



# 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 2016/2017; Adopt Resolution of Intention to Consider Proposed Conversion of Portions of BID Zone C to Zone B; and Adopt Resolution of Intention to Levy and Collect an Annual Assessment and Reauthorize the BID for Fiscal Year 2017/2018

#### BACKGROUND

A Business Improvement District is a funding tool that provides funding for specific activities that must be reauthorized yearly by the City Council at the request of the BID Board (Board). Businesses pay into the BID based on the benefit they receive as members of the district. A BID zone can be amended if businesses paying more than 50% of the assessment within the area proposed for changes do not file a written protest opposing the change. The funds collected can only be used for projects within the BID boundaries.

Pursuant to Sunnyvale Municipal Code Section 3.60.050, Establishment of benefit assessments, the formula for calculating the BID assessment amount is determined by the Board and enacted by the City. Business assessments are levied based on relative benefit from the activities to be funded. The City collects the assessment fee and forwards the collected funds to the BID, minus an administrative fee.

#### Downtown Sunnyvale BID

There are approximately 190 businesses located in the existing BID area, which is divided into three zones: Zone A, Zone B, and Zone C. The current BID boundaries are Sunnyvale, Iowa, Mathilda and Evelyn Avenues (Attachment 1, Page 10). The Board volunteers their time to lead and manage the BID.

The current Board members are:

Joe Antuzzi, Il Postale, Board Chair  
Dr. Gary Gold, Dr. Gary Gold & Associates & Style Eyes Optique, Board Vice-Chair  
Leigh Odum, Leigh's Favorite Books and Bookasaurus  
Melissa Barragan, Broadcom  
Irene Murphy, Fibbar MaGee's  
Amit Rajgarhia, Dish Dash  
Epenesa Pakola, Aloft Hotel

The Board communicates with businesses within the BID boundaries to keep them informed about current projects affecting downtown as well as other issues and programs. 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 Board continues to work to promote the downtown by maintaining an active website, social media tools, and other promotions through their downtown events.

### **EXISTING POLICY**

Municipal Code Sections - Downtown Sunnyvale Business Improvement District:

3.60.050. Establishment of benefit assessments.

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 action is not a project within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it involves the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

### **DISCUSSION**

The Board has made two requests. The first request is to approve the reauthorization of the BID for Fiscal Year 2017/2018, and the second request is to convert portions of BID Zone C to Zone B.

The Board is requesting reauthorization for Fiscal Year 2017/2018. As part of the annual reauthorization, the Board is presenting the BID Fiscal Year 2016/2017 report based on current estimates and budget for Fiscal Year 2017/2018. Council is also asked to adopt the Resolution of Intention (ROI) (Attachment 3) to begin the BID renewal process for Fiscal Year 2017/2018.

The second request is to convert portions of the BID's Zone C to Zone B. The change would affect businesses located on Washington Ave. (from Frances to Sunnyvale), businesses on the west side of Frances and adjacent to Plaza del Sol on Taaffe Street. Additionally, they are requesting to convert the Town Center Murphy Avenue extension and the future businesses within Redwood Square (Attachment 1, Page 9). Currently, about seven businesses would be converted from Zone C to B with an additional \$1,800 projected increase in assessments. Additional benefits to these businesses includes a Summer Music Series event at Plaza del Sol and other future events in proximity to existing and future businesses.

Board members and the BID's Executive Director met with representatives from STC Venture LLC and have conducted one-on-one outreach with businesses affected by the zone conversion. The Executive Director reported that there is support from the impacted businesses to move forward with the change. The Board and Executive Director will continue their outreach and respond to questions about the BID.

As of March 1, 2017, the BID collected a total of \$31,693 of the \$36,000 due from assessments for Fiscal Year 2016/2017. Expenditures are approximately \$129,171 of the \$150,839 budget with a projected balance of \$21,668 to be used for the remainder of this fiscal year. Revenue received is approximately \$140,313 of the \$157,356 projected revenue with the balance expected by the end of the fiscal year. The proposed budget for Fiscal Year 2017/2018 (Attachment 1, Page 8), as approved by the Board, is \$158,175. This proposed budget includes \$32,000 from BID assessments; \$88,500 from special events, such as the Summer Music Series and possible sponsorships; and, \$37,675

from grants, matching funds from the City of Sunnyvale and other miscellaneous revenues.

In Fiscal Year 2016/2017, the BID produced events that drew visitors to Downtown Sunnyvale. Events held include the Summer Music Series, Jazz & Beyond Series, Magic of Sunnyvale Wine Stroll and the Holiday Tree Lighting. These events attract visitors and continue to provide about 56% of the BID's annual revenue. The BID also promotes BID businesses on their website (*SunnyvaleDowntown.com*), business directory and Facebook (<https://www.facebook.com/sunnyvaledowntownassociation>) posts highlighting different downtown businesses and events.

For the BID zones to be modified, Council must adopt a Resolution of Intention that describes the proposed zone changes and sets the time and place for the public hearing, scheduled for May 23, 2017 (Attachment 2). In addition, the Council must adopt a separate Resolution of Intention (Attachment 3) setting the time and place for the public hearing to levy and collect an assessment and reauthorize the entire BID, which is also scheduled for May 23, 2017. Notice of the public hearings on the BID will be published in a local newspaper such as the Sunnyvale Sun, and mailed to all BID members. The City Council must hold the public hearings on each action on May 23, 2017 to consider all oral and written protests received on or before that date regarding the BID zone changes, the levy and collection of the assessment and reauthorization of the BID for Fiscal Year 2017/2018.

### **FISCAL IMPACT**

Staff time from the Department of Finance is provided at an estimated cost of \$2,000 annually for the administration of the assessment. Because these costs are reimbursed by the BID, there is no fiscal impact to the City 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 Board also emailed all BID members the meeting announcement.

### **ALTERNATIVES**

1. Adopt the Resolution of Intention to Convert Portions of Bid Zone C to Bid Zone B and schedule a public hearing for May 23, 2017.
2. Approve Fiscal Year 2016/2017 BID Annual Report, adopt the Resolution of Intention to Levy and Collect an Annual Assessment and Reauthorize the BID for Fiscal Year 2017/2018, and schedule the public hearing for May 23, 2017.
3. Do not approve the BID's request to amend the zone boundaries.
4. Do not approve the BID Annual Report for Fiscal Year 2016/2017 or the Resolution of Intention for BID reauthorization.

### **STAFF RECOMMENDATION**

Alternatives 1 and 2: 1) Approve the BID's request to adopt the Resolution of Intention to Convert Portions of Bid Zone C to Bid Zone B and schedule a public hearing for May 23, 2017; and 2) Approve Fiscal Year 2016/2017 BID Annual Report, adopt the Resolution of Intention to Levy and Collect an Assessment and Reauthorize the Business Improvement District for Fiscal Year 2017/2018, and schedule the public hearing for May 23, 2017.

Staff recommends Alternatives 1 and 2. The BID produces events in Downtown Sunnyvale that continue to draw people to businesses during and after the events. Additional marketing includes social media tools, business directory, and ad placement. BID members have expressed that they feel the events are a great way to promote downtown businesses, and that the Facebook posts highlighting different businesses help attract new customers. Through shared resources paid by the business assessments, the BID can provide additional marketing tools that would otherwise not be available to individual businesses.

Prepared by: Maria Rodriguez, Administrative Analyst

Reviewed by: Connie Verceles, Economic Development Manager

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. BID Annual Report and Budget
2. Resolution of Intention to Convert Portions of Zone C to Zone B
3. Resolution of Intention to Levy and Collect an Assessment and Reauthorize the Downtown Sunnyvale Business Improvement District for Fiscal Year 2017/2018