

DRAFT 4/17/23 sqj

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUNNYVALE CONFIRMING THE DOWNTOWN SUNNYVALE BUSINESS IMPROVEMENT DISTRICT ANNUAL REPORT FOR FISCAL YEAR 2023/24 AND TO LEVY AND COLLECT AN ANNUAL ASSESSMENT FOR THE DOWNTOWN SUNNYVALE BUSINESS IMPROVEMENT DISTRICT FOR FISCAL YEAR 2023/24

WHEREAS, on April 4, 2023, the City Council of the City of Sunnyvale (the “City”) adopted Resolution of Intention to Levy and Collect an Assessment and to Reauthorize the Downtown Sunnyvale Business Improvement District (Resolution No. 1181-23) (the “District”), to levy and collect a benefit assessment on all businesses, trades, professions, and vendors within said District, the proceeds of which shall be used for the public purposes herein described in the Parking and Business Improvement Area Law of 1989, (commencing with Section 36500), of the California Streets and Highways Code (the “Act”) and Title 3, Chapter 3.60 of the Sunnyvale Municipal Code; and

WHEREAS, the City Council conducted a public hearing on the reauthorization of the assessment, having given due notice thereof as required by law, on May 2, 2023, beginning at 7:00 p.m. at City Hall, 456 West Olive Avenue, Sunnyvale, California, and every interested person was provided an opportunity to object to or protest the report, the proposed improvements and the activities to be funded from levy of the assessments.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE THAT:

1. Report. The City Council hereby confirms the Business Improvement District Annual Report for fiscal year 2023/24 (“Annual Report”) as set forth in Exhibit A, which is attached hereto.
2. Boundaries. The City Council hereby approves of the boundaries of the Business Improvement District and the benefit zones within the area as set forth in Exhibit A.
3. Assessment. The City Council finds that the amount of the assessments has fairly and properly apportioned the cost of the improvements to each business in the District in proportion to the estimated benefits to be received by each business. The City Council hereby confirms the assessment and levies each individual assessment, as provided for in the Annual Report, for fiscal year 2023/24.

4. Protest Hearing. The City Council conducted a hearing concerning the reauthorization of the business improvement district. At the conclusion of the public hearing, the City Council considered comments from the affected businesses, considered modifications in the report, and confirmed the report as originally filed or as changed by it, which constitute the levy of the assessment for the fiscal year 2023/24.

Method of Collection. The benefit assessment for Downtown Sunnyvale businesses shall be billed and collected by July 31, 2023. Payments will be considered late if not received on or before the due date listed on the invoice. The business will accrue late fees for every 30 days delinquent after the original due date. A 10% late penalty will be assessed in addition to the assessment amount for every 30 days payment is late. The penalty fees will be accrued for up to five months after the original due date. If payment is not received after five months, the City will forward delinquent accounts to a collection agency for further action. Once the business is assigned to the collection agency, additional fees will accrue.

Adopted by the City Council at a regular meeting held on _____, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:
RECUSAL:

ATTEST:

APPROVED:

DAVID CARNAHAN
City Clerk
(SEAL)

LARRY KLEIN
Mayor

APPROVED AS TO FORM:

JOHN A. NAGEL
City Attorney



February 16, 2023

TO: Mayor and City Councilmembers
City of Sunnyvale
456 W Olive Ave
Sunnyvale, CA 94086

From: Michael Johnson & The SDA/BID Board
Sunnyvale Downtown Association (SDA)

RE: Sunnyvale Downtown Association's 2023/2024 BID Renewal Request

To the Mayor and City Councilmembers of Sunnyvale,

First, I'd like to thank the City of Sunnyvale, the Mayor, and the City Council for your continued SDA BID support, and attendance of our events last season. The Sunnyvale Downtown Association is requesting the reauthorization of the Sunnyvale Downtown Business Improvement District for fiscal year 2023/2024. We look forward to another great year of exciting events for the community, our downtown businesses, and the City of Sunnyvale.

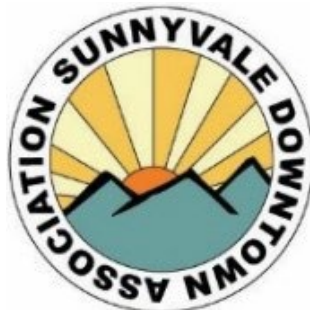
On February 2, 2023, the Board of Directors approved the 2023/24 BID Budget. Attached is a copy of the SDA's expense & revenue report for July 1, 2022, through June 30, 2023, actuals along with projections for the 2023/24 fiscal year.

If you have any questions please do not hesitate to contact me at michael@sunnyvaledowntown.com or (408) 480-5437. Thank you for your continued support.

Sincerely,

Michael Johnson

Executive Director of the SDA



BID Renewal Request for 2022/2023 - 2023/2024

What is a BID?

A BID (Business Improvement District, authorized by State of California law) provides funding for promoting and improving a specific area. All business license holders inside the said district are self-assessed with an annual fee based on anticipated benefits they receive from the BID.

The BID is reauthorized yearly by the City Council at the request of the businesses' Board of Directors. A BID is used by over 200 business areas in California, including Mountain View, Palo Alto, Santa Clara, Morgan Hill, and San Jose. The BID has legal requirements to be reauthorized. Specifically, the City Council must approve the Annual Budget and adopt a Resolution of Intent (ROI) to reauthorize the BID for another year. Once the ROI is adopted, a public hearing must be held during a Council meeting.

Each year after the city has reauthorized the BID; businesses receive an invoice from the city finance department for BID fees. The city collects the fees annually, and businesses are invoiced at the beginning of June for the next fiscal year. Once received, funds can only be used for projects within the BID boundaries. The BID maintains complete control of all BID funds collected.

The formula for defining our BID assessment amount is as follows: the Sunnyvale Downtown Association (SDA) Board considers the businesses' type, size, and location. Then, it selects the most equitable formula for every business. Typically, BID assessments are included as a separate charge from the business license tax and are billed to every business within the BID boundaries.

Assessments are levied on businesses based on relative benefits from annual activities. All assessment funds collected by the City are returned to the BID through annual contract agreements. The city does collect a fee for administrative costs associated with this service. The price is reviewed and adjusted annually as needed.

By state law, we use the BID funds to support community business activities, promote public events, decorate public places, and provide entertainment within the BID. In addition, BID funds include advertising, marketing materials, digital guides, operational expenditures, websites, e-letters, street/holiday lighting, and events.

Our BID fees are a self-imposed tax on the downtown businesses, outside of paying their standard fees, taxes, and license fees associated with owning and operating a business in our downtown district.

The Mission of the Sunnyvale Downtown Association (SDA)

SDA is a non-profit membership-based organization whose mission is to promote, advocate and enhance the vitality of downtown Sunnyvale. The SDA is funded by BID fees, city grants, sponsorships, and revenue-producing events.

The current SDA Board of Directors includes Chair – Dr. Gary Gold of Dr. Gary Gold & Associates, Secretary – Leigh Odum of Leigh's Favorite Books, Treasurer - Amit Rajgarhia of Dish Dash, and Members At Large – Irene Murphy of Fibbar Magee's, Katie Voong of Mayan Kitchen/K'Tea Cafe, and Salvatore Foresta of Sweet Sicily.

The SDA also serves as the voice of downtown Sunnyvale by:

- Advocating for policies, programs, and events that support the economic growth of the downtown.
- Acting as the downtown marketing arm, voice, and ambassador for the City of Sunnyvale.
- Producing attractive events for the community.
- Promoting downtown as a premier venue for other groups to produce events.
- Working with other community-based organizations that share downtown Sunnyvale's growth and continued vitality.

Budget

2022/23 BID fees collected from the businesses totaled \$41,000 (approximately 15.2% of our Income), and the City of Sunnyvale's contribution with community grants of \$47,500 (18.3% of our Income) acts as SDA foundational funding. The rest of SDA revenue comes from a combination of developer support, corporate sponsorships, sales/concessions, and event participant fees.

However, as always stated, we can't guarantee that we will have this same level of developers, community sponsors, and corporate sponsorship support in any given year. So, we rely on all support channels to ensure fiscal accountability.

On January 27, 2023, the SDA Board of Directors unanimously approved the BID 2023/2024 budget via email.

Below we have included a brief overview of some significant expense areas:

Account	2022/2023 Actual	2023/2024 Forecast Projected
INCOME		
<i>BID Fees</i>	36,072	41,000
<i>City Contributions</i>	40,000	40,000
<i>Community Grants</i>	11,000	7,500
<i>Developer Support</i>	135,000	30,000
<i>Events Revenue (Sponsorship & Sales)</i>	111,184	140,500
TOTAL INCOME	333,256	259,000
EXPENSES		
<i>Personnel Related Expenses</i>	161,647	150,500
<i>Office/General Admin Exp</i>	40,370	35,950
<i>Event Expenses</i>	109,732	98,200
TOTAL EXPENSES	311,749	284,650
TOTAL PROFIT/LOSS	21,507	-25,650

Last fiscal year, we delivered half of the events we usually produce. This fiscal year, the SDA aims to increase the 2022/23 season to **thirty-seven events**, including partnering events in 2022. **Eighteen** of these seasons' events generated "No sales revenue" and supporting the community, the city, and downtown businesses.

Events for 2022/2023

- 16 Events: Music While Dining on Murphy - Every Wednesday & Thursday - May and June. **No sales revenue is generated at these events.**
- 1 Day Event: Taste of the World & Wine Stroll - May 13th.
- 2-Day Event: Art & Wine Festival - June 3rd & 4th (In partnership with the Sunnyvale Chamber of Commerce).
- 8 Events: Summer Music Series - Every Wednesday - July and August.
- 8 Events: Jazz & Beyond – Every Saturday – July and August.
- 1 Day Event: Technology Expo (TBD in partnership with the City of Sunnyvale). **No sales revenue is generated at this event.**
- 1-Day Event: Holiday Tree Lighting. **No sales revenue-generating event.**

These events attract new visitors from all over the Bay Area to our vibrant and growing downtown community.

Event Sponsorships & City Contribution

We are grateful for continued support from the city and sponsors who help keep our SDA events growing and serving the community in 2022/23. We thank the City of Sunnyvale, Cityline Sunnyvale, Minkoff Group, El Camino Health, Google, Meta, LinkedIn, Specialty Waste, Murphy Square, StarOne Credit Union, and City National Bank for continuing their support.

As we've always stated, more than ever, the SDA and our downtown businesses need the city and other sponsorship support for these events. Due to the current economic uncertainty ahead, supply cost increases, ongoing fixed costs, and annual wage increases, these events allow business owners to weather these challenges during this unprecedented period.

Each year in February, the SDA evaluates what sponsorship support we have coming in. We always plan months to ensure that we can deliver the events the SDA puts on annually. However, it is always hard to predict what our budget will look like six months before the coming fiscal year.

Event-Related Financial Breakdown

Our focus in 2022/2023 has continued to address our SDA businesses' needs amidst the transition from the COVID-19 pandemic that has impacted our downtown district. Businesses everywhere in Sunnyvale have struggled to keep their doors open and employees working. Unfortunately, there have been casualties of businesses due to overhead costs and staffing challenges.

We continued working through the many financial challenges despite corporate sponsorship reductions due to the lack of a complete annual event schedule. Over the last couple of years, we were fortunate to have received support from Community Grants, annual City support, developers' support, and critical local and corporate sponsorships to help.

Account	2022/2023 Actual Forecast	2023/2024 Projected
EVENT INCOME		
<i>Holiday Tree Lighting</i>	17,400	15,000
<i>Jazz & Beyond</i>	29,765	35,000
<i>Taste of the World & Wine Stroll</i>	31,000	39,000
<i>Music on Murphy</i>	-	5,000
<i>Stronger Together</i>	1,500	1,500
<i>Summer Series</i>	31,519	40,000
<i>Tech Expo</i>	-	5,000
TOTAL EVENT INCOME	111,184	140,500
EVENT EXPENSES		
<i>Holiday Tree Lighting</i>	2,418	3,000
<i>Jazz & Beyond</i>	44,115	40,000
<i>Taste of the World & Wine Stroll</i>	16,721	15,000
<i>Music on Murphy</i>	8,485	4,000
<i>Stronger Together</i>	225	1,200
<i>Summer Series</i>	37,768	30,000
<i>Tech Expo</i>	-	5,000
TOTAL EVENT EXPENSES	109,732	98,200

*** The event expenses only reflect general marketing and promotional material, day of staffing, Wine, Beer, performers, and some equipment. It does not include pre-event preparation costs for Staff labor to follow up with vendors, host locations coordination, design time for marketing products, booking bands, volunteer coordination, poster design, flyer design, Social Media outreach & Website, ticket sales, beverage sales, and various other tasks required to deliver the SDA events annually. Also, event expenses do not reflect our "Stronger Together" promotion, marketing, or payout to businesses for the "downtown certificates."*

Overview

The 2022/23 year proved successful despite the many challenges the SDA has experienced. We invested in better financial strategies, operational staffing, management tools, and marketing solutions early in the year. At the end of 2021, we moved into our new office on Historic Murphy Avenue and added new conference room technology to better prepare for the new way business will be conducted. The conference room and training room allow our SDA businesses to meet with vendors and customers and schedule training off-site.

Although we still had to deal with COVID-19 challenges, we delivered sixteen Music while Dining on Murphy events, the Taste of the World & Wine Stroll, eight Summer Music Series concerts, eight Jazz & Beyond shows, the Annual Holiday Tree Lighting Ceremony, and the potential Technology Expo.

The SDA continues to work with Cityline Sunnyvale and other developers, property managers, and the City of Sunnyvale to promote cohesion between the existing businesses in Sunnyvale and the expansion of Sunnyvale downtown.

We also want to thank all the Sunnyvale downtown businesses that make this possible with their continued participation and support. We appreciate the sacrifices our BID members have endured with the changes in our downtown's new developments. We are excited and optimistic about the future and its possibilities. Sunnyvale Downtown continues to expand with many new commercial businesses, retail businesses, and entertainment destinations.

Future

Keeping the BID fee assessment in conjunction with the city's contribution provides the foundational funding for our organization. The SDA's goal is to continue producing quality events and promoting downtown Sunnyvale as a great place to shop, dine, work, and live. In addition, these events attract new visitors to our vibrant, growing downtown and community pride.

This year the SDA will continue to focus on connecting more current and new businesses to our website to provide additional visibility with promotions, events, and job listings. We have also been reaching out to banking, financial planning, IT Services, social media experts, and other services based on business-specific requests. In addition, we offer a conference room and training room so our members can have an area to meet with clients and vendors and train their staff. The new construction is ongoing for the next few years; many new businesses are looking for direction and support in their new community; the SDA is here to assist them in navigating our city and downtown.

We appreciate the continued support of the SDA's BID, and we do not take the support for granted. The SDA continues to be good stewards of all funds, grants, and sponsorships we receive and considers this partnership with the common goals for a vibrant downtown.

Michael Johnson
Executive Director
Sunnyvale Downtown Association

Sunnyvale Downtown Association Statement of Activity

July 2023- June 2024

REVENUES

		Jul 2022-Jun 2023	Jul 2023-Jun 2024	Comments
Revenue		Actual	Projected	
BID Funds		36,071.50	41,000.00	
City Contributions		40,000.00	40,000.00	
Community Grants		11,000.00	7,500.00	
Total City Contributions		87,071.50	88,500.00	
Developer Support & Funding Income		135,000.00	30,000.00	
Stronger Together Sponsorships		1,500.00	1,500.00	
Holiday Tree Lighting				
	Sponsorships	17,400.00	15,000.00	
Total Holiday Tree Lighting		17,400.00	15,000.00	
Jazz & Beyond				
	Sales	12,365.03	15,000.00	*Price increase to \$10 per-drink
	Sponsorships	17,400.00	20,000.00	
Total Jazz & Beyond		29,765.03	35,000.00	
Taste of The World and Wine Stroll				
	*Sales	18,000.00	25,000.00	*Prices increase \$50-\$60 day of
	Sponsorships	13,000.00	14,000.00	
Total Taste of World and Wine Stroll		31,000.00	39,000.00	
Music on Murphy				
	Sponsorships	0.00	5,000.00	
Total Music on Murphy		0.00	5,000.00	
Summer Series				
	*Sales	11,244.00	15,000.00	*Price increase \$10 per-drink
	Sponsorships	19,100.00	25,000.00	
	Vendors	1,175.00	0.00	
Total Summer Series		31,519.00	40,000.00	
Tech Expo				
	Sponsorships	0.00	5,000.00	
Total Tech Expo Sales		0.00	5,000.00	
Total Revenue		333,255.53	259,000.00	

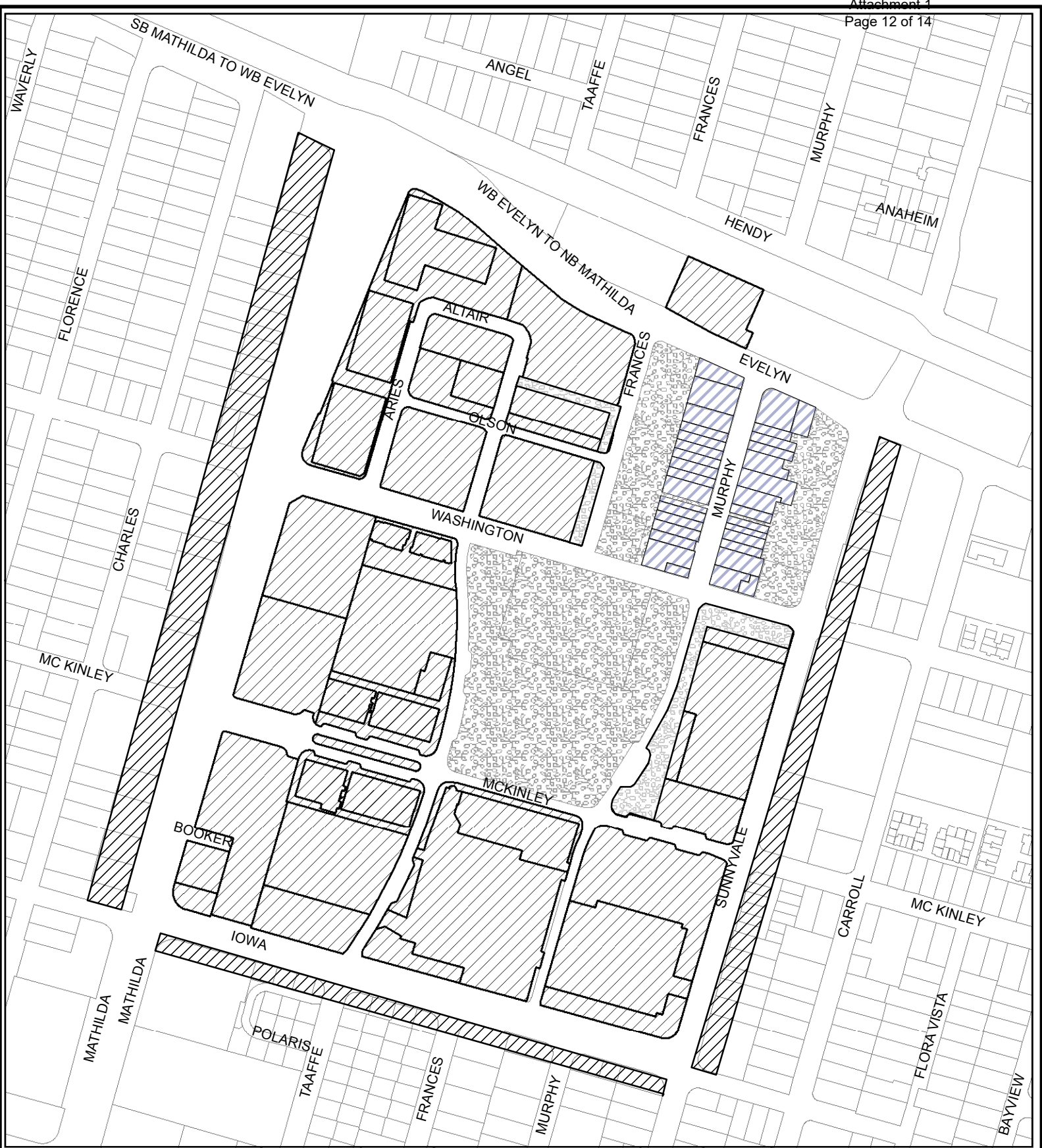
SUNNYVALE DOWNTOWN ASSOCIATION STATEMENT OF ACTIVITY

July 2023 - June 2024

EXPEDITURES




		Jul 2022-Jun 2023	Jul 2023-Jun 2024	
Expenditures		Actual	Projected	Comments
Administrative				
	Advertising/Promotional	2,828.82	500.00	
	Banking Fee	310.00	300.00	
	Insurance	413.00	500.00	
	Legal & Accounting	1,515.00	1,000.00	
	Operational Expenses	1,652.23	1,000.00	
	Rent	30,000.00	30,000.00	
	Utilities	751.98	750.00	
	Telephone/Internet/Website	2,898.51	1,900.00	
Total Administrative		40,369.54	35,950.00	
Staffing				
	Payroll Expenses	160,581.00	150,000.00	
	Consulting	1,066.25	500.00	
Total Staff & ED Compensations		161,647.25	150,500.00	
Event Expenses				
	Holiday Christmas Tree Lighting F	2,417.78	3,000.00	
	Jazz & Beyond Fees	44,115.00	40,000.00	
	Tast of the World & Wine Stroll	16,721.00	15,000.00	
	Music on Murphy Expenses	8,485.00	4,000.00	
	Stronger Together Fees	225.00	1,200.00	
	Summer Series Fees	37,768.00	30,000.00	
	Technology Expo Fees	0.00	5,000.00	
Total Event Expenses		109,731.78	98,200.00	
Total Expense		311,748.57	284,650.00	
Net Income		21,506.96	(25,650.00)	

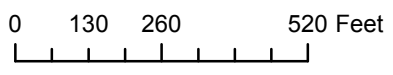
Note: The SDA will continue outreach for additional event sponsorships for fiscal year 2023/2024.



DOWNTOWN BUSINESS IMPROVEMENT DISTRICT ZONES

Legend

-  ZONE A
-  ZONE B
-  ZONE C



BID Zones & Fee Breakdown

	ZONE A	ZONE B	ZONE C
Retailers, Restaurants, Bars	\$500	\$300	\$150
Service Businesses	\$300	\$200	\$100
Lodging	\$10/rm.	\$10/rm.	\$10/rm
Professional Services Businesses	\$100	\$100	\$100
Financial Institutions	\$500	\$500	\$500

Business type definitions:

Retail and Restaurant: Businesses that buy and resell goods, examples are clothing stores, shoe stores, office supplies as well as businesses that sell prepared foods and drinks.

Service Businesses: Businesses that sell services. Examples are beauty and barber shops, repair shops, most automotive-oriented businesses, entertainment businesses such as theaters, etc.

Lodging: Includes renting rooms by the day or week to community visitors.

Professional Services Businesses: Includes Architects, Engineers, Attorneys, Dentists, Doctors, Accountants, Optometrists, Realtors, Insurance Offices, Mortgage Brokers and most other businesses that require advanced and/or specialized licenses and/or advanced academic degrees.

Financial Institutions: Includes banking and savings and loan institutions as well as credit unions, etc.

**Downtown Sunnyvale Business Improvement District
Proposed Improvements and Activities for Fiscal Year 2023/2024**

Income		
Zone A	34 Businesses paying an average annual benefit fee of \$466.	\$16,000
Zone B	44 Businesses paying an average of \$187.	\$8,300
Zone C	144 Businesses paying an average of \$145.	\$17,550
Total potential BID assessment collections		\$41,850
Projected assessment collections		\$40,000
Revenues from SDA special events and fund-raisers		\$75,000
Grants, event sponsorships and other misc. revenue		\$144,000
Total BID Program annual budget		\$259,000

Expenditures		
Program	Amount	Percent
1) Commercial Marketing Program	\$106,000	41%
a) Advertising and promotion (Ads, social media, etc.)		
b) Theme development		
c) Special events and activities		
d) Visitor attraction		
2) Civic Beautification and Signage Program	\$2,500	1%
a) Streetscape beautification, lighting		
3) Programs Administration and BID Management	\$150,500	58%
Totals	\$259,000	100%