

County of Santa Clara

Finance Agency
Controller-Treasurer

County Government Center
70 West Hedding Street, East Wing 2nd floor
San Jose, California 95110-1705
(408) 299-5206 FAX 287-7629



NOTICE OF NO OBJECTION TO ROPS

January 27, 2017

City of Sunnyvale Oversight Board
650 W. Olive Avenue
Sunnyvale, CA 94088

City of Sunnyvale Successor Agency
650 W. Olive Avenue
Sunnyvale, CA 94088

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 17-18 (July 1, 2017 – June 30, 2018)
Successor Agency: City of Sunnyvale

To the Successor Agency, Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller does not object to any items or funding sources on the submitted ROPS. In addition, we made the following observation:

Item 9 – Administration and operation of Successor Agency

The Successor Agency has requested administrative costs totaling \$250,000 for the fiscal year. While this amount is within the administrative cost allowance cap, the requested amount is grossly excessive, particularly when compared with other agencies within Santa Clara County and given the number and nature of the obligations listed on the ROPS. The Successor Agency has consistently requested \$125,000 per ROPS cycle.

Furthermore, the Successor Agency separately requests additional funding to support project costs for the 2016 Modified and Restated Amended Disposition and Development and

Successor Agency: City of Sunnyvale
Notice of Objection to ROPS 17-18
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Owner Participation Agreement (ROPS Item 17). Therefore, it would seem the administrative costs in Item 9 do not even include project costs.

The Department of Finance has repeatedly requested that the Oversight Board apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency. Per the Department of Finance ROPS 15-16B determination letter dated November 18, 2015:

...Finance notes the OB has approved an amount that appear excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Accordingly, the administrative cost amount should be reduced to the amount appropriate for the number and nature of the obligations listed on the ROPS.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Additionally, pursuant to Health and Safety Code section 34186(a), the County Auditor-Controller may review the prior period payments and the prior period estimated versus actual payments reported on the ROPS. Per Health and Safety Code section 34186(c) these reviews will commence on October 1, 2018, and occur each October 1 thereafter and are not included in this letter. In addition, my office is continuing its review of the cash balances reported by the successor agency on the ROPS. The results of this review will be transmitted to the Department of Finance as soon as possible.

Sincerely yours,



Alan Minato
Controller-Treasurer
County of Santa Clara

Attachments: ROPS 17-18 as submitted to the County Auditor-Controller by Successor Agency

Recognized Obligation Payment Schedule (ROPS 17-18) - Summary

Filed for the July 1, 2017 through June 30, 2018 Period

Successor Agency:

Sunnyvale

County:

Santa Clara

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	17-18A Total (July - December)	17-18B Total (January - June)	ROPS 17-18 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 2,801,267	\$ 293,124	\$ 3,094,391
F RPTTF	2,676,267	168,124	2,844,391
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 2,801,267	\$ 293,124	\$ 3,094,391

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name	Title
/s/	Date
Signature	Date

Sunnyvale Recognized Obligation Payment Schedule (ROPS 17-18) - Report of Cash Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, [see Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments	
ROPS 15-16B Actuals (01/01/16 - 06/30/16)									
1	Beginning Available Cash Balance (Actual 01/01/16)	1,927,189					254,938		
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016	1,284				(18,332)	340,899	-18332=-21509(reverse 15-16A General Fund contribution since by the end of 15-16B total admin did not exceed \$250k)+3177 (interest income in 15-16B)	
3	Expenditures for ROPS 15-16B Enforceable Obligations (Actual 06/30/16)	3,089				(18,332)	534,087	documented in Excel 15-16A that explains - 21,509 ; Also see Excel 15-16B that explains 534,087=269,158 (ADDOPA Mgmt)+78,120 (Debt Svc)- 3,177 (Interest Revenue)+21,509 (pick up 15-16A admin exceeding \$125k)+101,274 (15-16B admin)+67,203 (Town Center Hazmat)	
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 15-16B RPTTF Balances Remaining	No entry required							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 1,925,384	\$ -	\$ -	\$ -	\$ -	\$ 61,750		

