

RESOLUTION NO. ____-14

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SUNNYVALE TO LEVY AN ANNUAL ASSESSMENT FOR
THE DOWNTOWN SUNNYVALE BUSINESS
IMPROVEMENT DISTRICT FOR FISCAL YEAR 2014-2015**

WHEREAS, on April 8, 2014, the City Council of the City of Sunnyvale (the "City") adopted a Resolution of Intention to Reauthorize the Downtown Sunnyvale Business Improvement District (Resolution No. 641-14) (the "District"), to levy 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 6, 2014, 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:

1. Report. The City Council hereby approves the Business Improvement District Annual Report for FY 2014-2015 ("Annual Report") attached as Exhibit A.
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 the Annual Report.
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 2014-2015.
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 2014-2015.
5. Method of Collection. The benefit assessment for Downtown Sunnyvale businesses shall be billed and collected by July 30, 2014. 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 to 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 original due date. If payment is not received after five months, the City will forward delinquent accounts to collections agency for further action. Once the business is assigned to the collections agency, additional fees will accrue.

Adopted by the City Council at a regular meeting held on May 6, 2014, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

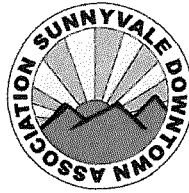
City Clerk
(SEAL)

Mayor

APPROVED AS TO FORM:

City Attorney

EXHIBIT A



2014 ANNUAL SDA STATE OF THE DOWNTOWN REPORT

What is a BID

A BID (Business Improvement District, authorized by State of California law) is a private sector funding tool that provides funding for the promotion and improvement of a specific area. All business license holders inside the said district are self-assessed 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 a tool 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 in order to be reauthorized. Specifically, the City Council must first approve the Annual Report and then adopt a ROI to reauthorize the BID for a second year. Once the ROI is adopted, a public hearing must be held during a Council meeting.

Businesses pay into the BID based on the benefit they receive as members of the district. The funds collected can only be used for projects within the BID boundaries. The business community maintains full control of all BID funds collected.

The formula for determining the BID assessment amount is determined by the Board, not the City. The Board takes into account the type, size, and location of the businesses and determines the most equitable formula for each type of business. Assessments are levied on businesses on the basis of relative benefit from the activities to be funded. The City collects the fee on an annual basis. Normally, BID assessments are included as a separate charge on the business license tax bill that every business within the BID boundaries receives. However, because Sunnyvale has a two-year business license tax cycle, a separate billing process is being used. 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 cost is reviewed and adjusted annually as needed.

History of Sunnyvale's BID

On December 13, 2005, Council approved the Sunnyvale Downtown Association's (SDA) request of \$6,400 to hire a consultant and a part-time executive director to conduct a Property/Business Improvement District (P/BID) feasibility study. The feasibility study concluded that there was sufficient support from downtown businesses to form a BID. On August 22, 2006, Council approved funds in the amount of \$47,050 to hire a consultant and fund the part-time executive director position to form a BID in downtown Sunnyvale. On January 30, 2007, Council adopted the Resolution of Intention to Establish a Downtown Sunnyvale Business Improvement District. On February 27, 2007 a public hearing was held to hear comments from the downtown businesses. On March 6, 2007, Ordinance 2830-07 was adopted by Council and the BID was established for Downtown Sunnyvale.

The BID's first year included approximately 130 businesses located in the BID area, bounded by Sunnyvale, Iowa, Mathilda and Evelyn Avenues. As of 2014, the current Board, made up of the Sunnyvale Downtown Association representatives include: Chair - Joe Antuzzi, IL Postale, Vice Chair - Gary Gold, Dr. Gary Gold & Associates, Secretary - Leigh Odom, Leigh's Favorite Books, Treasurer - Joe Antuzzi, IL Postale, Members At Large - Kathy Johnson, Broadcom, Donna Lang, Tangerine, Johnny Sevey, Rok Bistro and Joel Wyrick, SDA/Executive Director.

Mission of The SDA

Sunnyvale Downtown Association (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 business improvement district (BID) fees, city grants, sponsorships and revenue producing events.

The Sunnyvale Downtown Association (SDA) serves as the voice of downtown Sunnyvale by:

- Advocating for policies, programs and events that support the economic growth of the downtown core
- 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 Organization's that share in the growth, beautification, and continual vitality of downtown Sunnyvale
- Serving as the primary information portal to all events, attractions and programs stemming from the downtown core

Budget

Total BID fees collected from the businesses located within the BID totaled \$30,253.00 for our 2013/14 fiscal year. The BID fees act as seed money for the SDA and represents about one fourth of the overall SDA budget. The rest of SDA revenue comes from a combination of support from the City of Sunnyvale, sponsorships, sales/concessions and event participant fees. By state law, the BID money can only be used to support general business activities, promote public events, decorate public places and provide entertainment inside the BID area. BID funds are used for a myriad of projects including: advertising, marketing materials, visitor guides, website, e-letters, street/holiday lighting and events.

On January 22, 2014 the Board of Director's approved the renewal of the BID. Attached (Exhibit A) is a copy of the SDA's expense & revenue report for July 1, 2013 through June 30, 2014 along with projections for the 2014/15 fiscal year.

Events

The BID, SDA staff and Board decided to use the monies to produce, Summer Series Music + Market, The Jazz & Beyond Series and the Holiday & Christmas Tree Lighting. The Magic of Sunnyvale Wine Stroll, Game Day, Carni Gras and St. Patty's Day are pending due to funding and board/staff recommendations. Last year's events grossed 106k from the sales, sponsorships and grants.

Event Revenue & Overview

All events stayed within or very close to budget. As in years past, The Christmas Tree Lighting has no sales associated with the event but turns a profit due to very little City service fees attached to the event and good sponsorship support. Summer Series Music + Market is a constant while the Jazz & Beyond series has increased attendance at 20 % each year for the past three years. Although successful, we are evaluating The Magic of Sunnyvale Downtown Wine & Food Stroll possible at skipping this year and resuming when Solstice and Lofthouse both have retail occupants.

Event Sponsorships

Staff were able to secure enough sponsorships for last year's events. Continual support has come from Broadcom, BRE, Carmel Properties, and Palo Alto Medical Foundation.

Future

The BID Board strongly recommends that we continue the BID assessment. The BID serves as the SDA's seed money. Without the BID, we couldn't provide the services and events to our community. The BID will continue with producing quality events and promoting downtown Sunnyvale as a great place to live, visit shop and do business. These events are especially important to continue to attract patrons to our downtown.

As we know, the BID is a self-imposed tax of the downtown businesses. Outside of paying their standard fees, taxes and licenses associated with owning and operating a business these businesses have been and continue to reach into their pockets and come up with additional monies to: promote, market and create events for the City of Sunnyvale and our community.

We ask that the City Council consider matching the contribution made by the businesses. There are two fundamental reasons why. One, most of our events should be City partnered events. We are one of the few cities who doesn't partner or produce large community events for their downtown community. This has been our intent for a few years now, but past council members felt we needed to show that our organization was capable of marketing Sunnyvale. The last three years has proven that the SDA can create new events, market and produce events at a fraction of the cost of what the City would have to pay and still provide a safe quality event. Of course, the City would have direct input and final approval on where or what their contribution will be used for. Secondly, these matching dollars will enable us to compete with the other communities by producing yearlong quality events, retain quality staff and market our city/downtown through our website and visitors guide. As a downtown our initial marketing budget is \$30,000 (thirty thousand). We as a city have to become more proactive when marketing ourselves. Our events and efforts bring new people to our downtown. Our visitors may come with intent on attending a certain event as advertised, but they soon discover the great amenities that set Sunnyvale apart from all of the other south bay cities. A real downtown that features great restaurants, retail stores and housing - a new place they can call home.

All of the marketing, events and activities produced by the SDA is a direct reflection of our City. SDA would like the city of Sunnyvale to be a fiscal partner. We are not asking for a hand-out; we are asking for a hand. We recognize this as a true partnership, should the businesses decide to no longer invest in our downtown and pay into the BID the city shouldn't either. Our partnership becomes even more critical as we are the closest city with a downtown to the new 49er stadium. This fiscal impact to our downtown can be tremendous if we market and brand ourselves accordingly. Through well thought out marketing and event planning we will be the downtown to go to before and after any event that comes to the stadium! With the city matching funds we can accomplish this. Part of the funds would be used for "Game Day" a 49er celebration event during pre-season or at season opener in with the intent of establishing downtown Sunnyvale as the downtown of the 49ers and any other event taking place at the stadium! Strategic advertising through sites like Google and Facebook will be used to direct pre and post traffic to downtown Sunnyvale. Matching funds is a crucial component to make this happen as this year is the only time we can make a first impression.

Commercial marketing and promotion will continue. Resources for marketing will include local and regional publications. Maintenance of the SunnyvaleDowntown.com and Facebook sites will continue in order to maintain an internet presence.

Overview

I am proud to say we continue to be one of the most productive downtown associations in the bay area, considering the seed money we start with. Other associations are quite impressed with our efficiency and the amount of events and services we provide our BID members. We continually seek out ways to create an even more attractive downtown for the community, its visitors and give many others a reason to live in our downtown and surrounding neighborhoods.

We look forward to working with the new developer (of the former Town Center site) and hope that the City includes the SDA in its dialogue. The SDA strongly believes that mitigation fees should be part of this dialogue and be re-instituted as soon as a new developer takes over the project. Block 18 is paramount in the making a vibrant downtown Sunnyvale and allowing the SDA to be part of the process would only make it an even better place to live, work and play.

Proposed projects are based on the proposed budget for 2014. Projects/events will be modified based on budget actuals as assessments are made and sponsorships are received.

Thank you for your past support and once again please support our request to continue the BID assessments.

If you have any questions please do not hesitate to call the SDA at 408-516-7217.

SDA ORGANIZATION EXPENSE & REVENUE REPORT				2013-14	2014-15	Notes & Comments
				Actual	Projected	Projected
EXPENSES						
	Advertising, Promotion & Marketing			\$ -	\$ 5,000.00	Visitor's Guide
	Commissions & Fees (memberships, etc.)			\$ -		
	Conferences, meetings & seminars (attended)			\$ -	\$ -	
	Contract Labor			\$ 39,600.00	\$ 39,600.00	
	Dues/Subscriptions/Contributions			\$ -	\$ -	
	Employee Health Benefits			\$ -	\$ -	
	Events (costs directly associated with the event)					
	Summer Series Music + Market			\$ 45,537.92	\$ 47,000.00	
	Jazz & Beyond			\$ 27,342.57	\$ 28,000.00	
	Holiday Christmas Tree Lighting			\$ 6,944.69	\$ 7,000.00	
	Magic of Sunnyvale Wine & Food Stroll			\$ 10,554.68	\$ 11,000.00	
	Game Day					
	St Patty's					
	Carnival			\$ -	\$ -	
	Finance Services Charges				\$ -	
	Insurance					
	General			\$ 4,618.00	\$ 4,700.00	
	Directors & Officers			\$ -	\$ -	
	Workman's Compensation			\$ -	\$ -	
	Janitorial & Cleaning			\$ -	\$ -	
	Legal & Accounting			\$ 496.00	\$ 500.00	
	Audit			\$ -	\$ -	
	Legal			\$ -	\$ -	
	Maintenance, Beautification & Repair (incl murphy lights)			\$ -		
	Office Supplies			\$ 100.00	\$ 100.00	
	Payroll Taxes			\$ -	\$ -	
	Postage			\$ -	\$ -	billed to individual projects
	Printing & Reproduction			\$ -	\$ -	billed to individual projects
	Purchases			\$ -	\$ -	
	Rent			\$ 2,421.43	\$ 2,500.00	(no office 2012 - PO box & Pod)
	Staff Salaries				\$ -	none we subcontract everything
	Supplies (non office)			\$ -	\$ -	
	Taxes, Licenses & permits			\$ 781.00	\$ 800.00	
	Telephone/ Internet/Website			\$ 1,260.00	\$ 1,300.00	
	Travel & Entertainment			\$ 580.00	\$ 600.00	research
	Utilities			\$ -	\$ -	
TOTAL EXPENSES				\$ 140,236.29	\$ 148,100.00	

[illegible]



DOWNTOWN BUSINESS IMPROVEMENT DISTRICT ZONES

0 75 150 300 Feet



Legend

- ZONE A
- ZONE B
- ZONE C