



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Authorize the City Manager to Execute an Agreement with STC Venture, LLC and Approve Budget Modification No. 6 to Install a Seasonal Ice Rink in Downtown Sunnyvale.

BACKGROUND

The City of Sunnyvale, STC Venture, LLC and Google have been discussing a potential partnership to install a seasonal ice rink in Downtown Sunnyvale. The proposed location for the ice rink is the existing parking lot located inside Redwood Square (Attachment 1).

Each partner will contribute \$100,000 to fund project set up costs. STC Venture, LLC would serve as the project manager, and would oversee operational tasks. The seasonal ice rink would be open from approximately Thanksgiving week 2019 until January 20, 2020.

EXISTING POLICY

General Plan: Community Vision - Citywide Vision Goals

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.

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section CEQA Guidelines section 15378 (a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment and section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes to the environment.

DISCUSSION

The City of Sunnyvale, in partnership with STC Venture, LLC and Google, is pursuing the opportunity to operate a seasonal ice rink in Downtown Sunnyvale. The partnership would include an initial contribution of \$100,000 from each partner to fund the set-up costs associated with installing the ice rink. The ice rink would be placed at the parking lot of Redwood Square within the STC Venture, LLC project area from the last week in November 2019 until January 20, 2020.

STC Venture, LLC has agreed to serve as the project manager and will be paid a maximum of \$10,000 for the duration of the agreement as a management fee. As project manager, STC Venture, LLC would be responsible for hiring and managing the rink operator; managing accounting services; insuring the operator has the required insurance and, all other operational tasks related to the project. STC Venture, LLC is working with Bietak Productions, Inc. on a contract for the installation and operation of the rink. Bietak Productions, Inc. has experience in operating seasonal ice rinks in Beverly Hills, Los Angeles, San Diego and San Francisco. STC Venture, LLC will contract directly with Bietak Productions, Inc. and the City will not be a partner to the contract.

Revenue generated from ticket sales, ice skate rentals and (if offered) food sales would be used in the following order (Attachment 1, page 3):

1. To Bietak Productions, Inc. to cover operational costs, including permitting fees.
2. To cover direct operational costs, such additional Trash Services, additional lighting, security, sponsorship pursuit, advertising, public relations, and marketing.
3. To each partner, after the event and final accounting, to recover the \$100,000 investment with 33.3% to each.
4. If any revenue is left over after each partner is made whole, the remaining funds will be donated to Sunnyvale Community Services (SCS).

The City may be able to recover some or all its \$100,000 investment. The estimated budget shows each partner recovering about 50% of its investment. However, this is an estimate and Council needs to be aware that there is risk that the City may not recover any portion of its investment if the projected revenue is not realized.

FISCAL IMPACT

Budget Modification No. 6 has been prepared to appropriate funds from the General Fund Budget Stabilization Fund for this project, with an offset to come from the service level Set Aside available in FY 2020/21. The FY 2019/20 Budget identifies approximately \$1 million per year starting in FY 2020/21 to fund new services. While the ice rink will occur in the current fiscal year, funding can be appropriated from the Budget Stabilization Fund in the current year, then returned through a corresponding reduction in the Service Level Set Aside in FY 2020/21. Staff is recommending Council authorize the City Manager to contribute a maximum of \$100,000 to install a seasonal ice rink in downtown Sunnyvale.

Budget Modification No. 6 FY 2019/20

	Current	Increase/ (Decrease)	Revised
General Fund			
<u>Expenditures</u>			
New Project - Downtown Ice Rink	\$0	\$100,000	\$100,000
<u>Reserves</u>			
<u>Budget Stabilization Fund</u>	\$45,947,467	(\$100,000)	\$45,847,467

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.

ALTERNATIVES

1. Authorize the City Manager to execute an agreement, in a form acceptable to the City Attorney, with STC Venture, LLC, consistent with the deal points in the report, and approve Budget Modification No. 6 in the amount of \$100,000 to install a seasonal ice rink in downtown Sunnyvale.
2. Do not authorize the City Manager to execute an agreement with STC Venture, LLC and do not approve Budget Modification No. 6 to install a seasonal ice rink in downtown Sunnyvale.
3. Other action as directed by Council.

STAFF RECOMMENDATION

Alternative 1: Authorize the City Manager to execute an agreement, in a form acceptable to the City Attorney, with STC Venture, LLC, consistent with the deal points in the report, and approve Budget Modification No. 6 in the amount of \$100,000 to install a seasonal ice rink in downtown Sunnyvale. The partnership will enable the ice rink to provide the community with a common gathering location. The partners would all be responsible for promotion of the seasonal ice rink to ensure that Downtown Sunnyvale continues to attract residents, employees and visitors.

Prepared by: Connie Verceles, Assistant to the City Manager/Economic Development

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: John Nagel, City Attorney

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. STC Venture, LLC's Proposal and Proposed Budget