



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve the Downtown Sunnyvale Business Improvement District (BID) Annual Report for Fiscal Year 2013/2014 and Adopt Resolution of Intention to Reauthorize BID for Fiscal Year 2014/2015

BACKGROUND

A BID is a private sector funding tool for specific activities that must be reauthorized yearly by the City Council at the request of the BID Board. 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 and the BID Board maintains full control of all BID funds.

Per Sunnyvale Municipal Code Section 3.60.050, Establishment of benefit assessment, the formula for calculating the BID assessment amount is determined by the BID Board and enacted by the City Council. Assessments are levied on businesses on the basis of relative benefit from the activities to be funded. The City collects the assessment fee and forwards the collected funds to the BID. The City charges the BID a fee for administrative costs associated with this service. The BID Board requested that the BID be reauthorized for Fiscal Year 2014/2015 (Attachment 1).

Downtown Sunnyvale BID

There are approximately 160 businesses located in the BID area. The Bid area is divided into three zones: Zone A, Zone B, and Zone C. The BID boundaries are Sunnyvale, Iowa, Mathilda and Evelyn Avenues.

The current BID Board members are:

- Joe Antuzzi, IL Postale
- Gary Gold, Dr. Gary Gold & Associates
- Leigh Odom, Leigh's Favorite Books
- Kathy Johnson, Broadcom
- Donna Lang, Tangerine Gifts & Accessories
- Johnny Sevey, Rok Bistro
- Executive Director - Joel Wyrick (non-voting member)

The BID offers businesses the means to pool their resources by assessing themselves to collectively pay for programs which would not be possible on an individual basis. Also, the BID Board continues to work to promote downtown Sunnyvale by maintaining an active website as well as organizing several annual downtown events.

EXISTING POLICY

Municipal Code Sections - Downtown Sunnyvale Business Improvement District:
3.60.050. Establishment of benefit assessment.

- 3.60.060. Purpose and use of benefit assessments.
- 3.60.110. Annual Budget Process.
- 3.60.120. Decisions regarding expenditure of funds.

ENVIRONMENTAL REVIEW

This matter is not a project within the meaning of CEQA because the creation of government funding mechanisms or other government fiscal activities do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment. (Guideline 15378(b)(4))

DISCUSSION

The BID Board requested that the City renew the BID for Fiscal Year 2014/2015. As of February 19, 2014, the BID collected a total of \$30,253 in assessments for Fiscal Year 2013/2014. The proposed BID budget, as approved by the BID Board, for Fiscal Year 2014/2015 details \$148,100 in expenses. The proposed revenue includes \$31,000 from assessments, \$88,500 from special events, such as the Summer Series Music + Market, and assumes \$30,000 from the City in matching funds and \$5,000 from the Community Event Grants for a total anticipated revenue of \$154,500. This would result in a net profit of \$6,400. The BID Board is aware that the City may not approve the requested funds and will adjust their budget appropriately.

This year, the BID Board is requesting that the City match the assessment revenue with \$30,000 from General Fund monies. According to the BID Board, the additional funding would create a partnership between the City and the SDA to promote Downtown Sunnyvale and to expand special events. One specific event would be "Game Day" which would be held during pre-season or on the day of the season opener for the 49ers football team in the new Santa Clara stadium. The goal is to direct people to Downtown Sunnyvale before and after the 49ers home games.

Council can approve the BID's proposed budget report for Fiscal Year 2014/2015 without approving any requested funds from the City. If Council would like to pursue providing the \$30,000 in matching funds, Council should refer the BID's request to be considered as part of the Recommended Fiscal Year 2014/2015 Budget. In the past three years, the City provided a total of \$15,000 in Sunnyvale's Community Event Grant funds for the BID's Jazz and Beyond Series, Summer Series Music + Market and the Holiday Tree Lighting. Also, if Council were to approve matching funds, the Sunnyvale Downtown Association, on behalf of the BID Board, would not pursue additional grant funding via the City's Community Event Grant Funding program. The Community Event Grant applications for Fiscal Year 2014/2015 will be reviewed by the Council sub-committee in July 2014 after the City Council's adoption of the FY 2014/2015 City Budget.

The BID is mainly a marketing organization that continues to produce events to draw visitors to Downtown Sunnyvale. For Fiscal Year 2013/2014 the events included the Summer Series Music + Market, the Jazz and Beyond Series and the Holiday Tree Lighting. These events attract visitors and continue to provide close to 80% of the BID's annual revenue. The BID also promotes businesses on their website through the business member directory.

If Council adopts the Resolution of Intention (ROI), a public hearing is required to receive input from affected businesses regarding their issues, concerns, and support of a BID. The BID cannot be reauthorized if businesses paying 50% or more of the assessment file protests during the public

hearing. If reauthorized, the BID will use the same boundaries, benefit zones, and assessment methodology as in past years (Attachment 2).

The Sunnyvale Town Center is included as a Zone C participant. Section 10.05 of the 2010 Amended Disposition and Development and Owner Participation Agreement (ADDOPA) between the Successor Agency to the City of Sunnyvale's Redevelopment Agency and Wells Fargo Bank requires the developer to support a BID in Downtown Sunnyvale. Apple and Nokia pay an assessment of \$100 while Macy's and Target pay \$150 each year. Also, new businesses opening before July 1, 2014 as part of the Solstice and Carmel projects will be included in the new fiscal year assessment. Retailers and restaurants will pay \$150 and service and professional services will pay \$100 each.

In order for the BID to be reauthorized for Fiscal Year 2014/2015, Council must adopt the ROI. The ROI (Attachment 3) describes proposed boundaries as well as the time and place for the public hearing, scheduled for May 6, 2014. Notice of the public hearing regarding the BID renewal will be published in a local newspaper such as the Sunnyvale Sun or The Mercury News. The City Council must hold the public hearing on May 6, 2014 to consider all oral and written protests received on or before that date regarding the BID reauthorization for Fiscal Year 2014/2015.

FISCAL IMPACT

Over the past three fiscal years, the City has allocated a total of \$15,000 in Community Events Grant funds to the BID for various events through the Community Event Grant Program. If Council wishes to consider a separate allocation of General Fund monies to the BID, it should be evaluated in the context of the entire recommended budget for Fiscal Year 2014/2015.

Staff time from the Department of Finance is provided at an estimated cost of \$2,500 annually for the administration of the assessment. Because these costs are reimbursed by the BID, there is no impact to the General Fund for providing this service.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website. The BID will also post a meeting announcement on their website.

ALTERNATIVES

1. Approve the Fiscal Year 2013/2014 BID Annual Report without approving matching funds from the City's General Fund budget, adopt the Resolution of Intention, and schedule a public hearing for May 6, 2014 to reauthorize the Business Improvement District for Fiscal Year 2014/2015.
2. Approve the Fiscal Year 2013/2014 BID Annual Report and refer the request for matching funds to be heard as part of the Recommended Fiscal Year 2014/2015 Budget, adopt the Resolution of Intention, and schedule a public hearing for May 6, 2014 to reauthorize the Business Improvement District for Fiscal Year 2014/2015.
4. Do not approve the BID Annual Report for Fiscal Year 2013/2014 or the Resolution of Intention for BID reauthorization.

STAFF RECOMMENDATION

Alternative 1: Approve the Fiscal Year 2013/2014 BID Annual Report without approving matching funds from the City's General Fund budget, adopt the Resolution of Intention, and schedule a public hearing for May 6, 2014 to reauthorize the Business Improvement District for Fiscal Year 2014/2015. Staff recommends denying the BID's request for additional funding. City staff is a BID partner and can continue being a partner without direct financial assistance. As noted above in the report, the City has provided special event grants totaling \$15,000 over the last three years.

The BID promotes Downtown Sunnyvale through their website and business directory. The BID offers businesses the means to pool their resources by assessing themselves to collectively pay for programs which would not be possible on an individual basis. The BID Board continues to work with City staff to distribute information to businesses and to keep staff informed of issues in the downtown.

Prepared by: Maria Rodriguez, Administrative Analyst

Reviewed by: Connie Verceles, Economic Development Manager

Approved by: Robert A. Walker, Interim City Manager

ATTACHMENTS

1. BID Annual Report and Budget
2. BID Benefit Zones and Boundaries
3. Resolution of Intention to Reauthorize the Downtown Sunnyvale Business Improvement District for Fiscal Year 2014/2015