

..Title

PROJECT ID 2026-01

PROJECT TITLE Support Neighborhood-Serving Retail in Sunnyvale

..Report

BACKGROUND

Lead Department: Office of the City Manager

Support Departments: Office of the City Attorney
Community Development
Finance Department

PROJECT SUMMARY

The project proposes to evaluate the city's current retail attraction and retention programs to address community concerns from the perceived potential loss of retail. The project also includes an assessment of current business support efforts, staffing levels, and performance measures to identify existing service levels, gaps, and areas for potential adjustment.

The project also supports Strategy Priority #4: Enhance and Maintain the Vibrancy of Retail of the City's Economic Development Strategic Plan (EDSP) to inform the creation of a retail development and retention strategy and identify policy and program options for Council consideration.

PROPOSED SCOPE OF WORK

A. What are the project objectives?

The project objectives include evaluating current retail attraction and retention services to identify factors that may positively influence retail activity and inform potential program and policy options.

B. What are the major tasks/deliverable?

This study will provide an assessment of current retail attraction and retention services, market conditions, and business needs, along with a range of potential policy and program options. The findings are intended to inform future Council decisions related to resource allocation, service levels, and strategies to address retail changes associated with economic conditions and development activity, including potential impacts on neighborhood-serving businesses.

The first phase will include an assessment of the retail attraction and retention services and resources. This will include evaluating current economic development service levels and staffing resources. Further, it will include measuring the types and percentage of various support services requested by retailers. It also will include re-evaluating marketing programs such as a "Shop Local" campaign previously launched during the pandemic to promote local businesses. In addition, it will include assessing current performance measures and identifying additional service measurements. A robust community engagement process will be followed to address the needs of the businesses as well as the residents.

This will also include a retail market analysis to inform the current retail landscape of the City's neighborhood areas. This includes mapping out retail areas, conducting an inventory of current retailers, providing a summary of tenant types and identifying site opportunities. It will also include an analysis of current and forecasted retail trends and conditions including data research and interviewing local retail brokers. A study session will be held during this phase to present preliminary findings for further analysis such as additional resources and program modifications.

The second phase will focus on assessing the city’s current retail development and retention programs and policies. This assessment will include benchmarking retail and retention services against the strategic goals and objectives of the EDSP to evaluate the current program efforts. This will also include collecting feedback on current retail development and retention efforts through retail visits and tenant interviews. An evaluation of small business programs and services including small business workshops organized in partnership with Small Business Development Center, Small Business Administration, SCORE and Grow with Google focused on marketing and strengthening business operations will also be conducted. Gaps in business service and program delivery will also be identified.

The final phase will focus on creating a Retail Development and Retention Strategy to advance the efforts of Strategy Priority #4: Enhance and Maintain the Vibrancy of Retail of the EDSP to provide enhanced services of these programs. This will include engaging a retail consultant to evaluate the city’s retail market as well as current retail attraction and retention efforts, providing industry expertise in attracting and retaining retail tenants, and developing the guidelines of these programs to implement. This will also include conducting a business needs assessment of current retailers to inform business service areas of focus and additional program considerations to retain and strengthen businesses.

C. Relevant key policy questions

Key policy considerations include the potential impact of prioritizing retail-focused efforts on resources and support for other industries such as office, industrial, emerging technology, R&D and start-ups. Consideration may also be needed regarding how retail support is distributed citywide including whether a focus on neighborhood-serving areas could limit support in other locations. Also, the review and evaluation of the City’s zoning code related to retail may be needed to determine whether modifications to the permitting process could affect timelines, resource requirements, and retail development outcomes.

COST ESTIMATE

Estimate Level of Effort	High
20-Year Cost	\$25,000
Funding Source	General Fund

Estimated Fiscal Impact by Phase and Fiscal Year

Project Phase	Fiscal Year	Estimated Cost	Notes
Planning / Feasibility	2026/27	\$0	Assessment of current retail service levels and retail programs, coordination of market analysis
Program Development	2026/27	\$25,000	Conduct business needs assessment by staff, contract with retail consultant
Ongoing Operation (if applicable)	2027/28	TBD	Costs for additional staffing resources

STAFFING & RESOURCE IMPACT

A. Estimated Staffing Requirements

This project will require allocating existing staff resources to evaluate current retail recruitment and retention activities, assess performance measures, and conduct business and community needs assessments. Staff will also coordinate with a retail consultant to support development of a retail attraction and retention strategy, along with other related project tasks.

B. Impact on Existing Workplan & Operational Projects

This project may also affect staff capacity to support ongoing efforts in areas such as downtown and Moffett Park, as well as other projects in other industry areas including office, industrial, emerging technology, R&D and start-ups.

TIMELINE

Milestone	Target Date
Project Initiation	October 2026
Council Action (if needed)	September 2027
Implementation (if approved)	July 2028

ALIGNMENT WITH COUNCIL STRATEGIC GOALS

This project aligns with the Council Strategic Goal:

Welcoming Community: By placing focus on providing retail support services with an emphasis on neighborhood serving areas.

..Recommendation

STAFF RECOMMENDATION

Include. This project should be included in the FY 2026/27 Recommended Budget, subject to available resources.

Staff recommends approving this project to evaluate and enhance retail support services to advance the implementation of the Economic Development Strategic Plan’s Strategy Priority #4: Enhance and Maintain the Vibrancy of Retail to meet the increased needs for business support needs of local retailers, retain small businesses, provide retail services to the community, and stay competitive in the market.

Prepared by: Christine Velasquez, Economic Development Manager

Reviewed by: Trudi Ryan, Director, Community Development Department

Reviewed by: Rebecca Moon, City Attorney

Reviewed by: Connie Verceles, Assistant City Manager

Reviewed by: Sarah Johnson-Rios, Assistant City Manager

Approved by: Tim Kirby, City Manager

ATTACHMENTS

1. Proposal ID: 2026-01

2026 Council Priority Project

..Title

PROJECT ID 2026-16

PROJECT TITLE Re-evaluate Nonresidential Sign Code Standards for Improvements and Compliance with the First Amendment

..Report

BACKGROUND

Lead Department: Community Development Department

Support Departments: Office of the City Manager

Office of the City Attorney

Finance Department

PROJECT SUMMARY

This study would consider amending the Sunnyvale Municipal Code Chapter 19.44 (Signs) and Chapter 9.58 (Signs on City Property) for multiple issues, including:

1. Review the Code to ensure consistency with recent sign code judicial decisions;
2. Ensure the Sign Code is responsive to business needs regarding nationally-branded signs, shopping center signage, temporary signs and digital signs;
3. Study the potential for digital signs and billboards as a method of an income source to the City.

PROPOSED SCOPE OF WORK

The current sign code was adopted in 2013 and amended in 2014 to add language to Title 9 that includes signs on City properties. Much of the revised sign code language is in place to protect First Amendment rights, which typically means that what is allowed for one should be allowed for all. As a result, Variances are not included in the code. These provisions include business signs, billboards, political signs, real estate signs, etc.

The scope of work is not expected to be as extensive as the code rewrites in 2013 and 2014. The goal of this effort will be to study if changes can be made to retain the goals of the current sign code while providing businesses with a process that allows them to meet business needs and be standardized. This effort will include reviewing the approval process, reviewing sign type, size and location options, signs for shopping centers with multiple businesses, and reviewing options for digital signs. The effort will also include reviewing billboard options, specifically as a means of providing an income source for the City.

The 2013 effort included extensive outreach, including visiting every business on El Camino Real notifying the owners and operators of the review of the code and to invite their participation. This prior effort was significant and is not included in estimating the work necessary for this current project. In 2013, the Office of the City Attorney used outside counsel with an expertise in sign law. It is anticipated the same would be required for the current effort.

The effort to consider billboards (which have never been allowed in Sunnyvale), digital signs, and signs on City property that could be an income source for the City will require a significant effort to ensure First Amendment rights are met for other properties desiring

billboards. The majority of properties fronting Highway 101 are used for residential purposes, which are unlikely locations for billboards. The locations that may be considered include State Route 237, El Camino Real, Mathilda Avenue and Lawrence Expressway.

This project addresses the need for clear, consistent standards and permitting processes for business signage and signage on City property, while also creating a potential revenue source for the City.

A. What are the project objectives?

The goals of the effort will be to ensure the sign code is clear and easy to apply consistently, to respond to the concern that the code language and processing is not business-friendly, and to determine avenues to allow billboards and digital signage in the city. Simplifying sign permit processing would provide the business community with an easy approach to understanding the requirements and process to receiving sign permits. The goal would be to expand sign options that also meet First Amendment guidelines and City aesthetic standards.

B. What are the major tasks/deliverable?

A study session with Council to refine the topics to be studied. Staff will set up an outline of work, hold outreach meetings for business owners and the public, return to Planning Commission and City Council study sessions, and then go to Planning Commission and Council for final action.

C. Relevant key policy questions

The key policy questions include:

- Creating new sign code policies that meet First Amendment standards;
- Determining if changes can be made to Title 9 (Public Peace, Safety or Welfare) regarding signs on City properties and rights-of-way;
- Whether the City wants to introduce billboards and digital signs in the community and where they should be located.

COST ESTIMATE

Estimate Level of Effort	Medium-High
20-Year Cost	\$200,000
Funding Source	General Fund

Estimated Fiscal Impact by Phase and Fiscal Year

<u>Project Phase</u>	<u>Fiscal Year</u>	<u>Estimated Cost</u>	<u>Notes</u>
Planning / Feasibility	2027	\$150,000	Outreach costs, consulting outside counsel
Design / Program Development	2027	\$50,000	Ordinance implementation
Implementation / Construction (if applicable)	N/A	TBD	Study would identify any costs or revenue depending

			on selected changes
Ongoing Operation (if applicable)	N/A	TBD	Study would identify any costs or revenue depending on selected changes

STAFFING & RESOURCE IMPACT

A. Estimated Staffing Requirements

A sign code revision to make fairly major amendments is a complicated effort. It will require significant time to: determine the specific aspects that Council would like studied, public outreach to all groups and individuals affected by the Sign Code, and having outside counsel to review proposed amendments

B. Impact on Existing Workplan & Operational Projects

The effort would be affected by the current heavy workload related to State Law changes, Housing Element implementations, complex subjects under review, and staffing limitations. It is estimated that work on the Sign Code effort wouldn't begin in earnest for 9-12 months, given the existing workload.

TIMELINE

<u>Milestone</u>	<u>Target Date</u>
Project Initiation	January 2027
Council Action (if needed)	November 2027
Implementation (if approved)	November 2027

ALIGNMENT WITH COUNCIL STRATEGIC GOALS

This project aligns with the Council Strategic Goal:

Responsive Government: Reviewing the sign code for opportunities to improve the approval process, clean up parts of the code that are difficult to understand or are not the intention of the Council would closely align with having the City be responsive to the community.

..Recommendation

STAFF RECOMMENDATION

Include. This project should be included in the FY 2026/27 Recommended Budget depending on available resources.

Staff recommends taking a multi-pronged approach to this Council Priority Project.

1. Review the sign code to ensure it meets current case law for signs and make changes as necessary
2. Review options for revised signage for shopping centers and other businesses to provide opportunity for smaller business signs
3. Review options for billboard and digital sign options in the city, including locations, size, brightness, neighborhood compatibility, and meeting the goals of the number of billboards desired in the city
4. Review options for monetizing billboard locations to benefit the City
5. Review and amend permitting process for the review of signs

Prepared by: Andrew Miner, Assistant Director, Community Development Department

Reviewed by: Trudi Ryan, Director, Community Development Department

Reviewed by: Connie Verceles, Assistant City Manager

Reviewed by: Sarah Johnson-Rios, Assistant City Manager

Approved by: Tim Kirby, City Manager

ATTACHMENTS

1. Proposal ID: 2026-16