemic, having access to affordable, quality childcare is key to economic stability. In San Mateo County, childcare costs around 28% of the monthly cost of living for a young family.
- Some impacts of COVID-19 on the early learning and care sector:
  - Approximately 62% of 935 licensed programs are open and they are facing increased costs and decreased enrollment.
  - Forty-six programs have permanently closed since March 2020.
  - In a recent survey, 38% of providers reported that they have 1 month or less of cash on hand.
- There are unique challenges that family-based childcare providers face. This includes having no benefits (PTO, insurance, support, etc.). Most children are in family childcare, which warrants the need for better infrastructure to support these businesses as universal pre-school becomes a reality.

- David identified urgent needs, which include livable wages, staff (especially important), financial support (for operating costs, rental assistance, facilities, COVID-related debt, assistance for families), personal protective equipment and cleaning supplies, mental health support, and clear regulations.
- Michelle ended the presentation by providing their next steps and asks to the group, which included the following:
  - Finalize recommendations for American Rescue Plan Act (ARPA) funds from the Childcare Response Team
  - Develop unified San Mateo County vision and implementation plan for the ECE workforce: short-, medium-, and long-term efforts
  - Coordinated cross-sector alignment and approach (Workforce Navigator for family child care and Centers)
  - Workforce Roundtable Series in December: All are welcome to join—Inspired Advocacy and Solutions
  - Consider funding the centralized eligibility list for subsidized care.
  - Consider creating a County department of early childhood.

## *Transportation*

*Christy Wegener, Director of Planning, SamTrans*

*Ted Burgwyn, Director of Rail Network and Operations Planning, Caltrain*

- Christy thanked the prior presenters and said how she greatly related to the content presented within them. She went on to introduce the Reimagine SamTrans study. This study was launched pre-pandemic to address declining ridership. This study has three main goals: improve the experience for existing SamTrans customers, grow new and more frequent ridership on SamTrans, and build SamTrans efficiency and effectiveness as a mobility rider.
  - Reimagine SamTrans: Project Timeline
    - June–Nov. 2019: Existing conditions, market research, Phase 1 outreach
    - Dec. 2019–March 2020: Service standards, service framework, and policy guidance
    - March 2020–Sept. 2020: Project paused for COVID-19 planning and response
    - Sept. 2020–Nov. 2020: Framework for advancing project
    - Dec. 2020–March 2021: Development of alternatives
    - April–May 2021: Phase 2 outreach
    - June–Sept. 2021: Preferred alternative development, draft phasing plan
    - Oct.–Nov. 2021: Phase 3 outreach, public comment period, and public hearing
    - Nov. 2021: Finalize new SamTrans bus network, service policy framework
    - Dec. 2021–Jan 2022: Title VI analysis, California Environmental Quality Act (CEQA)
    - Feb. 2022: Board action on service plan, final phasing plan
    - August 2022: Start implementation
- Ridership during the pandemic has been flat. There are no longer peak riding times as they saw in the past. This prompts the need for different adaptations of routes, bus times, off-peak service, etc.

- They also identified four guiding principles that serve as the foundation for their new network:
  - Customer focus
    - Employ customer-focused decision making
  - Workforce delivery
    - Design service that can be reasonably delivered by our workforce
  - Effective mobility
    - Be an effective mobility provider
  - Social equity
    - Provide transportation services that support principles of social equity
- As part of the study, they identified equity priority areas. These areas were identified using three factors: racial/ethnic minority population, low-income population, and zero-car households. They plan to prioritize service to these areas.
- Christy then introduced the new preferred network to the group. More in-depth information and maps can be found at [www.reimaginesamtrans.com](http://www.reimaginesamtrans.com) . She also pointed out areas in which new service was added: Oyster Point, East Palo Alto – Redwood City – Redwood Shores – SFO – San Bruno BART, Skyline College and College of San Mateo, and on-demand service in East Palo Alto and Half Moon Bay.
- They are looking to implement the project in phases beginning in August 2022. However, they face risks, especially with employee retention and recruitment. They also face the risk of having to gather resources from communities and allocate them to other high-need communities.
- Reducing fare barriers is another goal of SamTrans. Fares matter for many riders, and both SamTrans and Caltrain are working to reduce fares where and when possible.
  - Caltrain: 20% reduction in monthly pass price, half-price fares in September, Clipper START, GoPass donation program
  - SamTrans: Clipper START, Way2Go Pass price restructure/reduction
- SamTrans has also faced issues with recruitment and retention rates, as noted by historic low workforce levels. They will need an additional 60–70 operators to be able to implement the full Reimagine plan. There are many challenges that include the high cost of living, lack of control over shifts and schedules, and lack of childcare options. Their Internal Task Force is exploring recruitment processes to identify issues and develop solutions (this includes discussions with NOVAworks and Job Train).
- Ted explained how his presentation will focus on the reasons behind Caltrain’s most recent schedule change and how it will continue to adapt as conditions evolve.
  - Caltrain business plan development began in 2018 but pivoted its focus to recovery planning when the pandemic hit.
- Before the pandemic, Caltrain’s service was primarily geared towards the 9-to-5 office worker. Most service was focused around peak hours, and less was focused on off hours of the day or weekends. When the pandemic hit, service was cut in half, and an immediate hiring freeze took hold. However, service was later restored to 68 trains to accommodate essential workers that relied on the trains.

- This has led Caltrain to incorporate and emphasize equity, connectivity, recovery, and growth policies as they move forward.
  - There is a great deal of uncertainty around post-pandemic travel behavior. A post-pandemic Caltrain service will need to be diverse and adapt to changing corridor needs while also capturing new markets.
- Caltrain did an extensive amount of research to help track data and identify trends to inform service planning as it moves forward. Based on this research, three major strategies were developed:
  - Match flexibility of future workplace and recapture commuter market
    - Key findings:
      - Uncertainty
      - Evolution over time
      - Greater flexibility
  - Address systemic inequities of Caltrain service
    - Key findings:
      - Schedule-imposed barriers
      - Disproportionate outcomes
  - Build new ridership markets
    - Key findings:
      - Latent demand and development activity
      - Special events and non-commute trips
- Using these three strategies, five general approaches were utilized to create the new schedule:
  - Competitive service
  - Simple service
  - All-day service
  - Coordinated service
  - Optimized service
- Ted then shared the new schedule, that began at the end of August, with the group. More information regarding the new schedules can be found here [www.caltrain.com/schedules.html](http://www.caltrain.com/schedules.html)
  - This new schedule offers many benefits including:
    - One-seat ride between all station pairs, all day long
    - Competitive peak-period trip time in more station pairs
    - Faster service during midday periods
    - More frequent evening service for special events
    - Scalable to adjust to emerging ridership patterns
    - Provides adequate connections with BART at Millbrae
    - Accommodates construction activities during off peak hours

- This presentation was part of the “All Aboard Transit” marketing campaign. Some next steps include the following:
  - Monitor ridership patterns on specific trains
  - Continue to analyze market trends and regional developments to guide future service adjustments
  - Advance construction on the Peninsula Corridor Electrification Project (PCEP)
  - Fair initiatives:
    - September 50% discount
    - 20% monthly pass discount through 6/30/23
    - Clipper START
    - Go Pass Donation Program Pilot
    - Regional fare coordination study

## Q&A

*Jessica Mullin, Q&A Moderator*

*Matt Regan, Senior Vice President of Public Policy, Bay Area Council*

*Michelle Blakely, Deputy Director, First Five San Mateo County*

*David Fleishman, Executive Director, 4Cs of San Mateo County*

*Christy Wegener, Director of Planning, SamTrans*

*Ted Burgwyn, Director of Rail Network and Operations Planning, Caltrain*

- *How do we build upon the momentum and collaboration that began in the pandemic? How do we continue that momentum to help address these complex issues and make more progress?*
  - Michelle Blakely
    - It’s a collective effort, and there needs to be some central coordination and focus to come up with better solutions across sectors. Ideally, 24/7 attention to the issue would be great, but it is not always feasible given the complexity and plethora of other issues to work at.
  - Matt Regan
    - In terms of facility shortages, they are looking at running a bill next year that would create and enhance existing density bonuses for developers that are building housing. If they build on-site childcare, they will be able to add additional units and take advantage of other incentives.
  - Christy Wegener
    - They want people to participate and engage in their projects. They also have been partnering with Caltrain on Affordable Housing and Sustainable Communities grant applications. It is critical to find ways to connect people to the resources that they need.
- *Could you explain more about the legislation around housing that was recently signed by the Governor, and how it may alleviate the housing crisis here in San Mateo County?*
  - Matt Regan
    - The two bills were SB 9 and SB 10. SB 9 gives some homeowners additional tools to add critically needed new housing and help ease California’s housing shortage. SB 10



establishes voluntary, streamlined process for cities to zone for multi-unit housing; making it easier and faster to construct housing. Matt believes that the most influential bill that will create change in housing is SB 828 that was passed in 2018. This bill overhauled how we calculate Regional Housing Needs Allocation (RHNA) in California.

- *How is the childcare supply and demand in the coming year in the Bay Area? Should childcare needs do more?*
  - David Fleishman
    - He believes that childcare and preschool will return to the levels we saw pre-pandemic, as they will need to with parents going back to work. There are still safety concerns and instability across all sectors, so right now demand is not as high as expected.
  - Michelle Blakely
    - Every 5 years, the local planning council does a needs assessment. This assessment's results will be available in the spring of next year and will offer us a clearer picture and will be very useful.
- *What can be done on the local level to help support this transportation-related infrastructure?*
  - Christy Wegener
    - We are looking at good pedestrian connectivity and helping to identify where improvements can be made within communities. TDM measures are also very important. Also removing the fare barrier is a huge step to making the bus more accessible.
  - Ted Burgwyn
    - With the new schedule, they focused on increasing frequency during off-peak times and evenings. They want to make sure this information is made available to community members, so that they know the train is available to them for discretionary trips, and not just to get to and from work.

## *State and Federal Legislative Update*

### *Samantha Tucci, Office of Intergovernmental and Public Affairs, San Mateo County*

- Samantha Tucci provided an overview of the highlights from the 2021/22 State Budget.
  - Workforce Development
    - Community Economic Resilience Fund
      - \$600M for regional and local collaboratives to plan and implement economic transition strategies
    - Supporting job and career pathways:
      - \$320M to expand the state's economic and workforce development strategies, including \$100M to fund High Road Training Partnerships, \$50M to support training opportunities and address skills gaps in economically disadvantaged regions, \$30M for the Breaking Barriers to Employment Initiative, and \$75M to foster cooperative efforts between workforce programs and the CA Community Colleges
  - Small Business Supports
    - Small Business Grants: \$4B (total)
    - State small business credit initiative: \$900M

- California Dream Fund: \$35M
- IBank's Small Business Finance Center and the California Rebuilding Fund
- Main Street Small Business Tax Credit II: \$147M
- CalCompetes
  - \$110M expansion of the CalCompetes Tax Credit
  - \$120M for the California Competes Grant Program
- Other business assistance programs:
  - License renewal fee waivers
  - PPP conformity
- Childcare
  - Increase in childcare slots
    - \$735M to add 120,000 subsidized childcare slots in 2021-22
    - Future budgets will add an additional 20,000 slots/year for 4 more years, totaling 200,000 slots.
  - Transitional Kindergarten (TK)
    - Expands TK to all four-year-olds, regardless of income eligibility
  - Childcare rate reform
    - Increases the Regional Market Rate
  - Investment in childcare infrastructure
    - Provides almost \$13 for Early Care and Education and K-12 infrastructure, including \$250M for childcare infrastructure.
  - Pandemic relief package:
    - \$579M to provide one-time relief, including stipends, hold-harmless policies, and family fee waivers.
- Affordable Housing
  - \$1.75B to fund the backlog of affordable housing projects seeking state and federal tax credits
  - \$600M for regional planning and implementation grants to achieve sustainable communities
  - \$500M for a Foreclosure Intervention Housing Preservation Program
  - \$300M for affordable housing preservation
  - \$250M and \$284.1M in Proposition 1 (2018) bond funds for infill infrastructure grants
  - \$100M for the homebuyer assistance program
  - Also, investments in the accessory dwelling unit financing program, farmworker housing, the Golden State Acquisition Fund financing program, CalHFA's low- and moderate-income housing program and more
- Transportation
  - The major budget package related to transportation was deferred until 2022.

- The spending plan (dependent on future action) includes the following:
  - \$1B for transit and rail projects throughout the state
  - \$500M for active transportation projects
  - \$500M for safety improvements
  - \$400M for climate adaptation
  - \$1.1B over 3 years for the Clean California Initiative

## *Closing and Next Steps*

### *Jessica Mullin*

- Jessica Mullin offered closing remarks and thanked each presenter for their time. She also thanked participants for sharing their ideas and asking questions. As a reminder, all of the meeting materials are posted at [smcrecovery.org](http://smcrecovery.org).
- Next steps:
  - Continue to solicit feedback on economic recovery strategies and share discussions and learnings with the Board of Supervisors.
  - Continue to closely track state and federal funding opportunities to leverage resources to expand policies and programs.
  - Continue collaborating with community partners to address economic recovery.