



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve Request from the Sunnyvale Chamber of Commerce to Reduce the Outstanding City Fees for the 2022 Art and Wine Festival by 50 Percent (\$9,139.02)

BACKGROUND

The Sunnyvale Chamber of Commerce (Chamber) hosted the 2022 Annual Art & Wine Festival (Festival) on June 4-5, 2022. The Festival attracted about 40,000 attendees and was held in Downtown Sunnyvale. The Chamber applied for a special event application and the City issued two invoices for the required services. The Chamber has not paid these two invoices totaling \$18,316.52 and is asking for a 50% decrease (\$9,158.26) due to reduced event revenue (Attachment 1). The Department of Public Safety (DPS) for police services invoice for \$14,825 (Attachment 2) and an invoice for garbage debris services and field services for \$3,491.52 (Attachment 3) are the unpaid City invoices.

EXISTING POLICY

Council Policy 7.2.4 Relationships with Outside Groups

POLICY PURPOSE: The intent of this policy is to identify the various types of support the City will provide to outside groups and/or independent organizations, as well as the circumstances under which support will be provided.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

DISCUSSION

The Chamber has hosted the Festival for almost 50 years. The first Festival was held in 1974 as a fundraiser for the downtown merchants to attract visitors to the downtown area. The Festival is a community-oriented event and is well received by downtown businesses, City residents, and visitors. The Chamber submitted a letter (Attachment 1) asking for a 50% fee reduction in police, garbage debris service, and field service costs (including street cleaning) to assist in closing their budget gap for 2022.

The Festival is the Chamber's main revenue source, and they suffered significant losses due to the COVID-19 restrictions on events in 2020 and 2021. The Chamber hosted the 2022 festival to encourage and support businesses during the pandemic. The Chamber partnered with the Sunnyvale Downtown Association and other community agencies to ensure the event celebrated local businesses. Unlike prior Festivals, the Chamber did not invite outside food vendors to the event to

allow local restaurants to capture customers that would normally purchase food from the outside vendors.

Due to reduced Festival attendance, increased costs for performers, increase insurance and security requirements, the Chamber's 2022 Festival income was lower than in pre-pandemic years. The 2021 Festival had a \$18,339.97 loss and a \$29,280.41 profit in 2022 (Attachment 4).

The City awarded a \$3,000 Community Event Grant to the Chamber assist with Festival expenses. However, the grant and other sponsorships were not enough to recover the loss from 2021 and 2020. The Chamber was unable to recover some non-refundable expenses due to the last-minute cancellation of the 2020 Festival due to COVID-19 restrictions. The Chamber is working towards balancing their fixed costs that run about \$100,000 no matter the size or success of the event. The Chamber is planning a 2023 Festival and is expecting to generate enough revenue to offset the loss carried over from 2021 as well as reduced 2022 revenue.

FISCAL IMPACT

Waiving half the fees associated with the Festival would result in the loss of approximately \$550 to the Solid Waste Enterprise Fund with the remainder coming from the General Fund. The costs for the event would be absorbed by the departments of Public Works, Public Safety, Environmental Services, and Finance (billing and overhead).

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Public Library, Senior Center, Community Center and in the Department of Public Safety Lobby. In addition, the agenda and report are available at the Sunnyvale Public Library, Office of the City Clerk, and on the City's website.

RECOMMENDATION

Approve the Sunnyvale Chamber's request to reduce the outstanding City fees for the 2022 Art and Wine Festival by 50 Percent (\$9,139.02). The Festival is a community-wide event and is attended by the Sunnyvale community. The Festival drew a lot of visitors to the downtown area and the local businesses benefitted from the Festival.

Prepared by: Connie Verceles, Deputy City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Sunnyvale of Chamber Request for Fee Reduction
2. Department of Public Safety 2022 Art & Wine Festival Invoice
3. City of Sunnyvale Permit Fees for the 2022 Art & Wine Festival
4. 2021 and 2022 Sunnyvale Chamber of Commerce Art & Wine Festival Budgets