

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF SUNNYVALE CONFIRMING THE DOWNTOWN
SUNNYVALE BUSINESS IMPROVEMENT DISTRICT
ANNUAL REPORT FOR FY 2019/20 AND TO LEVY AND
COLLECT AN ANNUAL ASSESSMENT FOR THE
DOWNTOWN SUNNYVALE BUSINESS IMPROVEMENT
DISTRICT FOR FISCAL YEAR 2019/20**

WHEREAS, on March 26, 2019, 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. 932-19) (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 7, 2019, 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:

1. Report. The City Council hereby confirms the Business Improvement District Annual Report for FY 2019-2020 ("Annual Report") as set forth in 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 Exhibit B.
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 2019-2020.

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 2019-2020.

5. Method of Collection. The benefit assessment for Downtown Sunnyvale businesses shall be billed and collected by July 30, 2019. 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 _____, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

RECUSAL:

ATTEST:

APPROVED:

City Clerk

Mayor

(SEAL)

APPROVED AS TO FORM:

City Attorney



February 1, 2019

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 2019/2020 BID Renewal Request

To the Mayor and City Councilmembers of Sunnyvale,

First, I'd like to thank the City of Sunnyvale, the Mayor and City Council for your matching BID funds, support, and attendance of our events last season. We are looking forward to another great year of exciting events for the community, our downtown businesses, and the City of Sunnyvale.

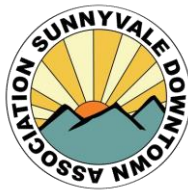
The SDA is requesting that the City reauthorize the BID for Fiscal Year 2019/2020. On January 17, 2019, the Board of Directors approved the 2019/2020 BID Budget. Attached is a copy of the SDA's expense & revenue report for July 1, 2018 through June 30, 2019 actuals along with projections for the 2019/2020 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



Sunnyvale Downtown Association's 2019/2020 State of the Downtown

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 to be reauthorized. Specifically, the City Council must first approve the Annual Budget and then adopt a Request of Information (ROI) to reauthorize the BID for another 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 defining our BID assessment amount is determined by the Board members, and not the City. The Sunnyvale Downtown Association (SDA) Board considers the type, size, and location of the businesses and determines the most equitable formula for each type of business. Assessments are levied on businesses based on 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.

The current Sunnyvale Downtown Association Board of Directors are: Chair - Joe Antuzzi, Il Postale, Vice Chair - Gary Gold, Dr. Gary Gold & Associates, Secretary - Leigh Odum, Leigh's Favorite Books, Treasurer - Joe Antuzzi, Il Postale, Members At Large – Amit Rajgarhia, Dish Dash, Irene Murphy, Fibbar MaGees, Victor Reynoso, aloft Hotel, Crystal Johnson, RiverRock Real Estate Group, and Michael Johnson, 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 the business improvement districts (BID) fees, City grants, sponsorships and revenue producing events.

The Sunnyvale Downtown Association 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 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

2018/19 BID fees collected from the businesses totaled \$35,740 (16% of Income) and the City of Sunnyvale contribution (13%) acts as SDA foundational funding. The rest of SDA revenue comes from a combination of support from 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 29, 2019, the Board of Director's approved the renewal of the BID. Attached is a copy of the SDA's expense & revenue report for July 1, 2018 through June 30, 2019 (forecast) along with projections for the 2019/20 fiscal year. Below we have included a brief overview of some of the major expense areas. I have also attached the full fiscal 2019/20 budget for your review. The SDA has restructured the budget starting with fiscal year 2018/19. The projections submitted for fiscal year 2018/19 have been updated to match the new budget structure.

We were fortunate this year to have received City grant support and a larger level of sponsorship. This helped us in not only reaching but also exceeding our projected budget for this year, and for that we are grateful. We can't always guarantee that we will always have this level of sponsorship support, so we continue to rely on all support channels to ensure fiscal accountability.

Account	2018 / 2019 Actual Forecast	2019 / 2020 Projected
INCOME		
<i>BID Fees</i>	\$35,740	\$36,000
<i>City Contribution</i>	\$30,000	\$30,000
<i>City Grants</i>	\$6,200	\$7,000
<i>CityLine Marketing Support</i>	\$2,100	\$1,800
<i>Event Revenue (Sponsorship, Sales, Fees)</i>	\$151,138	\$160,000
TOTAL INCOME	\$225,178	\$234,800
EXPENSES		
<i>Personnel / Staffing Related</i>	\$86,213	\$97,000
<i>Office/General Admin Expenses</i>	\$29,165	\$29,923
<i>City Fees</i>	\$7,192	\$5,500
<i>Sales Tax</i>	\$10,500	\$15,500
<i>Stage ADA Compliance</i>	\$4,200	\$6,500
<i>Event Expenses</i>	\$88,437	\$88,000
TOTAL EXPENSES	\$225,707	\$242,423
TOTAL PROFIT/LOSS	(\$529)	(\$7,623)

Events

This year the SDA has produced 11 Summer Series Music + Market, 8 Jazz & Beyond, 4 VUDU Movie Nights on Plaza del Sol, the Technology Business Expo in conjunction with the City, and our Annual Holiday Tree Lighting as well as plans are underway for the Magic of Sunnyvale Wine Stroll. Our 2018/19 events will gross \$151K from the sales, sponsorships, and event participation fees.

Additionally, Sunnyvale Downtown was a destination for other community events including: PAL Classic Car Show, Rides for Toys and the Sunnyvale State of the City.

Event Related Financial Breakdown

All events stayed within budget. The focus in 2018/19 has been in operations management and improving the quality of our events. We optimized our contracted labor, used advanced marketing to promote events and improved our operations as well as communication. We attracted new sponsors, which helped balance reductions in sales/concessions and we met attendance expectations as well as increased interest in the Jazz & Beyond.

Account	2018 / 2019 Actual Forecast	2019 / 2020 Projected
INCOME		
<i>Summer Series Music + Market</i>	\$66,861	\$68,000
<i>Jazz & Beyond</i>	\$27,043	\$33,000
<i>Movie Night on Plaza del Sol</i>	\$8,287	\$9,000
<i>Technology Business Expo</i>	\$5,000	\$5,000
<i>Annual Holiday Tree Lighting</i>	\$8,500	\$10,000
<i>Magic of Sunnyvale & Wine Stroll</i>	\$34,547	\$34,000
<i>Classic Car Show</i>	\$900	\$1,000
TOTAL EVENT INCOME	\$151,138	\$160,000
EXPENSES		
<i>Summer Series Music + Market</i>	\$43,368	\$40,000
<i>Jazz & Beyond</i>	\$12,000	\$19,000
<i>Movie Night on Plaza del Sol</i>	\$8,109	\$7,000
<i>Technology Business Expo</i>	\$5,000	\$5,000
<i>Annual Holiday Tree Lighting</i>	\$5,044	\$6,000
<i>Magic of Sunnyvale & Wine Stroll</i>	\$12,316	\$11,000
<i>Marketing / Print / Stage / City Fees / Tax / Misc.</i>	\$24,492	\$27,500
TOTAL EVENT RELATED EXPENSES	\$110,329	\$115,500
TOTAL EVENT PROFIT/LOSS	\$40,809	\$44,500

Our event income is dependent on obtaining event sponsorship. The Wine Stroll is late in the fiscal year and the Summer Series spans both fiscal years. Recent financial challenges include taxes and investment in augmenting our event stage for ADA compliance. We are confident we will achieve final sponsorship commitment but are dependent on City contributions as well. We are also considering requesting payments for hosted guest events downtown for access, basic support and promotion in 2019/20.

Event Sponsorships & City Contribution

We are very grateful for the continued support from the City and many Sponsors who have helped keep our SDA events growing and continuing to serve the community in 2018/19. We'd like to give special thanks to the City of Sunnyvale, CityLine Sunnyvale, Google, VUDU Movies & TV, Walmart Labs, Baidu, Specialty Waste, Meriwest Credit Union, Sand Hill Property Management, Kenneth Rodrigues & Partners, Murphy Square, KettlePop and UFC Gym.

We believe our downtown businesses need City and Sponsorship support for these events more than ever. With ongoing downtown development, the new minimum wage increase, and the high cost to do business in downtown Sunnyvale, the events allow for business owners to maintain some level of profitability and their business livelihood. Since September three businesses have closed and we fear that this is only the beginning as small businesses work to adjust and hopefully survive during these turbulent times.

Without sponsorship as well as City support, we cannot guarantee delivery of the events which are so critical to attracting new people downtown. We currently need to wait each year until mid to late January to have a sense of

the amount of sponsorship support and City Contributions we'll be receiving to ensure if we can put on the events that we currently have scheduled to deliver annually.

We are actively working to secure sponsorship commitments for the late 2018/19 events as well as the 2019/20 events and are thankful for some returning sponsors. We also hope to introduce the Sunnyvale downtown community to new sponsors and provide more sponsorship opportunities.

Future

We believe that keeping the BID Fee assessment, in conjunction with the City contribution, in place provides the foundational funding for our organization. The BID's goal is to continue producing quality events and promoting downtown Sunnyvale as a great place to shop, dine, work and live. These events are especially important to continue to attract new visitors to our vibrant, growing downtown as well as community pride.

Our BID fees are 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 downtown community.

We appreciate that you have continued to support the BID and want you to know, we don't take your support for granted. As always, we continued to be good stewards of all funds, grants, and sponsorships that we receive and consider each other partners with common goals for a vibrant downtown.

Our commercial marketing and promotion will continue. These resources for marketing include local and regional news outlets and publications. Expanding the reach of our messaging via our SunnyvaleDowntown.com website and all our social media sites like Facebook, Twitter and YouTube. We continue to maintain a strong local community internet presence with event calendars and sites like Eventbrite to promote Sunnyvale Downtown.

This past year was focused on improving the quality of our events with attention to our operations, financial oversight and strengthening partnerships downtown businesses, CityLine Sunnyvale and our sponsors. In the year ahead, we want to continue to apply our learning, increase financial interest with more sponsorship and expand our event audience. We improved our communications greatly this past year and want to build on that success to ensure our BID members are supported and promoted and the community is informed and proud of our downtown, our city and the direction we are heading.

Overview

The 2018/19 year proved to be very successful for the Sunnyvale Downtown Association. Early in the year, we adjusted our event resources and invested in better financial tools and operational management. We executed an outreach campaign to all BID members and ensured regular contact throughout the year. We executed our reoccurring events, doubled our Movie Nights on Plaza del Sol, and hosted new guest events including the State of the City, PAL Classic Car Show and Rides for Toys. The community truly enjoyed these new additions to our events lineup.

Moving forward in the 2019/20 fiscal year, the SDA continues to host 11 Summer Series + Market concerts, 8 Jazz & Beyond events, 4 VUDU Movie Nights, the Annual Holiday Tree Lighting and the Magic of Sunnyvale & Wine Stroll as well as look forward to collaborating again with the City on the Technology Business Expo. We also are excited to be hosting the PAL Classic Car Show and the return of the Sunnyvale Halloween Pet Parade!

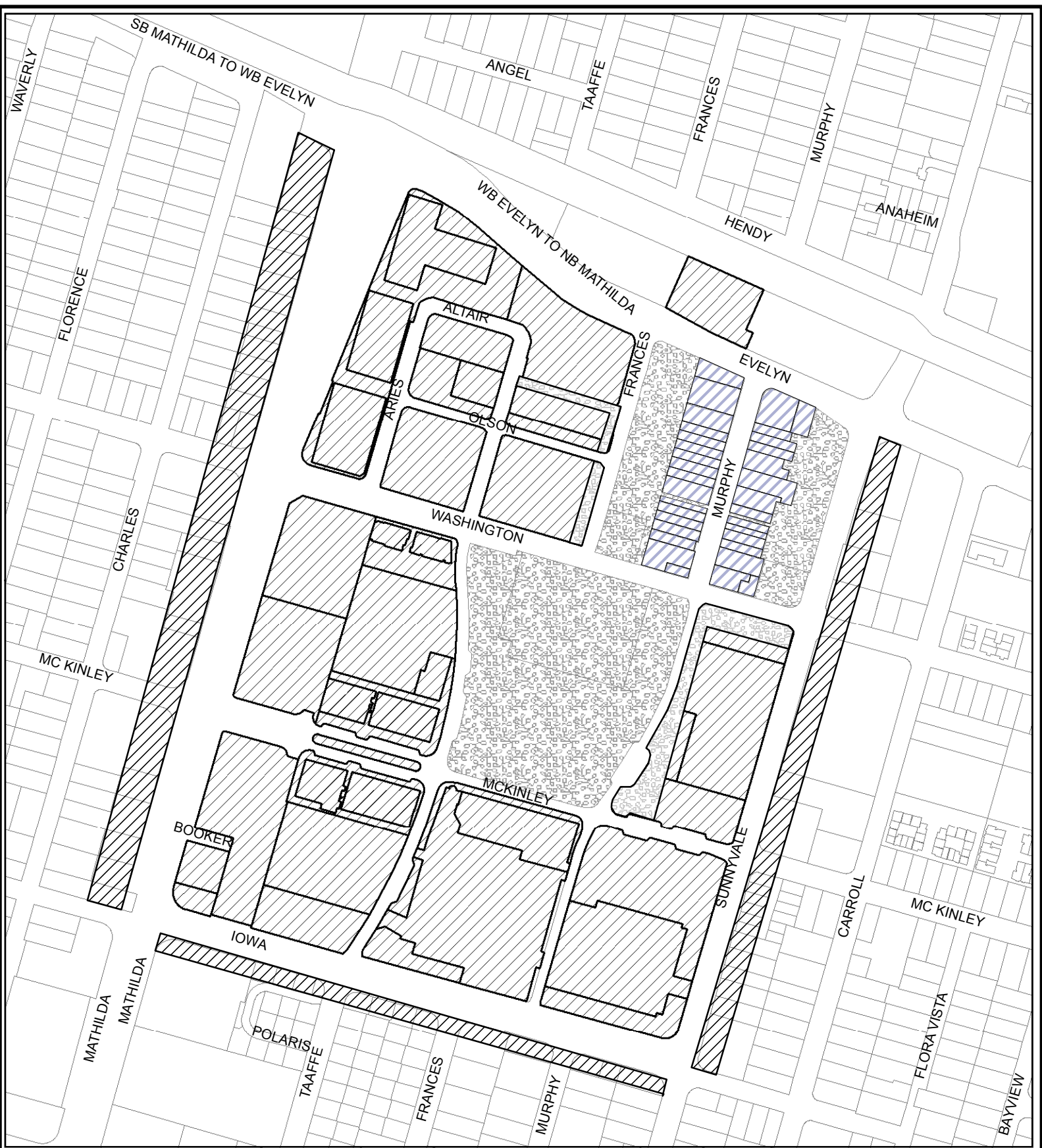
We are continually exploring new events and sponsorship opportunities to draw more attention to our growing business community and vibrant downtown. The SDA will continue to work with CityLine developers, property managers and the City of Sunnyvale to promote cohesion between the existing businesses in Sunnyvale and the expansion of one Sunnyvale downtown.

We want to thank all the Sunnyvale Downtown Businesses, who without their participation and support this would not be possible. We appreciate the many sacrifices that our BID members have endured with the continued growth of our downtown. Moving forward we are excited and optimistic about the future and the possibilities it brings.

If you have any questions, contact Mike Johnson, SDA Executive Director, at 408-480-5437

	Sunnyvale Downtown Association				
	General P&L 2018/2019				
Expenses		Actual		Projected	
	FISCAL YEAR	18/19		19/20	
Administrative					
	Insurance	\$ 6,565.00		\$ 7,222.00	Events, new Director & Officer Ins., Worker's Compensation, and Pet Parade policy
	Marketing & Advertisement	\$ 8,200.00		\$ 8,200.00	Post Cards, Flyers, Banners, Menus, Social Media, Explore Magazine and State of Downtown Outreach
	Bookkeeping/Accounting	\$ 5,000.00		\$ 5,000.00	Added New Bookkeeper, additional cost for CPA to reconcile and manage tax information
	Office Supplies	\$ 2,000.00		\$ 2,500.00	Paper, Ink for Printer, Stamps & Postage, Pens, Folders, File Cart, Printing of State of Downtown, etc.
	POD Rental & Permit Fee	\$ 900.00		\$ 1.00	POD Rental & New City-PW Annual Permit starting 17/18
	Telephone & Website	\$ 2,500.00		\$ 2,000.00	2 new phones, phone services, Website and domain renewal, and Constant Contact email account
	Visitor Guide	\$ 2,500.00		\$ 3,000.00	New Design, updates & Printing - distribution
	Travel Entertainment (CDA Conference)	\$ 1,500.00		\$ 2,000.00	CDA Membership & Conference / Training &
	Total Administrative	\$ 29,165.00		\$ 29,923.00	
Event Expenses					
	New Stage Ramp-Configuration Cost	\$ 4,200.00		\$ 6,500.00	Stage reconstruct- new ADA ramp requirements - additional stage parts
	Building Permit Fees - New 18/19	\$ 3,500.00		\$ 3,500.00	Stage Inspections - City's Estimate
	City (event) Permits & Rental Fees	\$ 2,000.00		\$ 2,000.00	Event permits (Planning, Building, PW, Fire, etc)
	Holiday Tree Lighting	\$ 5,044.00		\$ 6,000.00	Tree, staff, stage, equipment. Free event for the community.
	Magic of Sunnyvale Wine Stroll	\$ 12,000.00		\$ 11,000.00	
	Summer Series	\$ 42,268.00		\$ 40,000.00	Supplies, Staff, Bands, Security, Beverage Booth, Stage, Beverages, labor cost increases
	Jazz & Beyond	\$ 17,608.00		\$ 19,000.00	Supplies, Staff, Bands, Security, Beverage Booth, Stage, Beverages, labor cost increases
	Technology Expo	\$ 5,000.00		\$ 5,000.00	
	Movie Night	\$ 8,109.00		\$ 7,000.00	17/18 2 events. Doubled Movie Night events starting 18/19. Free event for community.
	Classic Car Show	\$ 100.00			
	Sales Tax	\$ 10,500.00		\$ 15,500.00	Current and Unpaid sale taxes - now paying and
	Total Event Expenses	\$ 110,329.00		\$ 115,500.00	
Staffing					
	Exec. Director Compensation	\$ 70,000.00		\$ 70,000.00	ED wages - increased work hours due to increase in operations, marketing, outreach and events.
	Employee Taxes	\$ 6,000.00		\$ 8,000.00	ED was contractor - SDA employee starting FY 18/19
	Contract Labor	\$ 10,213.00		\$ 19,000.00	Additional admin staff & part-time Event
	Total Staff & ED Compensations/Commission	\$ 86,213.00		\$ 97,000.00	
	Total Expense	\$ 225,707.00		\$ 242,423.00	




	Sunnyvale Downtown Association				
	General P&L 2018/2019				
Revenue		Actual		Projected	
	FISCAL YEAR	18/19		19/20	
Community Grants		\$ 6,200.00		\$ 7,000.00	
CityLine Marketing Support		\$ 2,100.00		\$ 1,800.00	
City Contributions		\$ 30,000.00		\$ 30,000.00	The Board requested an increase to \$40,000. Item to be reviewed as part of the City's project budgets.
BID Funds		\$ 35,740.00		\$ 36,000.00	
Total Contributions		\$ 74,040.00		\$ 74,800.00	
Holiday Tree Lighting					
	Sponsorships	\$ 8,500.00		\$ 10,000.00	
Total Holiday Tree Lighting		\$ 8,500.00		\$ 10,000.00	
Magic of Sunnyvale Wine Stroll					
	Sales	\$ 21,547.00		\$ 23,000.00	
	Sponsorships	\$ 13,000.00		\$ 13,000.00	
Total Magic of Sunnyvale Wine Stroll		\$ 34,547.00		\$ 36,000.00	
Summer Series					
	Sales	\$ 32,911.00		\$ 35,000.00	
	Vendors	\$ 7,950.00		\$ 7,000.00	
	Sponsorships	\$ 26,000.00		\$ 26,000.00	
Total Summer Series		\$ 66,861.00		\$ 68,000.00	
Jazz & Beyond					
	Sales	\$ 16,043.00		\$ 20,000.00	Discontinued FY18/19 Bring a bottle & pay a corking fee (per wine bottle)
	Sponsorships	\$ 11,000.00		\$ 11,000.00	
Total Jazz & Beyond		\$ 27,043.00		\$ 31,000.00	
Technology Expo					
	Sponsorships	\$ 5,000.00		\$ 5,000.00	
Technology Expo		\$ 5,000.00		\$ 5,000.00	
Movie Night					
	Sales	\$ 387.00		\$ -	
	Sponsorships	\$ 7,900.00		\$ 9,000.00	
Total Movie Night		\$ 8,287.00		\$ 9,000.00	
Classic Car Show					
	Sales	\$ 900.00		\$ 1,000.00	
	Sponsorships	\$ -			
Total Classic Car Show		\$ 900.00		\$ 1,000.00	
Total Revenue		\$ 225,178.00		\$ 234,800.00	
Total Expense		\$ 225,707.00		\$ 242,423.00	
	Budget Profit or Loss	\$ (529.00)		\$ (7,623.00)	



DOWNTOWN BUSINESS IMPROVEMENT DISTRICT ZONES

0 130 260 520 Feet

Legend

-  ZONE A
-  ZONE B
-  ZONE C



**Downtown Sunnyvale Business Improvement District
Proposed Improvements and Activities for Fiscal Year 2019/2020**

Income		
Zone A	39 Businesses paying an average annual benefit fee of \$451.	\$17,100
Zone B	48 Businesses paying an average of \$179.	\$8,800
Zone C	112 Businesses paying an average of \$122.	\$14,100
Total potential BID assessment collections		\$40,000
Projected assessment collections (annual paid average at about 90%)		\$36,000
Revenues from SDA special events and fund-raisers		\$160,000
Grants, event sponsorships and other misc. revenue		\$38,800
Total BID Program annual budget		\$234,800

Expenditures		
Program	Amount	Percent
1) Commercial Marketing Program	\$152,620	65%
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	\$2,348	1%
a) Streetscape beautification, lighting		
b) Public arts programs		
c) Public-private directional signage		
3) Programs Administration and BID Management	\$79,832	34%
Totals	\$234,800	100%

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.

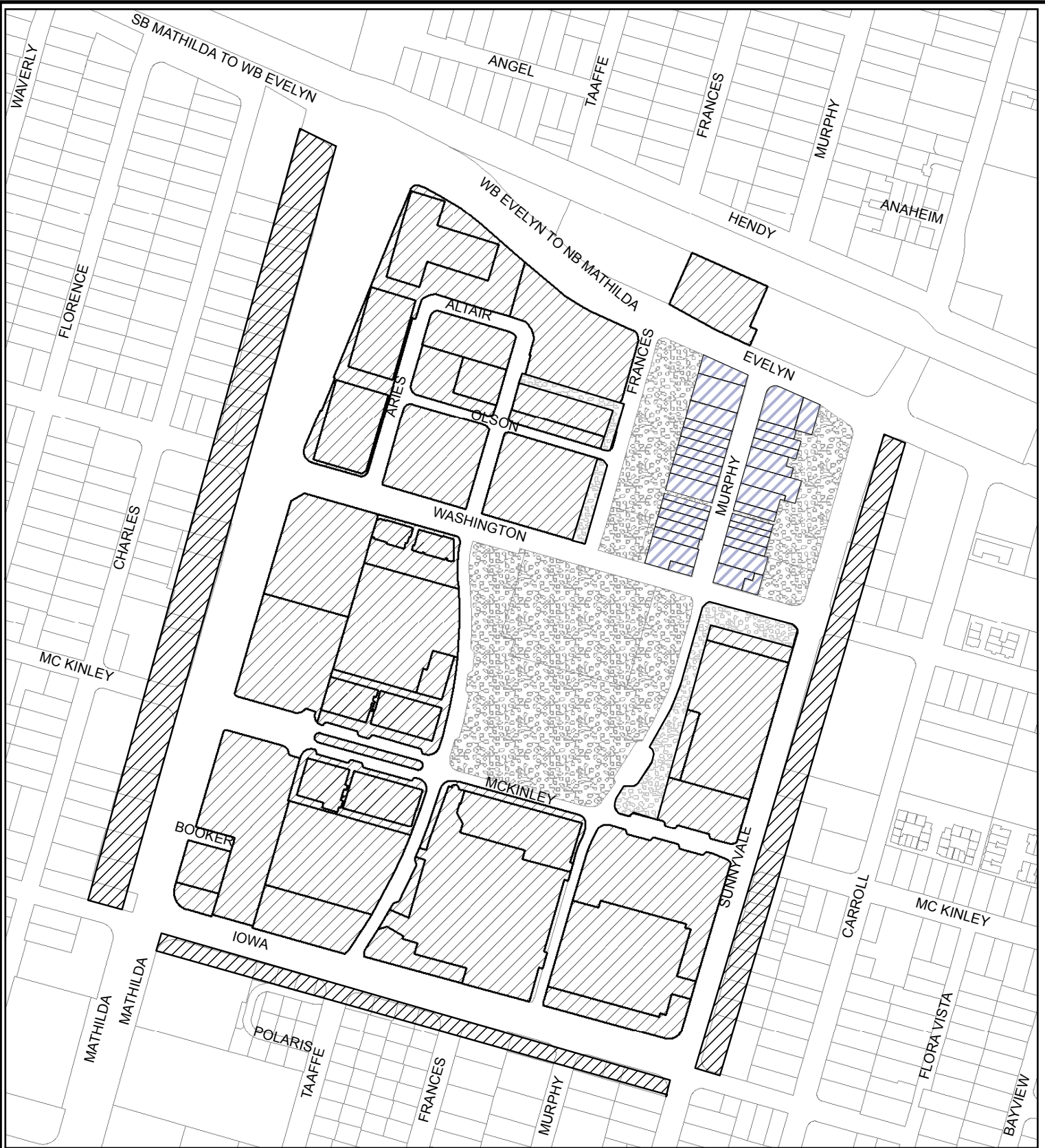
Service Businesses: Businesses that sell services. Examples are beauty and barber shops, repair shops, most automotive-oriented businesses, entertainment businesses such as theaters, etc.

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.

EXHIBIT B



**DOWNTOWN BUSINESS IMPROVEMENT
DISTRICT ZONES**

0 130 260 520 Feet

Legend

- ZONE A
- ZONE B
- ZONE C

