



**To:** Board of Directors

**From:** Dana Stoehr, Chief Executive Officer

**Date:** November 7, 2025

**Subject:** Policy Information

## **Tipping, Gifts, Gratuities, and History of In-House Culinary Services at SMCEC**

Most venues and fairgrounds use a master concessionaire, a company or individual granted the exclusive right to manage and operate all or most concession services at a specific venue (e.g., event centers, airports, stadiums, or fairgrounds). A smaller number of venues operate in-house Food & Beverage (F&B) operations. In 2013, the Master Concessionaire F&B contract at SMCEC was not renewed, and F&B services were brought in-house.

I began my career with SMCEC in 2006; however, I resigned in 2013 and was not employed by SMCEC from 2013 through late 2015, when culinary operations were first brought in-house. Diane Baumann, our Controller, also retired in 2015. I was recruited to return, in part, due to the many issues that needed to be addressed and the strengthening of internal controls, many of them related to the in-house F&B operation. As part of my 2025 360-review goals, the Board also asked me to focus on operational policies and procedures and to advance professional practices across all SMCEC departments.

To meet this expectation over the summer, I engaged Oventions, a software system that integrates with SMCEC's various software systems to provide the Board and management with productivity reporting and to track profit and loss across SMCEC departments. I also engaged JCM Events, an event company that has consulted for many fairs, casinos, event venues, and large stadiums on best practices.

It is important to note that credit card tipping in any form did not exist through our POS systems and was not enabled until May 2025, when Toast, a respected F&B-specific POS system, was purchased and implemented to track sales, inventory control, and cost of goods sold (COGS). The credit card tipping function was removed on October 9, 2025.



In late April/May, our Culinary Manager raised concerns about being able to staff Alcohol Service positions for two large May events and the Fair, and advocated for enabling credit card tipping, reflecting post-pandemic trends and the broader move by SMCEC and many businesses toward cashless transactions. I consulted with the Culinary Manager, Human Resources Manager, and our Controller to develop an interim management policy in May 2025, allowing credit card tipping option for alcohol sales only. I also evaluated the need for credit card tipping across several types of events that included alcohol service from May through September 2025.

Alcohol sales at SMCEC events occur about 10–15 times per year, excluding the Jockey Club. Full bar service occurs fewer than five times per year. By event count, food and nonalcoholic concession operations account for roughly 90% of SMCEC culinary activity. Alcohol sales occur in the following formats:

1. Direct Concession Sales (e.g., the Fair, Jockey Club, or events offering alcohol at concessions) POS system used
2. Hosted Bar Service — No POS system used; bar service paid by the event contractor
3. Non-Hosted Bar Service — POS system used
4. Catered Events with Alcohol — No POS system used; food catering is largely provided by outside contractors, with SMCEC currently charging 20% service charge to a list of exclusive caterers. Alcohol service due to the Association's license is provided by As-Needed staff, contracted staff, and Gig workers. Gratuity is determined based on type of event, services performed, hours, and employees who worked the specific event.

It is also important to note that SMCEC has always used a variety of hiring practices for food and beverage services:

- As-needed staff. Casual employment with intermittent posted shifts. Employees may sign up at their discretion; the employer determines scheduling needs. Both the Parking and Culinary Departments use as-needed employees due to the irregularity of SMCEC's business needs.
- Gig workers. Services such as Instawork or TaskRabbit, used when there are not enough as-needed staff or when callouts/no-shows occur.
- Contracted labor. Companies that provide labor (i.e., culinary and bartending staff).



While tipping is easy to understand in concept, it is complex in practice. Below is a summary of issues observed regarding credit card tipping:

- By state law, only the specific cashier assigned to a POS terminal can receive the credit card tip, monitored by each cashier's unique login. This means credit card tips cannot be pooled among bar staff. This also led to Management staff wanting credit card tips when needing to work a cash register due to breaks and busy periods. This is not legal and was not allowed
- SMCEC is responsible for 100% of the transaction fee for credit card tips; it cannot, by law, be passed on to the employee receiving the tips.
- SMCEC incurs additional variable expenses in the form of employer FICA contributions when allowing credit card tipping.
- SMCEC has retained a small number of full-service bartenders who were selectively scheduled for all concession events, including those without alcohol.
- An authorization process needs to be added to add concession alcohol sales to an event (e.g., adding beer and wine sales to specific events.
- Customer reaction and "guilt tipping."
- Inconsistencies with the Employee Handbook on gifts and gratuities.
- Lack of a call-out/no-show policy for as-needed staff to determine whether continued inclusion on the as-needed list is in the Association's best interest.
- Hiring full-service bartenders at \$27/hour for non-alcohol concession environments; adding alcohol to events where sales were marginal or where canned cocktails, beer, and wine were served in concession settings (e.g., the Fair) that do not require full-service bartenders.

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## 2025 Employee Manual — Gifts (Board-Approved Policy)

Every customer is entitled to efficient and courteous service. Since such service is given impartially to all, gifts are not expected. Therefore, you are not allowed to accept gratuities from customers, vendors, or visitors. Employees may accept ordinary business courtesies, such as promotional items without significant value that are distributed widely, and perishable food gifts that are shared among the team. If an employee receives a gift that does not comply with this policy, they are required to politely decline or return it. If returning the gift is not feasible, employees must report it to their manager or HR for appropriate handling.

Employees are encouraged to exercise sound judgment and discretion when it comes to gift-giving among coworkers and supervisors. Gifts exchanged among employees



may be acceptable on special occasions such as birthdays or holidays but should be modest and appropriate for the workplace. Employees are prohibited from giving individual gifts to supervisors or managers, since doing so could be perceived as an attempt to influence decisions or create a sense of obligation. Supervisors and managers may not solicit or accept subordinates' gifts, except for nominal, collective group gifts (e.g., for holidays or milestones). This policy helps ensure a professional and equitable work environment while maintaining impartiality and transparency in all interactions.

### Policy Consistency and Ethical Integrity

While cash tipping is difficult to eliminate for alcohol sales due to U.S. customs, it is at the guest's discretion. Allowing credit card tipping for a restricted group of as-needed alcohol service staff directly contradicts SMCEC's no-gift policy, which is designed to avoid favoritism, undue influence, or perceived conflicts of interest. Discontinuing credit card tipping aligns all departments under one uniform ethical standard.

### Avoidance of Perceived or Actual Conflicts of Interest

Credit card tipping can create the appearance that certain employees receive preferential treatment, undermining trust in SMCEC's fairness and professionalism, especially given our public-facing role.

### Guilt Tipping

Guilt tipping occurs when digital payment prompts, social expectations, or staff presence make people feel compelled to tip in situations where tipping isn't customary or the level of service doesn't warrant it. Patrons may feel pressured to tip through the payment interface. A recent article in *Forbes* noted "tipping exhaustion," reported that in a survey of 1,000 consumers, 61% feel guilty if they don't tip—especially when a worker is watching—and 53% are "fed up" with being asked for a tip. (Reference on file.) Public perception risk: Guests may feel manipulated or pressured, leading to complaints or reputational harm.

Given SMCEC's heightened public scrutiny, tipping should not be prompted and should be restricted to cash-only, alcohol-service-related instances, ensuring tips are offered solely at the customer's discretion.



## Simplified Accounting, Financial Controls, and Auditing

Credit card tipping introduces complex tracking requirements: payroll adjustments, manual reconciliation, and potential disputes about distribution. Removing credit card tipping saves administrative time and eliminates associated tax implications for the Association. Overall, it reduces audit risk, simplifies bookkeeping, and strengthens financial accountability.

## Equity and Morale Across the Workforce

Other SMCEC employees (administrative, custodial, maintenance, etc.) cannot accept tips. Discontinuing credit card tipping promotes fairness and consistency across all roles.

## Compensation Context

- Minimum wage in unincorporated San Mateo County is \$17.95/hour as of January 1, 2026; within the City of San Mateo, it is currently \$17.35/hour.
- SMCEC's base rate for ABC-certified (legally required) bartending staff is \$27.00/hour. With the stipend policy and no credit card tipping, this is elevated to \$42/hour + cash tips for full bartender services.
- For concession alcohol service that does not involve mixed drinks (canned alcohol sales only), the base rate is \$30/hour + cash tips.
- According to Salary.com, bartenders in San Francisco earn about \$22/hour on average, plus tips.
- Contracted bartender rates are \$50–\$65/hour; a significant portion of this fee goes to the employing company. The higher end of the cost spectrum is usually for a high-end large event.

## Professionalism and Brand Reputation

A “no credit card tipping” policy underscores SMCEC’s professionalism. It demonstrates that staff are compensated fairly and serve the public without expectation of personal reward. The alternative stipend plan, while unpopular with some as-needed bartenders, best serves the Association.

SMCEC implemented a variable stipend policy based on the type of alcohol service, distinguishing concession service from full bar service. The stipend policy provides equitable compensation through wages, rather than supplementing wages through tips.



We also consulted our employment law firm, Mitzel & Associates, to ensure the revised stipend policy complies with local, state, and federal requirements.

### Responses to Bartender Concerns

- Request for a group Zoom meeting to discuss management’s justification for the policy change: The as-needed group is not represented by a collective bargaining unit. Treating them as a self-represented group is not in the Association’s best interest. We respect all employees as individuals. As-needed bartenders were encouraged to contact management individually, and we considered their input. General guidance explaining the policy change was provided in the September 9th email. The Policy was revised based on individual input to a \$15 dollar per hour stipend for full-service bartenders. This does not entitle employees to confidential Association information or deliberations regarding policy development, or to insist on how we substantiate methodologies for a policy.
- Allegations of unpaid time for reading the policy: We follow all local, state, and federal requirements. Time was allocated and paid for each employee to read and acknowledge the new policy and any follow-up revisions.
- Derogatory characterizations of event staffing: Management followed common and best practices to ensure a qualified group of bartenders was available to staff the event and meet client expectations. Scheduling and staffing decisions rest solely with management to meet business needs.
- Unable to log on to our Employment system Bamboo HR: reset instructions were mailed to all staff notifying us with issues logging on. At no time over the last two months did any other employees or applicants for SMCEC positions report problems logging on to the Bamboo HR system.

### Conclusion:

Careful review was performed when crafting the Stipend Policy instead of continuing credit card tipping. Extensive research was conducted; I, our Culinary Manager, HR Manager, and Controller all provided input on the stipend policy. I surveyed over 100 venue managers while at the International Association of Venue Manager Conference in August about tipping policies in a Food and Beverage session, it was clear there were varied approaches to credit card tipping and by a show of hands I was able to ascertain a 50/50 ratio of venues that allowed credit card tipping and those that did not. We reached out to Aramark at Oracle and had conversations with LEVY who is the Master



Concessionaire at Levi Stadium about tipping policies and “As Needed Staffing”. The policy was reviewed by our employment attorney for legal requirements.

My contract outlines that the Board has one employee, the CEO. The remaining staff report to the CEO or the CEO’s designated management and supervisory staff. As an example, the CEO for the County has sole responsibility for management policies and procedures and is not required to seek Board of Supervisor approval for implementation. One of my core responsibilities is to ensure best practices are adhered, the stipend policy, while not popular by a minority of SMCEC staff, nonetheless reflects the best interest of the Association. Further, bartending staff was required to sign acknowledgement of the policy to remain on the “As needed” bartending list for staff, they were not terminated. They were removed from shifts with tip related functions. They can accept shifts with non-tip related shift assignments. This was done to ensure that the Association’s policies are adhered too, and consistent staffing could be relied upon by the Association. “As-Need staff is not a collective bargaining unit by the nature of their employment. They can choose to respond, at their discretion to accept SMCEC offered for “As Needed” shifts. Further the Association reserves the exclusive right to offer, change or amend shifts offered due to the Association’s Business needs in compliance with Local, State and Federal Law.