

**REVISED BUDGET
SUPPLEMENT NO:****8****May 1, 2015****SUBJECT: Sunnyvale Downtown Business Association \$30,000 Funding Request****BUDGET SUPPLEMENT REQUEST SUMMARY**

The Sunnyvale Downtown Association (SDA), on behalf of the Business Improvement District (BID), requests five years of annual funding of \$30,000 from the City to support promotional efforts through special events and other marketing tools. Approval of this request would create a project budget for annual funding of \$30,000 to the BID from the General Fund for five years starting with Fiscal Year 2015/2016.

BACKGROUND

~~The SDA requests five years of annual funding of \$30,000, and a formal partnership with the City in order to expand SDA's current marketing efforts of Downtown Sunnyvale. The request is detailed in Attachment A. The reason for the request is to stabilize their existing budget and to extend a formal invitation to the Vice Mayor to serve on the BID's Board of Directors. The Vice Mayor position assignment would eliminate a long term commitment from one person since the position is rotated annually. The Vice Mayor's assignment would not require a formal selection process for a board member appointment.~~

The SDA coordinates downtown events including the Summer Music and the Jazz & Beyond series. These are summer events and range from nine (9) to twelve (12) events each year. The fluctuation in number of events is due to annual funding available to the SDA. In order to create a consistent schedule that will support the community and continue with a recognized brand for Downtown Sunnyvale, the SDA would like to use the requested funds to implement a set number of annual events in the downtown and expand their marketing tools to include social media, banner placement at the intersection of El Camino Real and Wolfe Road, and opportunities for cross-promotion between the City's and SDA's social media tools.

On June 24, 2014, Council approved a budget supplement for \$30,000 in matching funds to support the SDA's events including the Summer Music Series, Game Day, The Magic of Sunnyvale and Wine Stroll, and an update to the business directory. This funding was approved for use during the SDA's 2014/2015 Fiscal Year. The Summer Music Series events were successful and continued to attract over 2,000 people per event. The SDA was also able to fund "The Magic of Sunnyvale and Wine Stroll" event currently scheduled for May 9, 2015.

The SDA receives sponsorships from businesses and other agencies to supplement event budgets. These sponsorships include financial and in-kind services. These sponsorships fluctuate on an annual basis and are not a dependable source of income. The partnership and requested funding would enable the SDA to work with City staff to develop and/or enhance events that will continue to serve the community and attract new visitors.

EXISTING POLICY

General Plan - Land Use and Transportation, Policy LT_4.3:

Support a full spectrum of conveniently located commercial, public, and quasi-public uses that add to the positive image of the City.

General Plan - Land Use and Transportation, Policy LT -7.4:

Create a strong, identifiable central business district that provides regional and City wide shopping opportunities.

General Plan - Citywide Vision, Goal IX – Dynamic Downtown:

To create and support a strong and attractive traditional downtown which serves as the community's central marketplace, common gathering place and symbolic center.

DISCUSSION

According to the SDA, the funding will allow them to stabilize their budget to continue producing the same number of annual events. The SDA would schedule eleven (11) Summer Music and eight (8) Jazz & Beyond events, and continue The Magic of Sunnyvale and Wine Stroll on an annual basis. The funding would also be used to develop additional marketing tools that continue to support Downtown Sunnyvale as a place to visit for entertainment, dining, and a variety of shopping opportunities.

~~Along with the funding request, the SDA invited the Vice Mayor to serve as a non-voting member of the BID's Board of Directors and requests Economic Development staff's continued support and partnership. This gives the City an opportunity to participate in the planning, marketing and promotion of Downtown Sunnyvale. With the new businesses opening in Downtown Sunnyvale, SDA feels that having this partnership with the City will increase visibility and increase marketing opportunities.~~

Staff contacted several neighboring communities regarding their support for associations, non-profits and neighborhood group events. Cities such as Palo Alto, San Jose, and Mountain View issue grants in support of events that help attract the public and support their cities' branding efforts. These same cities support their BIDs by providing in-kind services to administer BID legal processes, billing and payment collections. The City currently charges the SDA an average of \$2,000 annually for administration of billing and payment collection. While there is no direct partnership between the cities and business associations, these cities do continue to provide staff support and approve annual funding through their grant programs. Additionally, San Jose and Mountain View have contracts with their downtown associations and/or Chambers in order for those agencies to develop and distribute marketing materials promoting their communities.

Service Level Impact

Funding of this budget supplement will not impact current service levels.

FISCAL IMPACT

This budget supplement would allocate \$30,000 annually from the General Fund to the SDA for a total of \$150,000 at the end of the project life. The annual funding would be disbursed on a reimbursement basis.

ALTERNATIVES

1. Approve the \$30,000 annual funding for five fiscal years requested by the Sunnyvale Downtown Association and direct staff to create a project budget account to distribute on a reimbursement basis.
- ~~2. Approve and ratify the Vice Mayor serving as the City liaison to the SDA's board as a non-voting member as an intergovernmental assignment.~~
- ~~3.2.~~ Do not approve the \$30,000 annual funding requested by the Sunnyvale Downtown Association.
- ~~4.3.~~ Approve an amount to be funded annually over the course of a specific number of years to the Sunnyvale Downtown Association, to be disbursed on a reimbursement basis and for specific purposes only, as directed by City Council. If the amount is greater than proposed in Alternative 1, a funding source must be identified.
- ~~5.4.~~ Other direction as provided by Council.

STAFF RECOMMENDATION

Staff recommends Alternatives 1 ~~and 2~~: Approve the \$30,000 annual funding for five fiscal years requested by the Sunnyvale Downtown Association and direct staff to create a project budget account to distribute on a reimbursement basis. ~~and approve and ratify the Vice Mayor serving as the City liaison to the SDA's board as a non-voting member as an Intergovernmental Assignment.~~

Staff recommends approval of the annual funding for the next five years. Council recently made the Downtown a policy priority in order to improve the recognition of downtown as a destination and increase the economic vitality. ~~Developing a partnership with the SDA will provide the City with additional resources for marketing and outreach to attract visitors.~~ Summer events coordinated by the SDA continue to draw over 2,000 people to Downtown Sunnyvale on a weekly basis. Increasing marketing/outreach for these events can help increase attendance and at the same time create a sense of place for people to visit and enjoy.

The SDA may also provide support should Council hire an economic consultant to analyze the Town Center project area's market potential and land use fiscal implications. Consultants typically include outreach to stakeholders to collect current market data, and outreach to the community to evaluate current issues that could affect the area's economic vitality. A partnership with the SDA would support the outreach efforts utilizing the SDA's communication process already in place. This tool would provide the City direct contact with business owners. Also, direct

communication from the SDA may provide a better way to improve participation in a committee, focus group, and attendance at outreach meetings. Also, inclusion of the SDA/BID members in the City's priorities for Downtown would enhance the City's ability to disseminate information to the public and reduce the opportunities for rumors.

Reviewed by:

~~Robert A. Walker, Assistant City Manager~~

~~Prepared by: Connie Vereeles, Economic Development Manager~~
~~Hanson Hom, Director of Community Development~~

Prepared by: Maria Rodriguez, Administrative Analyst

Reviewed by:

Grace K. Leung, Director of Finance

City Manager's Recommendation

☒ Approve Budget Supplement for funding

☐ Do Not Approve Budget Supplement for funding

Deanna J. Santana, City Manager

Attachment

1. SDA's Funding Request