

COVID-19 ECONOMIC IMPACT SURVEY REPORT

MAY 20, 2020 - JUNE 05, 2020



**GREATER DOWNTOWN SAN JOSÉ
ECONOMIC RECOVERY TASK FORCE**

SUPPORTED BY THE OFFICE OF COUNCILMEMBER RAUL PERALEZ

SUMMARY

The survey was published between May 20 to June 5, 2020. During this period, there were 53 total respondents. The survey was actively marketed through the Greater Downtown San Jose Economic Recovery Task Force. The District 3 office as well as a few task force members actively marketed on social media as well.

Essential / Non Essential Status

- Majority of businesses that responded identified as Arts & Special Events operators and/or Food & Beverage Operators, most are small businesses with less than 10 employees.
- During the survey period, most businesses identified as not being deemed essential per the County's Shelter in Place order. Note that the County did change their order effective June 5 to allow for more retail and outdoor dining.
- However, 51% of businesses were still operating due to changes in business operations such as moving to online platforms, deliveries, to-go, etc...

Revenue / Employment Impacts

- 60% of businesses report at least a 50% net revenue loss with 32% of businesses reporting 90%+ net revenue loss.
- 47% of businesses did not have to reduce employees while 32% had to reduce anywhere between 1-10 employees on their payroll.
- Most businesses are concerned around loss of revenue, customer and employee confidence and the uncertainty around public health orders.
- Responses indicate the greatest needs are around general financial assistance, clear communications and access to safety and health supplies.

Communications

- Confidence in government response to assisting business is mixed between poor or satisfactory.
- Majority of information that respondents receive is through mostly non-governmental communication platforms and most respondents have indicated they are satisfied with the information they have received.

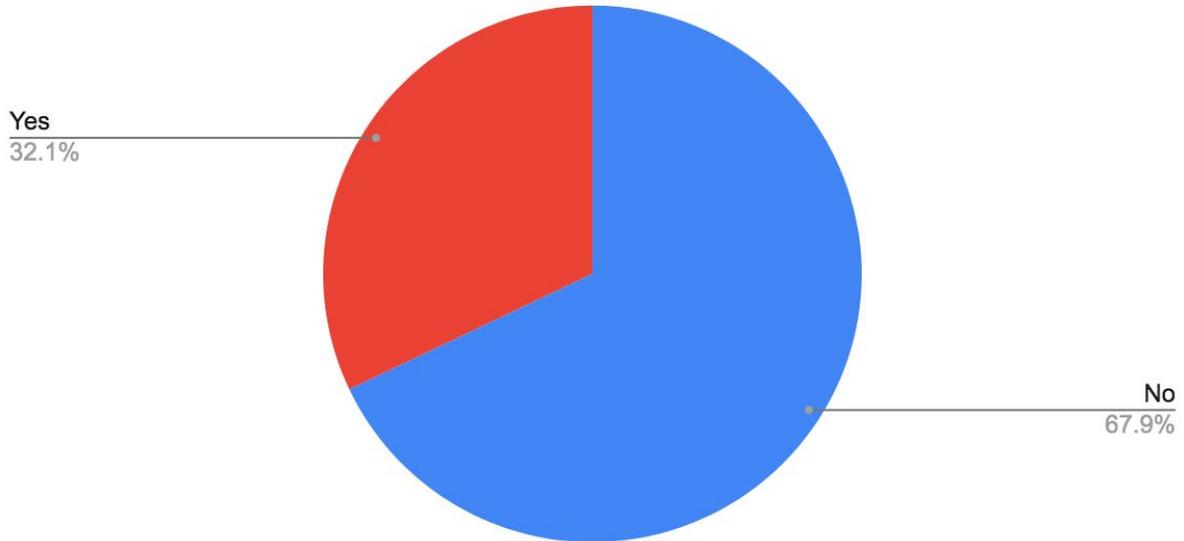
Open Responses

Themes within the open responses section include:

- Businesses have adapted to the shelter in place restrictions by conducting business virtually and working from home and transitioned to take-out/to-go orders.
- Top priorities include consumer and employees safety and confidence, desire to give input to officials as well as receive clear information and modifying operations to adapt to restrictions.
- General issues that respondents want the task force to focus on are around general financial assistance, commercial rental assistance, communications and public space activation.

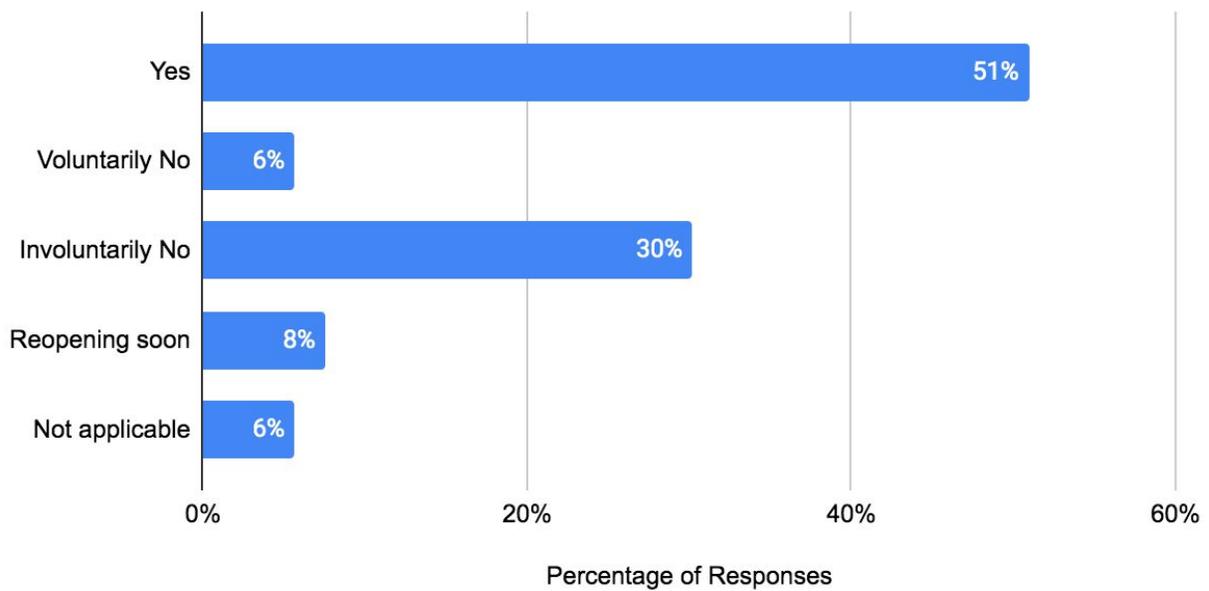
Was your business deemed essential per the County's Shelter in Place order?

53 Responses. Data between 05/20/20 - 06/05/20.



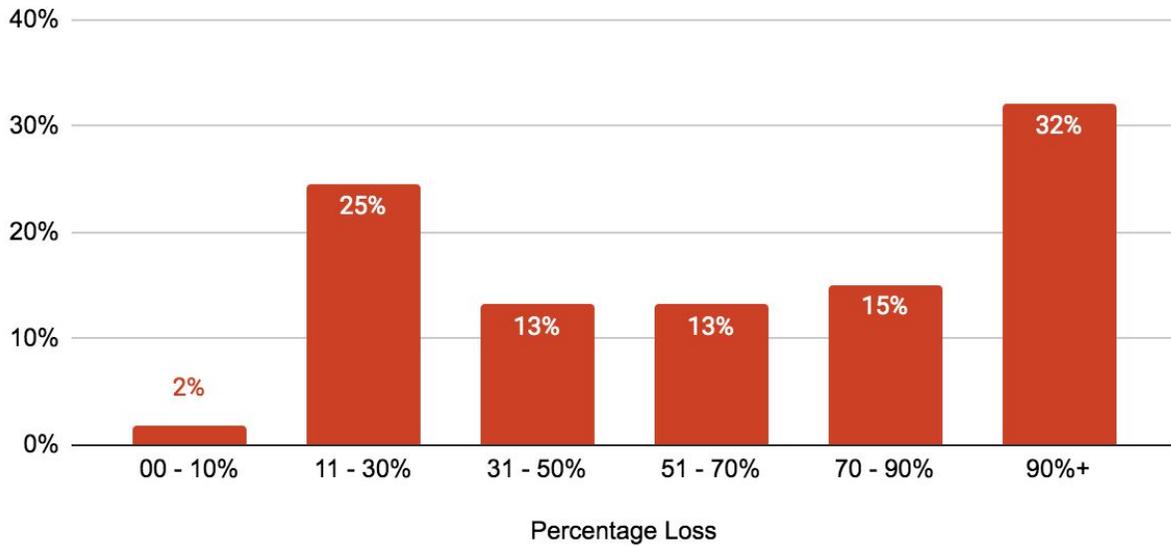
Is your business currently operating?

53 Responses. Data between 05/20/20 - 06/05/20.



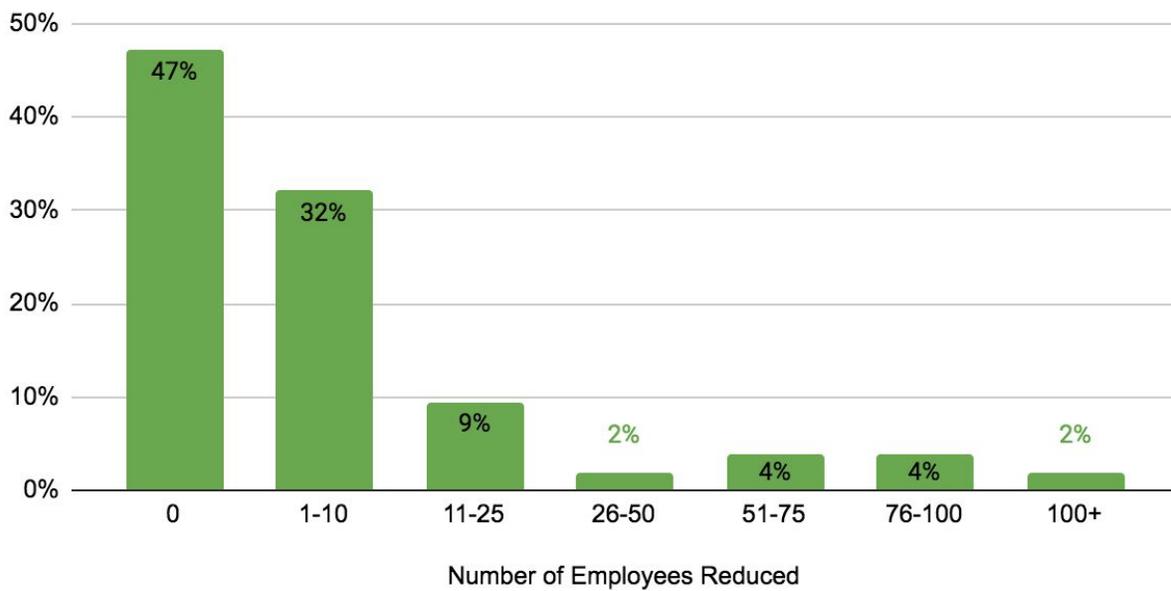
How much % of a net revenue loss have you experienced to date?

53 Responses



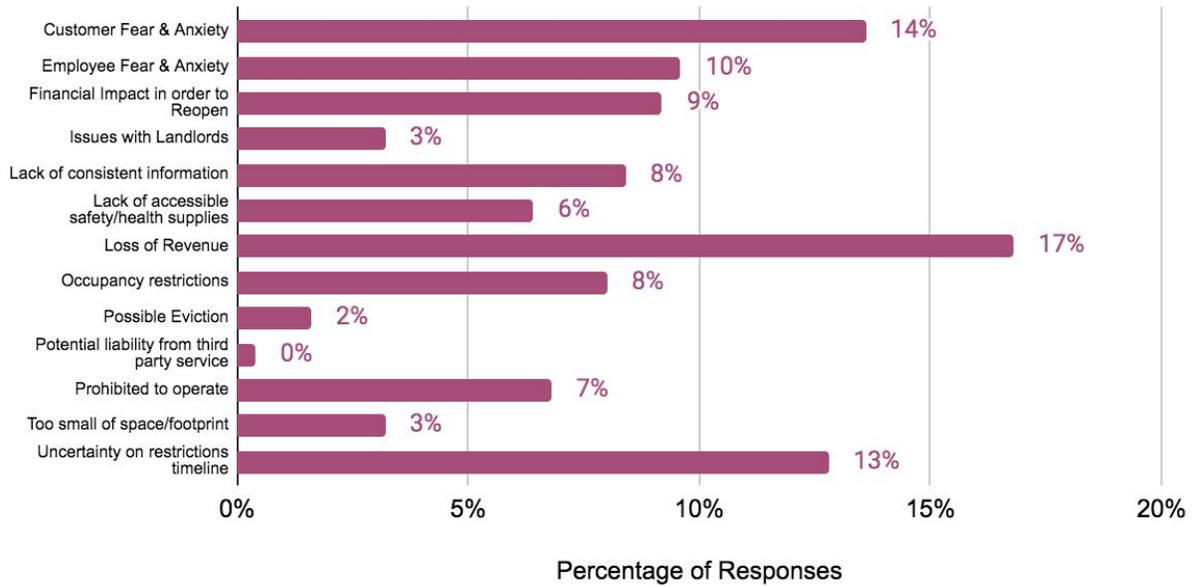
How many paid employees have you had to reduce?

53 Responses



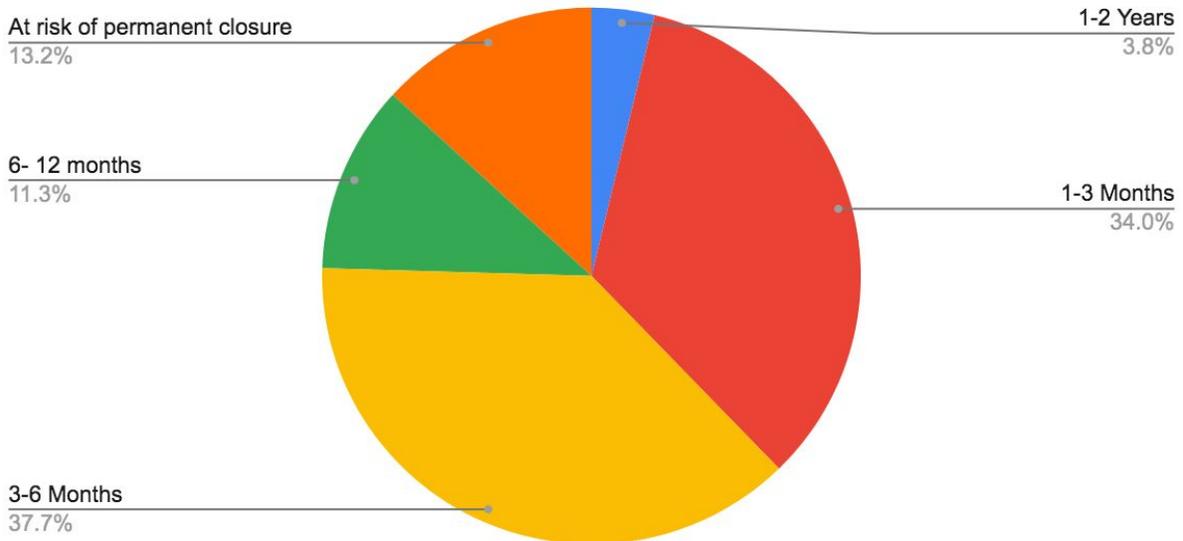
What are the greatest challenges facing your business?

53 Responses with 250 Applicable Selections



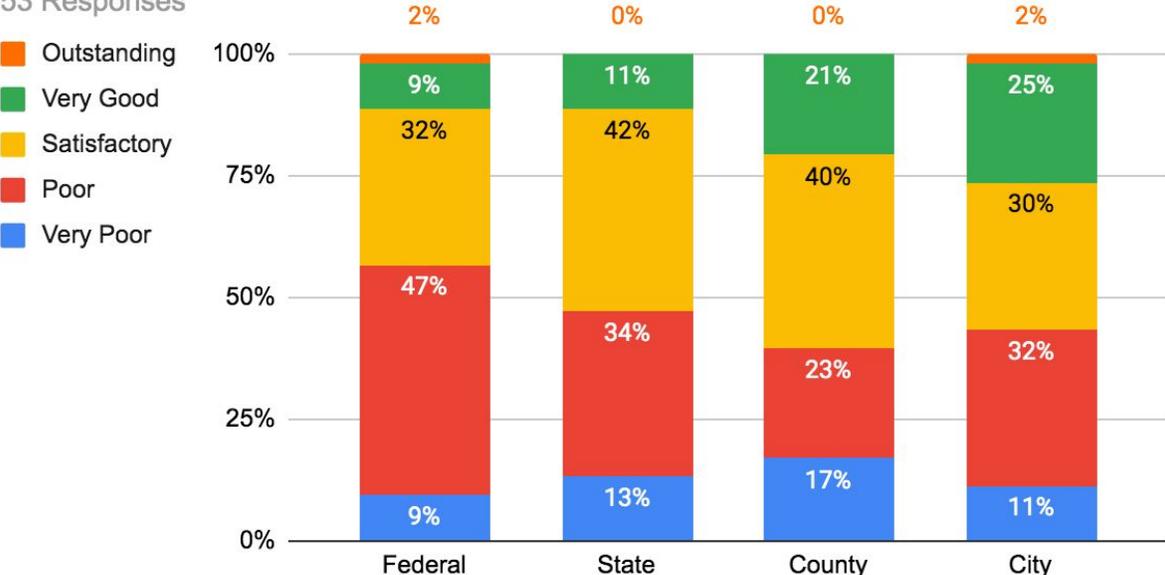
How much longer can you sustain under the current conditions?

53 Responses



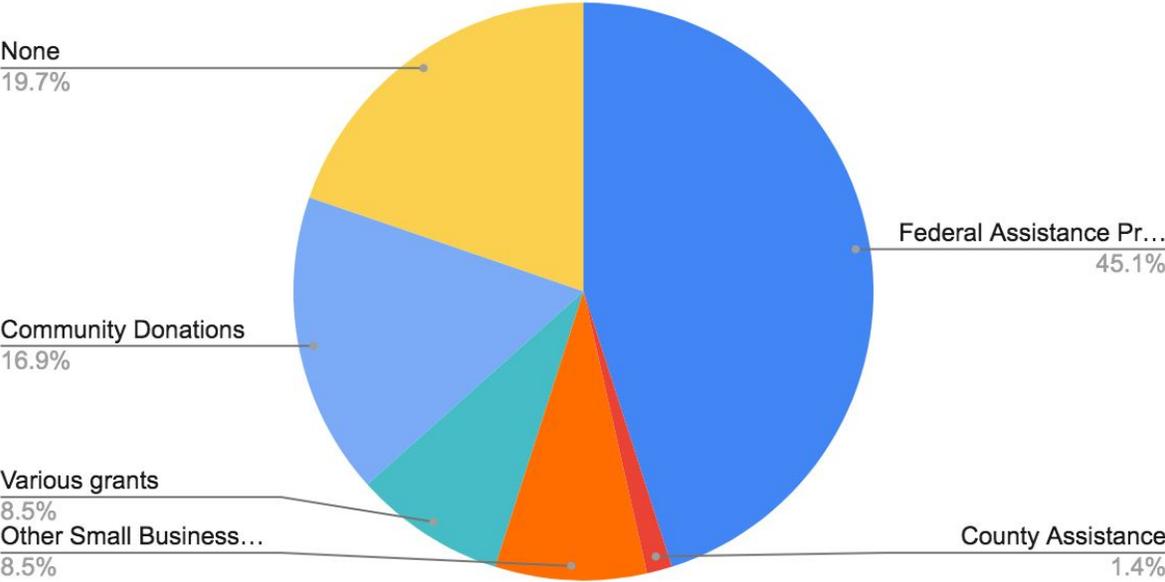
How would you rate the response in assisting and supporting local businesses/organizations from the government?

53 Responses



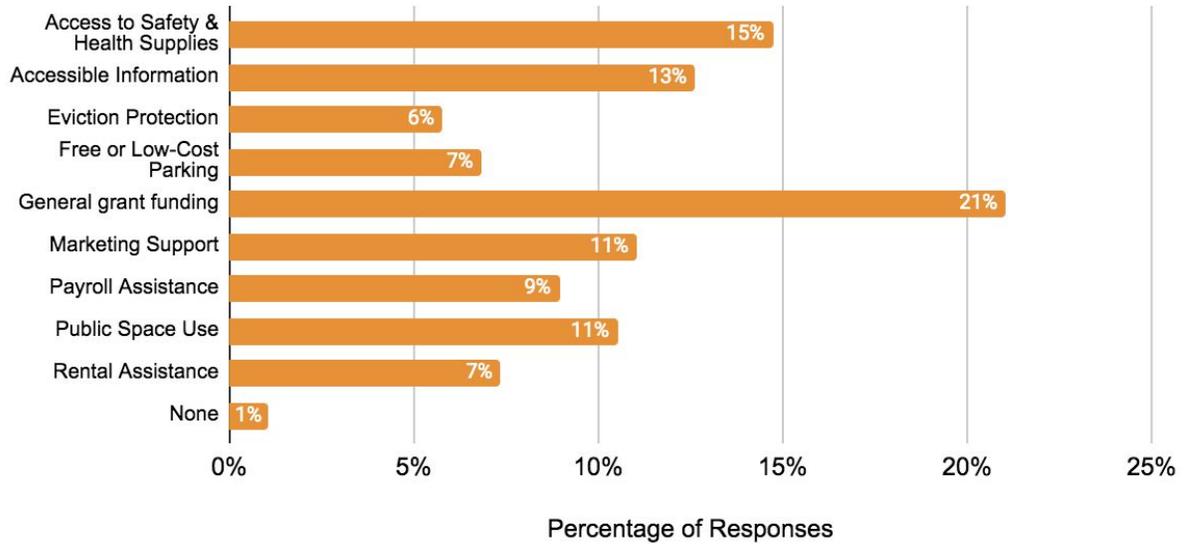
What assistance programs have you received?

53 Responses with 71 Selections on All That Applied



What support or resources would be helpful in addressing your challenges?

53 Responses with 193 Applicable Selections

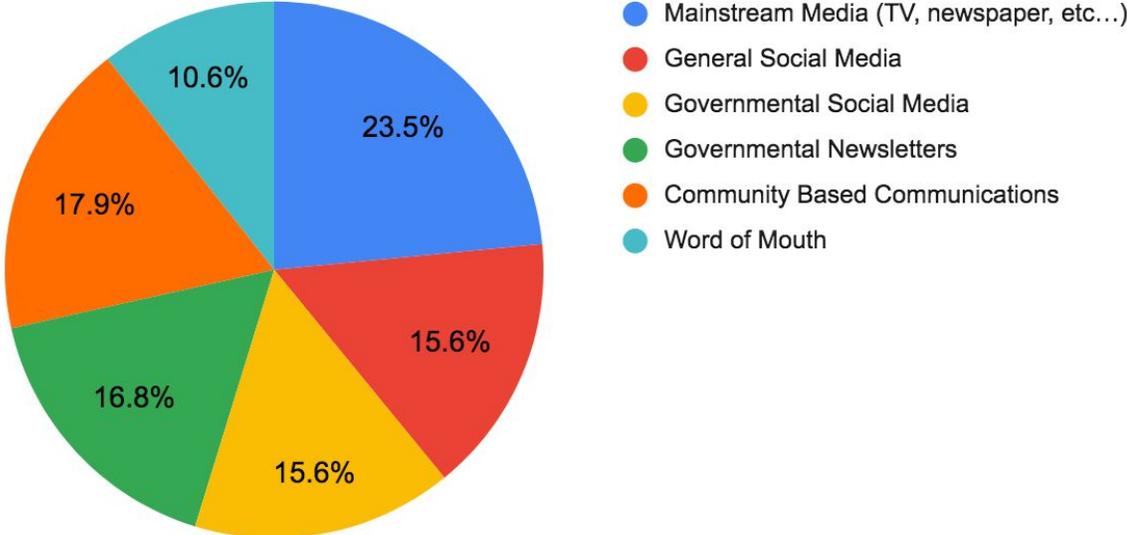


Other Responses

- I'm asking for tax credits to commercial landlords that give reduced rents when allowing tenants to pay back rents
- Loan not based on personal credit
- Better and continuous management of increased homeless population using facility as a bathroom/drug den when we are away (SIP)
- Clarity and exact timelines

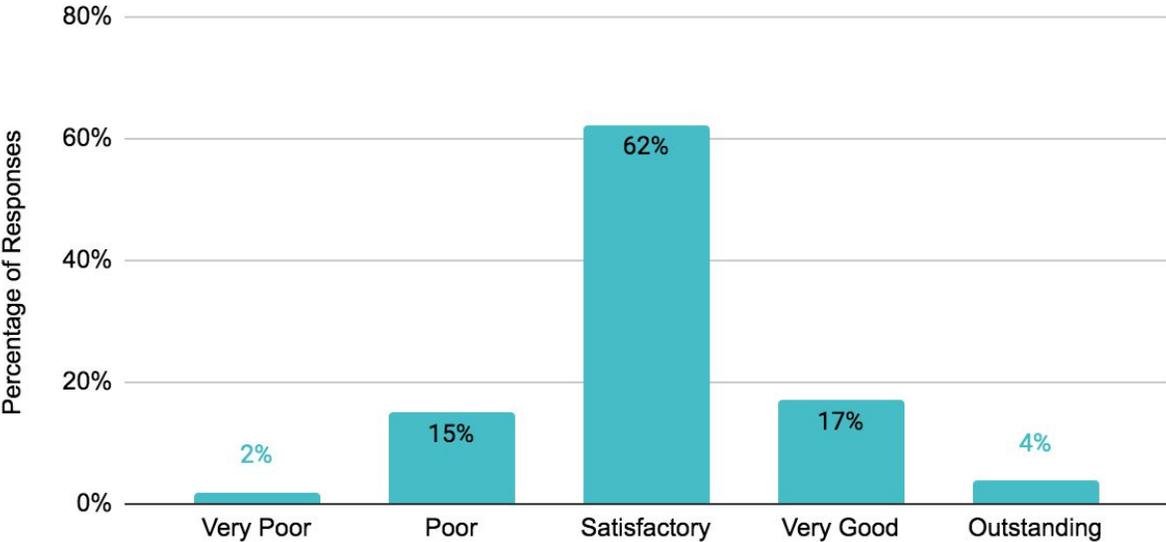
10. What sources do you receive COVID-19 and Shelter in Place updates from?

53 Responses with 179 Applicable Selections



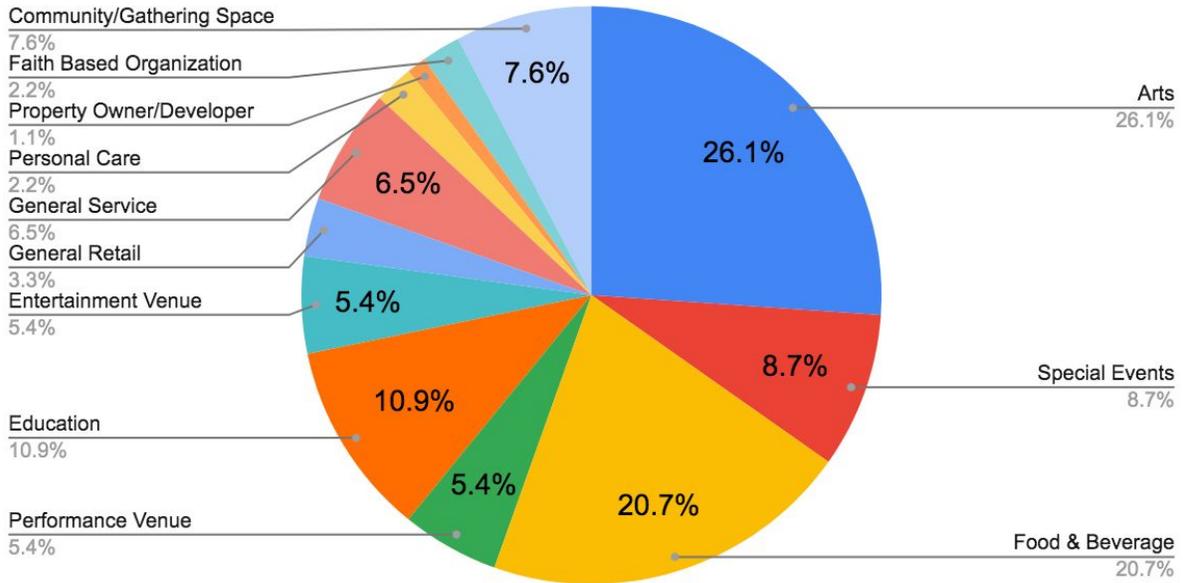
How sufficient has the information and updates provided to you been?

53 Responses



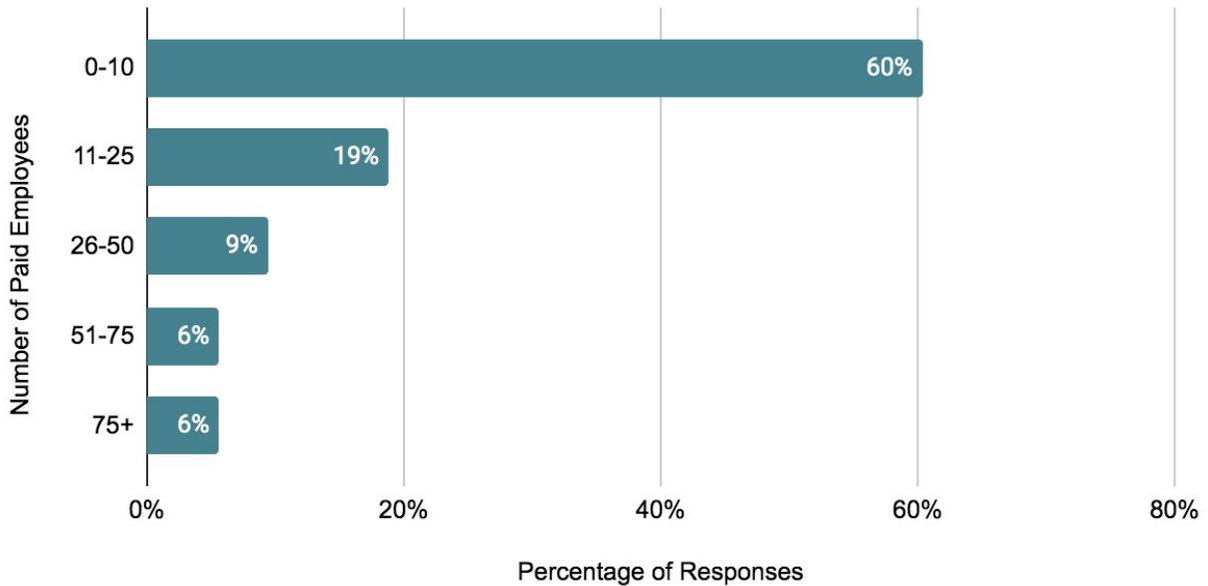
Industry

53 Responses with 92 Applicable Selections.



Number of paid employees prior to Shelter in Place?

53 Responses



OPEN RESPONSES

The following questions did not require responses in the survey.
Responses have been categorized into common themes.

HOW HAS YOUR BUSINESS ADAPTED TO OPERATING UNDER A SOCIAL DISTANCING PROTOCOL?

47 RESPONSES

Have transitioned to conducting business virtually and working from home

1. Moved to Online Classes instead of in person
2. All staff are working remotely with communications virtually.
3. I'm a commercial landlord to small businesses such as a hair salon, nail salon, and a small restaurant. We communicate via email or phone.
4. We moved all our classes online. It's only a small part of business, but we are able to still operate. The physical school is closed for the rest of the year, which reduces work for most of our employees.
5. We have moved entirely to online and virtual learning, outreach, education, events, etc. We have spent A LOT of time applying to grants, re-organizing our day to day operations and structure in order to work remotely and transition to our virtual reality.
6. We moved our art classes online through Zoom. Our brick and mortar (store, gallery and studio) is currently closed but will be reopening for curbside pickup.
7. Eliminated all in-person direct programming. Pivoted to online programming delivery models for both general public programs and school-based programs. All full-time office staff working indefinitely from home. Part-time in-the-field staff eliminated.
8. I have been able to work from Zoom
9. Online programming when possible, but there are still concerns about accessibility across constituency. All employees are working from home and brainstorming additional means to conduct business when primary work for art form has been done through in-person convenings.
10. We are in the process of developing a strategic plan for operations. Currently we are holding bi-weekly Zoom meetings/rehearsals for members as a way of helping members stay in touch.
11. 100% virtual office, learning, rehearsing, etc. Not easy for dance companies and a dance academy!
12. All employees working from home.
13. Moving education-based programs online.
14. We are looking into ways to turn our live performance facility into a streaming service for the remainder of the calendar year and perhaps beyond.

15. We have changed as much as possible to online, however we have essentially been providing our services for free just to keep our customers engaged.
16. All performances scheduled between March 14- Aug 31, 2020 (the end of our FY) had to be canceled. We began releasing digital content in March (versus in-person performances).
17. Meetings over video conferencing. Planning a non-contact festival for this year if possible.
18. All of our classes have gone online. While we are thankful we can still be somewhat in operations, it is not the same as in person classes and our clientele are not as engaged.
19. We are in the process of putting those protocols together so we are ready when we are given the go-ahead to re-open. We have all been working remotely.
20. We began to offer online programs right away, living our values to pay artists for their work and maintain online visibility. Our staff, even those who are part-time hourly have transitioned to remote work. We have kept in contact with our youth program participants connecting them and their families to resources as needed.
21. Still adapting. Filming Sunday services and acquiring skills with sound layering and other challenges without a choir of volunteer participation in Sunday service production
22. All staff are working from home and meeting only over Zoom. - Workshops and classes that would have been held in person are being held over Zoom. - Upcoming performances are being re-evaluated and will be redesigned to comply with social distancing, possibly going partially or fully virtual.
23. Arts & Lectures had been staging 40 min admission free weekday noontime meet-the-artist encounters. We experimented offering content via on-air radio, facebook and youtube with little success. With shelter-in-place relaxation, we will resume offering its arts encounters on outdoor downtown sites and while weather permits and before well separated audiences.

Have transitioned to take-out/to-go orders

1. Close dine in, take out only.
2. We have opened with a skeleton crew for only pickup/takeout and we are complying with the guidelines.
3. We are operating in a to-go capacity only with reduced hours and limited staff.

4. pivot to takeout and delivery, expand our menu to include family meals and cocktails to go
5. We've only done take-out with limited hours.
6. We are doing to go cocktails and food,
7. Takeout / togo only, as well as shutting down.
8. Not allowing Guests inside building doing to go orders only
9. We now offer curbside pickup and takeout. Our revenue has decreased by 75%. We run with less staff to make sure we are 6 feet apart. We wear masks.
10. We have pivoted our entire service model to take-out only as our business is a bar/restaurant and is restricted to open to the public currently. We have been putting together a re-opening strategy that is compliant with distancing rules and the likelihood of a 50% occupancy mandate being in place. Regardless of how we approach our re-opening, we will still need to keep 50% or more of our staff on furlough and will be operating under a break-even (survival mode) model rather than one designed to generate profit so the ownership has a source of income to feed their families. Ownership will be living off of Savings for the foreseeable future. Bar/restaurants operate under extremely thin margins for a multitude of reasons and survival is the only thing the majority of us will be able to do until things return closer to the "old normal".
11. Currently, we are doing to-go sales which keeps our business running. Once we can open, we are removing seating in our business which will reduce our business overall.
12. We were able to pivot to takeout with minimal additional costs, however food only accounted for 20% of our pre-SIP sales, so our sales are still down 85% and declining. Initially, only my husband and I (as owners)worked as sales were not sufficient to cover labor. We then received the PPP loan which allowed us to bring back most of staff (but at reduced hours) and extend our hours-still far less than what they were pre-SIP. Unfortunately, sales continue to decline.
13. Focus on to-go only operation when we did zero of that before.
14. Recently opened my one location for takeout, inside is closed and have takeout window with line for pick-up, adjusted menu to better suit takeout, redesigned website to inform guests and building takeout order site directly from website. Second location opening for takeout tomorrow with same structure and progress. Currently working with management to design and prepare both locations to adhere to 6ft seating, lines and employee workflows.
15. Focus on to-go only operation when we did zero of that before.

Business is not operating

1. Not operating at all.
2. Have not been put in place yet.
3. We are closed
4. We are not open yet.
5. Still not allowed to operate performances, so not sure.
6. We are not open
7. Not operating.
8. We're a type 48 bar. We've been given zero means to survive
9. Arts programs can not function under social distancing.
10. Real estate office is not officially open for full day working;
11. It's basically closed.
12. Real estate office is not officially open for full day working;

Business is able to continue operating as normal

1. Fortunately, we occupy a large space and are already under capacity for each space used. Artist Studio Members can easily maintain distance from each other by staying in their studio's space and refraining from crowding community areas like the kitchen.

WHAT ARE YOUR TOP THREE PRIORITIES TODAY, RANKED IN ORDER OF IMPORTANCE?

50 RESPONSES

Safety of Consumers & Employees

1. Safety
2. Ensure the safety of our staff and customers
3. Keeping my staff safe once we reopen
4. Staying safe
5. Reopen safely for both employees and for public attendees
6. Creating a safe space for our artists, employees, and patrons when we are allowed to reopen.
7. Getting our facilities safe to resume operations once we are allowed
8. Safety Safety Safety
9. Creating a new safe environment for staff and guests
10. The health and safety of our staff, artists, and community
11. Set up our operations the best we can so when we re-open dine-in we operate as safely as possible for our staff, guests, and our community, while running viable businesses.
12. Health and safety of our employees and customers.
13. Creating a business environment where every person feels safe and confident going out and dining
14. Assuring friends and fans (many in the older and higher risk population) that it's safe to return attending outdoor presentations
15. Protecting ourselves and employees properly
16. Protecting our communities.
17. Staying healthy

Restoring customer/employee confidence

1. Customer and employee confidence
2. Having city marketing help to let people know what businesses/organizations are open and how they are keeping staff and visitors safe
3. Employee apprehension and customer reactions to guidelines.
4. Getting customers to return once we reopen

5. Consumer confidence.

Making adaptations/pivoting business as usual/future strategies for operating

1. Innovate/pivot to adapt to the "new normal"
2. Creating a sustainable strategy for operations moving forward that includes both limited in-person events and online events. Creating a Back to Work plan that addresses staff changes and reduced instructor hours.
3. Update our website for online art supply purchase and special order for curbside pickup. Email marketing. Constantly come up with ways (creative ways) to increase revenue to somehow meet our overhead (shop rent, utilities and additional bills and payments) and maintain the ability to stock our inventory.
4. Identify hybrid business model as reopening will be a long process affecting two fiscal years
5. Developing a plan for how to continue existing as a community choir within this new reality. Developing a strong and vibrant way for small arts organizations to support each other's activities within this new reality. (I liken this to the instructions on airplanes for using oxygen masks: make sure yours is operational first, then help your children, so that you all survive.)
6. Figuring out how to stream performances without incurring lawsuits from music copyright firms (which would bankrupt us) as we see a trend in warnings from music producers about re-streaming (which is happening all the time)
7. Invest in new technology to allow us to take our product to people via streaming services.
8. Develop plans for non-contact events. Maintain capabilities for next year.
9. Find a way to provide live performances, particularly for subscribers, beginning in the fall.
10. Planning on how to transition to the next stages of outdoor dining and, eventually, indoor sit down dining
11. Preparing various scenarios to operate if this continues
12. Pivoting to figure out how to operate under the new normal
13. Preparing for re-opening our business for sit-down service.
14. Finding a way to reduce costs as we will most likely need to cancel performances so will not generate that revenue
15. Overcoming quality challenge i.e. producing outdoor at or near quality of prior indoor encounters
16. Finding/utilizing ways to keep people happy with online services and virtual classrooms.

17. That we all seize this opportunity to re-imagine strategies for how to create a culturally vibrant, dense, and safe downtown and that we align resources accordingly to advance those strategies.

Financial support, loans, economic/fundraising opportunities

1. SBA grants loans advocacy
2. Research funding and grant options, apply, and follow up with previous applications.
3. Finding general funding NOT tied to holding in-person performance events so we can work on non-performance projects (research, documentation, publications, etc.)
4. Finding economic opportunities for our org and artists
5. Identify funding sources to help us with technology upgrades
6. Find funding strategy without festival sales.
7. Seeking support for infrastructure enhancement.
8. Financial support so I can wait to open with no restrictions
9. Temporary funding to replace drastic reduction of City Grant due to decline in TOT.
10. Fundraising
11. Discover streams of financial help as Sunday giving continues to dwindle in spite of direct asks, etc.
12. Outdoor (especially in downtown city parks) encounters take more staff work and are several times more costly to produce... therefore must find new grant sources.
13. Receiving funding

Knowing timeline for reopening and guidelines/procedures businesses need to follow to reopen

1. Timeline to be able to open (move to stage 3). Guidelines we need to follow when we open.
2. Receive solid guidelines from Health Dept regarding re-opening procedures
3. Knowing when we can reopen and under what restrictions

4. Whether or not programs will be able to resume after SIP. If there will be another disruption to services, will we be able weather the storm
5. Understand and be ready for relaxing of social distancing rules
6. Knowing how to set up for outdoor seating
7. Stay ahead of protocols

Staff support - Retaining current staff and hiring staff back

1. Keeping staff employed
2. Keeping our employees employed
3. Maintain staff numbers and salaries
4. Keeping our employees employed
5. Retaining staff
6. Paying/keeping our employees
7. Taking care of our staff trying to generate revenue having enough revenue momentum to hire staff back
8. Keep all employees.
9. Maintaining staff
10. Rehire staff back to pre-covid levels
11. Do what we can NOW to take care of our Staff and Families the best we can to ensure they can pay their bills.

Communications with customers/keeping customers engaged/customer satisfaction

1. Feeding customers
2. Ensuring accessible communications and activities for all people (senior, disabled, parents, immigrants, etc.)
3. Providing accessibility to my clients
4. A better way to stay in contact with/provide singing opportunities within our choir community.
5. Effectively communicating contingency plans with customers/constituents
6. Keeping our loyal followers and students happy and engaged with limited access to us
7. Making a great product. Giving great customer service.
8. Maintaining connection to our community

9. Staying engaged with our patrons
10. Keeping access to studios for our artists
11. Serving all who need the services offered by the Cathedral finding ways to be accessible to deliver it.

Covering rent and other business expenses

1. Paying rent
2. Keeping my tenants in their businesses. Not taking a large loss of rents. Not having to evict a tenant in the future due to non-payment of rents.
3. Rent forgiveness -- without any income for half of March, and all of April, May, and possibly June, we will not have the financial resources to pay rent for past months in addition to current months once we are able to re-open.
4. Rent Business loan payments
5. Rent reduction
6. Covering the business expenses
7. Paying bills
8. How long will I be open due to financial issues

Economic recovery, increasing revenue/sales, business viability

1. Ensuring organizational viability going forward.
2. Recover revenue by driving to-go sales
3. Generating enough income to stay in business with reduced student numbers and studio renters unable to pay rent
4. Regaining financial stability
5. Generating new sources of revenue to replace lost market-rate/community-based facility rentals and the projected FY20-21 decline in TOT supported OCA grants.
6. Expanding offerings to increase revenue
7. Altering our model to continue to increase sales
8. Revenue to pay my bills both for the business and personally
9. Continue to generate whatever revenue we can to ensure we don't reopen under an impossible debt load to climb out of.
10. Continuing to generate money to keep the business functioning.

11. Increasing revenue
12. Obtaining new customers to continue the business
13. Build my business operations back to pre-covid revenues
14. Revenue so we can thrive.
15. Artists, small biz & community ability to financially thrive.
16. Saving money to keep operating.

Reopening ASAP

1. Reopening
2. Re opening ASAP to on premise dining open line of communication with city officials
3. As quickly as possible, kick-start conference, convention, and hotel business activity. We desperately need a plan on how to win this business back. So many of our workers are dependent upon this activity
4. When reopening
5. Reopening
6. Preparing to reopen
7. Getting back to work as normal.
8. To insure that live performing arts in Downtown San Jose , at some point, will happen again in traditional indoor and outdoor settings at pre-COVID19 capacity levels.

Access to PPE & safety supplies

1. Getting safety supplies for visitors and staff--hand sanitizer dispensers, disinfectant supplies in quantity, etc.
2. Access to affordable supplies to safely reopen

Other

1. Staying positive; Spirit and mental well being of our community; Mental health

2. Focus on compiling information that will help others businesses; Information Guidance Assistance
3. That we do not lose key cultural partners (organizations, businesses, and individuals) to financial hardship thereby setting our efforts backwards in building a vibrant downtown
4. Greater economic uncertainty
5. To create a new social contract in San Jose that is grounded in principles of social justice and supports a greater good
6. Get out to local businesses
7. Finding clients

ADDITIONAL COMMENTS FOR THE TASK FORCE TO CONSIDER

27 RESPONSES

Commercial Rental Assistance

1. I have read reports of creative landlord/renter situations for the residential market, am hoping for a conversation for the commercial market as well. (So far I have been lucky to have great landlords but both of us will be looking for relief in all of this)
2. We need help with rent not payroll. It's been pay the landlord or pay payroll plus supplies. Always scared of being sued after the eviction protection. Need help lowering the market rate to rent to match current situation
3. Advocate for tax credits to landlords that keep their current commercial tenants. The tax credits should be connected to the rent decreases and/or delayed rents in order to keep the small business going.
4. Please offer some type of local level commercial rent grant assistance, to help struggling businesses at least supplement their rent cost. Even with PPP funding, the majority of us will continue to struggle once those funds are exhausted.
5. So far, our landlord is refusing to discuss rent reduction. With our sales down 85%, we can not pay our previous rent rate.

General Financial Assistance

1. As a small nonprofit, we wanted to take the financial burden off our artist members by significantly reducing membership dues by 75% to 100%. The effect of this loss of income does not leave us with the financial ability to expand our janitorial services for reopening.
2. Stop with bureaucracy and just get us some financial help. Grants, forgiveness, whatever, just help us out and be quick about it. We're going to go out of business really quick!!!
3. I am answering the employment questions pre-PPP loan as during that time we did have to furlough employees and I think that info is relevant because even though we hired them back, for close to 2 months they were without their regular pay from us.

4. I didn't qualify for any of the loans offer or they run out so, I guess to make it easy access or easy to apply for the loans.
5. Please consider any and all special financial exceptions for businesses (like bars and restaurants) that remain closed during SIP.
6. Please lobby our Federal government to offer massive income tax cuts for owners/operators for this year only.
7. Please consider waiving all local taxes for bars and restaurants at least through the remainder of the year.

Communications / Marketing

1. There is zero information or policies for private schools, where do we find this information? I haven't seen any information or direction for private schools, so I have no idea when or how to operate (legally).
2. The City and County websites are excellent and communications from City Council are regular, up to date and helpful.
3. Understanding the rules of outdoor gathering and what spaces are available for these kinds of events.
4. Most elements in play have been framed in HUGELY ableist ways with accessibility not clearly defined. Voices from all communities need to be present at the table and in the task force.
5. Communicating faster and more comprehensively. We feel in the dark at times and want to make sure we have plenty of time to prepare for what is next.
6. County and state guidance is ambiguous and vague. This makes it very difficult to follow such guidance. In addition, as a brewery, the rules do not make sense. For example, we have to serve food to re-open which makes little sense and could actually be more dangerous from a health perspective.
7. Please make sure with Phase 2 for restaurants that we can do both indoor AND outdoor dining

Public Space Activations / Special Events / Al Fresco

1. Please shut down S. 1st as part of the al fresco concept. Needs to happen quickly yet safely.

2. Blocking parking in street (The Alameda) to create a safe Al Fresco Seating environment for guests and allowing delivery companies to safely pick up to go orders
3. We don't think we can make outdoor dining work for us. To even attempt it would carry a hefty price tag for outdoor tables and shade etc. What we've seen over the last few months is that customers seem to be eating out less frequently as this drags on and more of the big chain establishments are opening up-so the customer base is dwindling as their options for takeout increase. Our biggest draws are our indoor decor, bar atmosphere and weekly entertainment-none of which we can draw on for this phase nor the ones to follow. So far, our landlord is refusing to discuss rent reduction. With our sales down 85%, we can not pay our previous rent rate.
4. Restaurants should be able to open for outside dining immediately
5. Thank you for your interest. We small community organizations provide a wonderful array of arts and services to the citizens of San Jose and the broader area. We will suffer as the downtown suffers, and are glad to be included in your deliberations.
6. We are a volunteer run non-profit that puts on one large and one small event each year.
7. Prior to COVID-19, we were supported by City of SJ arts grants. With the collapse of TOT, the City of SJ is unable to fully maintain arts grants. We while competing with its arts org peers, must locate and develop new grant sources.

Other

1. We really need to figure out how to get the downtown office workers (and SJSU) back into their offices and out buying lunches as soon as possible. Too many downtown businesses are dependent upon their return.
2. Please help support local beauty salons and other creative fields
3. Uneven and inconsistent enforcement is a mind killer
4. We have to move fast with solutions or we will lose the small business interest
5. Keep up the good work!!!

END OF REPORT