CITY OF SAN MATEO – ECONOMIC DEVELOPMENT WORK PLAN (2026–2029)

EXECUTIVE SUMMARY

In 2024, the City Council adopted a framework for a three-year Economic Development Work Plan to guide implementation, foster partnerships, and strengthen and diversify the City's economic base. Building on this direction, the 2026–2029 Work Plan is designed to be flexible, data-driven, and responsive to changing market conditions.

Developed in alignment with the City's 2025 Strategic Plan and General Plan 2040, the Work Plan is grounded in stakeholder engagement, analysis of San Mateo's economic strengths, weaknesses, opportunities, and threats, and cross-departmental review. The Work Plan will help staff advance the City's economic priorities by building on existing strengths, expanding opportunities, and addressing emerging challenges. To ensure accountability and transparency, it incorporates annual performance reviews with key indicators such as vacancy rates and sales tax trends, along with regular progress updates to the City Council.

By focusing on economic resilience, diversification, and strong partnerships, the Work Plan advances the City's commitment to a welcoming, adaptable, and inclusive economy that benefits residents, businesses, and visitors alike.

I. INTRODUCTION

San Mateo is an evolving city navigating changing economic conditions that present fiscal challenges, but also create opportunities for innovation, adaptation, and diversification of the tax base to ensure long-term resilience. With major development on the horizon and evolving regional economic trends, the City Council directed staff to prepare an Economic Development Work Plan. The Work Plan is designed to be adaptable and action-oriented, focusing on diversifying the tax base, strengthening economic vitality, retaining local businesses, and attracting new investment to ensure long-term economic stability.

The 2026–2029 Economic Development Work Plan builds on:

- An analysis of San Mateo's economic strengths, weaknesses, opportunities, and threats
- General Plan 2040 Goals related to Economic Development
- Extensive stakeholder engagement with the San Mateo Area Chamber of Commerce, Downtown San Mateo Association, Commercial real estate brokers, developers, business owners, and residents
- The City's Strategic Plan

II. SWOT SUMMARY

After the City Council approved the initial Economic Development framework in November 2024, staff conducted extensive outreach with neighborhood business groups, brokers, community members, developers, and City departments to gather and synthesize input, which informed a summary of San Mateo's economic strengths and weaknesses.

Strengths	❖ *Vitality* - Walkable, vibrant Downtown with diverse restaurants and services ❖ *Connected* - Three Caltrain stations – unique on the Peninsula ❖ *Amenities-Filled* - Central Park and major shopping hubs (Hillsdale, Downtown, Bridgepointe, 25th Avenue) ❖ *Innovative* - Dynamic startup and corporate ecosystem (AI, gaming, finance, biotech incubator, tech incubators) ❖ *Inclusive Community* - Strong civic engagement, cultural diversity, and high quality of life ❖ Strategically located in the region with close proximity to San Mateo Bridge ❖ Strong restaurant presence ❖ Safe community ❖ Parking– good parking access, with multiple public garages Downtown ❖ Vibrant business nodes
Weaknesses	❖ *Hospitality* - reduced hotel inventory, including loss of Marriot ❖ *Loss of neighborhood grocers* ❖ *Automotive* – Only one new auto dealership in the City ❖ *Costs* - High costs for real estate, insurance, and operations ❖ *Regulation* - Perception of complex permitting and over-regulation ❖ *Marketing* - Limited marketing campaigns, ads, promotions and wayfinding for business districts ❖ *Sites* - Limited vacant sites for development
Opportunities	❖ *Development* - Attract new mixed-use and retail projects due to the passing of Measure T ❖ *Attract* and Retain- large employers, high-revenue and growth-stage companies ❖ *Talent* - Strengthen workforce pipelines through NOVAWorks, JobTrain, Job Seeker Center, and College of San Mateo

	❖ *Culture* - Capitalize and attract arts, culture, conferences, conventions, sporting events, entertainment, and community events programming ❖ New Mixed-Use Developments (SB330 Projects) ❖ Downtown Area Plan starting in 2026 ❖ *Parking* - Provide signage and other strategies to increase awareness of various parking areas ❖ Update regulations and streamline process – through the zoning code amendment, Downtown Area Plan, and General Plan, the City is working to modernize regulations and provide clearer timelines for applicants ❖ Development review process streamlining
Threats	❖ *Retail* - Declining brick-and-mortar retail sales to online sales ❖ *Housing* - Regional housing affordability crisis ❖ *Costs* - Rising interest rates and business costs ❖ *Competition* - Competing retail centers in neighboring communities ❖ *Transit* - Public transit access and last mile connections challenges ❖ *Uncertainty* – unpredictable global and national economic conditions

A summary of the current economic landscape is provided in the appendices.

III. STRATEGIC GOALS

These strategic goals provide a framework to guide decision-making, focus resources, and achieve measurable progress in economic development.



1. Expand and Diversify Tax Revenue Sources

(Attraction, expansion, and retention of businesses across sectors)



2. Foster a Business-Friendly Environment

(Reduce barriers, streamline permitting, and improve customer service)



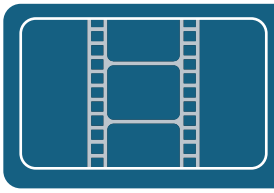
3. Support Workforce Development and Employment Training Opportunties

(Support job creation at all levels, strengthen pathways for economic mobility)



4. Increase Workforce and Affordable Housing Access

(Partner on housing and transportation efforts)



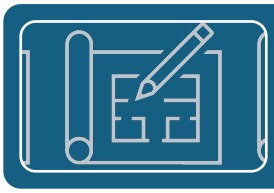
5. Enhance Entertainment and Cultural Offerings

(Strengthen commercial districts and diversify amenities)



6. Maintain Safe, Vibrant Business Districts

(Public safety partnerships, crime prevention programs, placemaking activities, and marketing)



7. Align with General Plan 2040 & Downtown Area Plan

(Intergrate with City's Planning priorities)

IV. STRATEGIC GOALS & WORK PROGRAM

Guided by City Council direction and stakeholder input, the following detailed work program carries out the City's seven strategic goals to foster a vibrant and resilient economy.

1. Expand and Diversify Tax Revenue Sources

Key actions will involve working with partners to:

- **Diversify** commercial occupancies by hosting quarterly broker meetings to identify vacancies, subleases, and available properties
- **Grow and attract** growth-stage businesses that generate consistent revenue and high-quality jobs to strengthen the City's economic base and align with the City's 2025 Strategic Plan and General Plan 2040
- **Identify and pursue** new revenue streams by exploring billboard policies, conducting economic assessments of City-owned properties, evaluating a business improvement district (BID) or property improvement district (PBID), and explore opportunities to increase general fund revenue
- **Leverage** the existing incubator ecosystem by collaborating with San Mateo's private incubators, venture capital firms to amplify resources for startups in AI, fintech, biosciences, software development, and direct investment
- **Monitor** regional market trends to inform future land use and redevelopment strategies
- **Strengthen** economic intelligence by tracking and analyzing economic development data, trends, and market activity

2. Foster A Business-Friendly Environment

Key actions will involve working with partners to:

- **Increase** social media engagement to amplify economic development messaging, strengthen community connections, and increase visibility
- **Expand** support for minority-owned and small businesses by partnering with the San Mateo Area Chamber of Commerce, Downtown San Mateo Association,

Small Business Development Center, Renaissance Entrepreneurship Center, and other organizations that support minority-owned and small businesses

- **Facilitate** business expansion and investment by coordinating meetings between City staff and businesses pursuing development, attraction, or growth plans, while expanding express permitting options and streamlining tenant improvement permits

- **Promote** business diversity by marketing San Mateo as a welcoming environment for businesses of all sizes and sectors

- **Promote and leverage** federal and state programs, grants, and tax incentives to support business growth and investment

- **Recognize** nonprofits, community partners, and intergovernmental service agencies and support their growth and presence

- **Strengthen** business retention and growth through proactive outreach to high-revenue and high-employment companies (e.g., Sony, Roblox, Zynga, Franklin Templeton) to understand their needs and provide support for expansion and retention

- **Update** the City's Economic Development webpage to better connect business resources

- **Collaborate** with business organizations and partners to connect local vendors with procurement and event opportunities when appropriate and financially prudent

3. Support Workforce Development and Promote Training Opportunities

Key actions will involve working with partners to:

- **Expand** workforce training opportunities by collaborating with NOVAWorks, JobTrain, the Main Library's Job Seeker's Center, Worker's Resource Center, and College of San Mateo

- **Coordinate** programs to ensure students and displaced workers gain current, in-demand skills by advising workforce boards on businesses employment needs

- **Leverage** state and federal tax incentives to expand training and employment programs for businesses

- **Promote** youth employment by connecting internships, apprenticeships, and career exploration programs with schools and employers

- **Support** a diverse local economy by working with unions, trade organizations, and industry partners to expand access to high-quality jobs and career pathways

4. Increase Workforce and Affordable Housing Access

Key actions will involve working with partners to:

- **Increase** workforce housing needs through coordination with the City's Housing Division and partnering with the business community, developers, and affordable housing providers

- **Strengthen** the local economy by improving last-mile connections, reducing congestion, and expanding mobility through partnerships with organizations such as Commute.org, while advancing and refining the City's Transportation Demand Management (TDM) policies.

5. Enhance Entertainment and Cultural Offerings

Key actions will involve working with partners to:

- **Capitalize** on major regional sporting events and conference opportunities –by strengthening partnerships with Event Center and SF Peninsula and explore bringing additional conferences, tournaments, expos, weekend sports tournaments, and festivals to the City to help with tourism

- **Evaluate** an Entertainment Zone to support nightlife and cultural activity

- **Promote** tourism and event-driven economic activity through special events and partnerships with the San Mateo County/Silicon Valley Convention and Visitors Bureau, the Chamber's Fall Fest, DSMA programming, and September Nights on B to help increase vibrancy and attract new visitors to the City.

- **Support** "shop local" initiatives and special events in partnership with the DSMA and Chamber, parks and recreation, and other organization interested in using events to promote San Mateo

6. Maintain Safe, Vibrant Business Districts

Key actions will involve working with partners to:

- **Activate** underutilized spaces with pop-ups, outdoor markets, and farmers markets to increase foot traffic and local spending

- **Collaborate** with Police on the Business Watch program and their Real Time Information Center to provide a welcoming public safety presence in business districts

- **Coordinate** marketing campaigns with the San Mateo Area Chamber and DSMA to strengthen business district visibility

- **Develop** wayfinding to enhance identity and improve visitor experience

- **Enhance** the design, upkeep, and activation of the pedestrian mall, including public events and activity spaces

7. Align with General Plan 2040 & Downtown Area Plan

Key actions will involve working with partners to:

- **Conduct** outreach and engagement on the development of the Downtown Area Plan

- **Identify** private properties for redevelopment potential for highest and best use

- **Maximize** Benefits of Measure T by promoting mixed-use development to strengthen connections between housing, retail, public benefits, and services

- **Streamline** process for development applications for SB330 housing projects

- **Enhance** citywide retail and service vitality through coordinated attraction and retention strategies that support a diverse, resilient business mix that supports a strong and stable tax base.

- **Strengthen** efforts to ensure the mix of neighborhood and regional business hubs aligned with the General Plan and attractive to local customers as well as those from throughout the region.

V. EVALUATION AND IMPLEMENTATION

- **Annual Economic Work Plan Review** – Adjust strategies based on economic trends, and council direction
- **Key Performance Indicators** – Vacancy rates, sales tax revenue, unemployment rate, Broker inquiries
- **Reporting** – Quarterly City Council newsletter updates

- **Review (Year 3):** Reassess strategies and adjust based on economic trends.

- **Partnership Alignment:** Continue coordination with the Chamber, Downtown San Mateo Association, and workforce stakeholders