



Midpeninsula Regional
Open Space District

R-26-99
Meeting 26-17
June 24, 2026

AGENDA ITEM 11

AGENDA ITEM

Proposed dissolution of the Successor Agency to the Redevelopment Agency of the City of Sunnyvale

GENERAL MANAGER'S RECOMMENDATION(S)

(5) *den*

Approve the Compensation Agreement to dissolve the Successor Agency of the Redevelopment Agency of the City of Sunnyvale.

SUMMARY

The Successor Agency of the Redevelopment Agency of the City of Sunnyvale (Successor Agency) is in the process of dissolution and transfer of its remaining assets to the City of Sunnyvale (City). As a local taxing authority, the Midpeninsula Regional Open Space District (District), and all other taxing entities, have a legal interest in how the properties are handled. As such, state law requires all affected taxing entities to consent to the transfer of the properties through the Compensation Agreement (Attachment 1) before the transfers can take place. There is no monetary exchange for this agreement and the District will be permanently released from any future liability related to the underground chemical (PCE) contamination on one of the properties dating back to 2007, the liability of which the City take on. The Successor Agency will dissolve subsequent to the execution of the Compensation Agreement by all parties.

DISCUSSION

Effective June 27, 2012, all Redevelopment Agencies statewide were dissolved. Successor Agencies to the former Redevelopment Agencies were established to wind down the activities of these dissolved agencies. The Successor Agency has in its possession three remaining parcels from the former Redevelopment Agency—all currently being utilized as public parking garages within the mixed-use development formerly known as the Sunnyvale Town Center. After multi-year discussions between County of Santa Clara (County) and City staff, it was agreed that a transfer of the properties from the Successor Agency to the City would serve the public interest by enabling the Successor Agency to initiate the dissolution process in accordance with health and safety code section 34187, which requires that all of the Successor Agency's debts are paid, its real property is disposed of, and any litigation is resolved. Dissolving the Successor Agency would benefit the County, City, and the other taxing entities within the former Sunnyvale Redevelopment Area, including school districts and special districts. On October 28, 2025, the City and Successor Agency adopted resolutions to approve the Compensation Agreement to allow the transfer of the three properties from the Successor Agency to the City. On January 13,

2026, the Santa Clara County Board of Supervisors approved the compensation agreement (Attachment 2).

County and City staff worked on the compensation agreement to ensure it would benefit all parties' interests. The compensation agreement involves no payment or future revenue sharing with the County and the other taxing entities in exchange for releasing the County and taxing entities from any future indirect liability associated with underground perchloroethylene (PCE) contamination on one of the properties, traced to a former drycleaning business. Upon transfer of the properties, the City will assume all liability for the property associated with the PCE contamination, releasing the County and other taxing entities from liability. Moreover, once the properties transfer and the Successor Agency dissolves, the Successor Agency's share of annual PCE monitoring costs, which have ranged between \$8,000 and \$15,000 per year in recent years, would be paid by the City. Furthermore, the City will have a 10-year environmental liability insurance policy; previous quotes obtained by the city range from \$200,000 to \$300,000 for a 10-year term. At the end of the term, the City will be responsible for purchasing any subsequent environmental liability insurance policies.

In addition to the release of liability and reducing costs associated with administering the Successor Agency, there are other potential benefits of the recommended action for the County and the taxing entities. The City controlling these properties in the Sunnyvale Town Center increases the potential for redevelopment for higher-value uses over the long term, which would increase property tax revenue.

The taxing agencies that are impacted by the dissolution of the Successor Agency are:

- | | |
|--|------------------------|
| - County of Santa Clara | Approved the Agreement |
| - City of Sunnyvale | Approved the Agreement |
| - Fremont Union High School District | Pending |
| - Sunnyvale Elementary School District | Pending |
| - Santa Clara County Office of Education | Pending |
| - Foothill-DeAnza Community College District | Pending |
| - El Camino Healthcare District | Approved the Agreement |
| - Bay Area Air Quality Management District | Pending |
| - Santa Clara Valley Water District | Pending |
| - Midpeninsula Regional Open Space District | Pending |

If the District does not approve the Compensation Agreement, the Successor Agency will be unable to fully dissolve, the District and all other parties will not be released from potential PCE contamination liability, and the District and all other parties will continue to bear administrative costs associated with the Successor Agency's ongoing existence. All other taxing entities and the City of Sunnyvale are similarly affected.

The dissolution of the Successor Agency was also discussed with the Controller, who has expressed no concerns.

FISCAL IMPACT

Following the transfer of the assets from the Successor Agency to Sunnyvale, the District will continue to receive full property taxes on the assets—from the City instead of the Agency. The only estimated change to District revenue is a modest initial increase of about \$1,000 per year,

representing savings from elimination of the administrative costs of the Agency. Under city management, there is also the potential for increasing the assessed value of the properties in the future.

BOARD AND COMMITTEE REVIEW

None

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

If approved, the Compensation Agreement to dissolve the Successor Agency of the Redevelopment Agency of the City of Sunnyvale will be signed and submitted accordingly.

Attachments:

1. Compensation Agreement
2. County of Santa Clara – Board of Supervisors Agenda

Responsible Department Head:
Ana Ruiz, General Manager

Prepared by/Contact person:
Stefan Jaskulak, CFO/Director of Administrative Services

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Sunnyvale
456 West Olive Avenue
Sunnyvale, CA 94086
Attn: City Attorney's Office

Redevelopment Countywide Oversight
Board of Santa Clara County
70 W. Hedding St, 2nd Floor
San Jose, CA 95110
Attn: County Auditor-Controller

Recorded Without Fee Pursuant to Gov. Code § 27383

COMPENSATION AGREEMENT FOR SUNNYVALE TOWN CENTER PARCELS

This Compensation Agreement (“Agreement”) is made and entered into by and among the Successor Agency of the Redevelopment Agency of the City of Sunnyvale, a public entity established under Health and Safety Code section 34173 (the “Successor Agency”); the City of Sunnyvale, a California municipal corporation (“City”); and each of the undersigned local agencies and school districts, each of which is a taxing entity as defined by Health and Safety Code section 34171(k) (the “Taxing Entities”), with the consent of the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County, established under Health and Safety Code section 34179 (the “Oversight Board”). The Successor Agency, the City, and the Taxing Entities are collectively the “Parties” and each a “Party.” The “Effective Date” of this Agreement is the date on which it has been executed by all Parties.

RECITALS

WHEREAS, the Successor Agency is the owner of three properties located at 325 South Taaffe Street (APN 209-34-021) (“Parcel 1”), 225 South Taaffe Street (APN 209-34-025) (“Parcel 2”), and 330 S. Murphy Ave (APN 209-35-014) (“Parcel 3”), all of which are located in the City of Sunnyvale, Santa Clara County, California, and are more particularly described in Exhibit A attached hereto and incorporated herein by reference (collectively, the “Property” or the “Parcels”); and

WHEREAS, Parcel 1 and Parcel 2 are developed with two multi-level parking structures that are owned by STC Venture LLC, a Delaware limited liability company, (“Owner”), the owner of the Sunnyvale Town Center mixed-use development (the “Town Center”); and

WHEREAS, Parcel 1 and Parcel 2 are currently subject to the Public Parking Ground Lease Sunnyvale Town Center, dated September 28, 2007, as amended by the First Amendment to Public Parking Ground Lease, dated August 2, 2010 and the Second Amendment to Public

Parking Ground Lease, dated September 23, 2016 (as amended, the “Public Parking Ground Lease”); and

WHEREAS, pursuant to the Public Parking Ground Lease, the Owner pays the Successor Agency \$1.00/year in nominal rental payments relating to Parcels 1 and 2 and other property not subject to this Agreement (“Nominal Rent”); and

WHEREAS, the Public Parking Ground Lease has a term of ninety-nine (99) years commencing on September 28, 2007, subject to the obligation for good faith negotiations regarding an extension of at least 10-years if certain conditions are met; and

WHEREAS, Parcel 3 is developed with a parking structure that is owned by the Successor Agency and subject to an Operations and Maintenance Agreement and easement for the benefit of the Owner which operates the parking structure located on Parcel 3; and

WHEREAS, the City expressly acknowledges and understands that environmental contamination affecting Parcel 3 predates the execution of this Agreement; and

WHEREAS, pursuant to Health and Safety Code section 34180(f), the City has requested that the Taxing Entities enter into this Agreement to accomplish the transfer of the Parcels from the Successor Agency to the City; and

WHEREAS, the transfer of the Parcels in accordance with the terms of this Agreement will allow termination of the Successor Agency, and the Parties agree to cooperate to expeditiously achieve such termination; and

WHEREAS, the Parties desire to enter into this Agreement to convey the Property to the City for public use under the terms and conditions of this Agreement; and

WHEREAS, the Redevelopment Dissolution Oversight Board of Santa Clara County is scheduled to consider this Agreement on January 29, 2026.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree to all of the following terms and conditions:

TERMS & CONDITIONS

Section 1. Incorporation of Recitals. The Parties agree that all of the above Recitals are true and correct and are incorporated in this Agreement’s terms and conditions.

Section 2. Purchase of Environmental Insurance Policy. No later than 30 days after the approval by the California Department of Finance of an amendment to the Successor Agency’s 2025-2026 Recognized Obligation Payment Schedule or the approval of the Successor Agency’s 2026-2027 Recognized Obligation Payment Schedule, adding to the costs of the environmental remediation for Parcel 3 the costs of an environmental insurance policy

(“Environment Insurance Policy”), the Successor Agency shall purchase such Environmental Insurance Policy that meets all of the following criteria:

- (a) Has a term of 10 years;
- (b) Is transferrable to successive property owners;
- (c) Does not cost more than the amount allowed on the Successor Agency’s Recognized Obligation Payment Schedule for the purchase of such Environmental Insurance Policy;
- (d) Contains or includes an endorsement for the following: i) bodily injury (including death), property damage and environmental cleanup costs, both on the Property and off-site; (ii) transportation of any waste, including loading and unloading from the Property to the final disposal location, with all such disposal locations being scheduled or covered as non-owned disposal sites under the Environmental Insurance Policy.
- (e) Has a reverse-retroactive date of policy inception providing coverage for pre-existing pollution conditions;
- (f) Has a minimum limit of \$25,000,000.

Section 3. Conveyance of Property to City.

(a) **Conveyance.** Subject to the terms and conditions of this Agreement, the Successor Agency shall convey its interest in and to the Property to the City at no cost by quitclaim deed no later than 60 days after the Effective Date or the Successor Agency’s purchase of the Environmental Insurance Policy, whichever is later, unless otherwise extended by the Parties for good cause. Any costs of escrow and title associated with the conveyance of the Property to the City shall be borne by the City. The City shall promptly provide the Taxing Entities copies of the recorded quitclaim deed.

(b) **Release.** Except as expressly provided herein, upon the close of escrow and delivery of the quitclaim deed, City hereby waives, releases, acquits, and forever discharges Successor Agency and Taxing Entities, and Successor Agency’s and Taxing Entities’ agents, directors, officers, and employees to the maximum extent permitted by law, of and from any and all claims, actions, causes of action, demands, rights, liabilities, damages, losses, costs, expenses, compensation, attorneys’ fees, consultants’ fees and costs and expert fees (collectively “Claims”) whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, that it now has or that may arise in the future because of or in any way growing out of or connected with the physical condition of the Property, including without limitation, the physical and environmental condition of the Property or any law or regulation applicable thereto, including, without limitation, any Claim or matter (regardless of when it first appeared) relating to or arising from (i) the presence of any environmental problems, or the use, presence, storage, release, discharge, or migration of hazardous materials on, in, under or around the Property regardless of when such hazardous materials were first introduced in, on or about the Property, (ii) any patent or latent defects or

deficiencies with respect to the Property, (iii) any and all matters related to the Property or any portion thereof, including without limitation, the condition and/or operation of the Property and each part thereof, and (iv) the presence, release and/or remediation of asbestos and asbestos containing materials in, on or about the Property regardless of when such asbestos and asbestos containing materials were first introduced in, on or about the Property. City further hereby waives and agrees not to commence any action, legal proceeding, cause of action or suit in law or equity, of whatever kind or nature, including, but not limited to, a private right of action under the federal superfund laws, 42 U.S.C. Section 9601 *et seq.* and California Health and Safety Code section 78000 *et seq.* (as such laws and statutes may be amended, supplemented or replaced from time to time), directly or indirectly, against Successor Agency, any Taxing Entity, or Successor Agency's or Taxing Entities' agents, directors, officers, and employees in connection with the Property, except matters arising from Successor Agency's fraud, intentional misrepresentation, or concealment.

AS IS CONDITION OF PROPERTY. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, IT IS UNDERSTOOD AND AGREED THAT THE SUCCESSOR AGENCY IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY. THE CITY ACKNOWLEDGES AND AGREES THAT UPON THE CLOSING DATE THE SUCCESSOR AGENCY SHALL SELL AND CONVEY THE PROPERTY TO THE CITY "IN ITS THEN EXISTING CONDITION AS IS, WHERE IS, WITH ALL FAULTS" EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT, THE CITY HAS NOT RELIED AND WILL NOT RELY ON, AND THE SUCCESSOR AGENCY IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO MADE OR FURNISHED BY THE SUCCESSOR AGENCY OR ANY AGENT PURPORTING TO REPRESENT THE SUCCESSOR AGENCY, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT.

THE CITY REPRESENTS TO THE SUCCESSOR AGENCY THAT CITY HAS CONDUCTED, OR WILL CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS THE CITY

DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS MATERIALS ON OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SUCCESSOR AGENCY OR ITS AGENTS, OTHER THAN SUCH REPRESENTATIONS AND WARRANTIES OF SUCCESSOR AGENCY AS ARE EXPRESSLY SET FORTH IN THIS AGREEMENT. UPON CLOSING, SUBJECT TO SUCH REPRESENTATIONS AND WARRANTIES OF THE SUCCESSOR AGENCY AS ARE EXPRESSLY SET FORTH IN THIS AGREEMENT, THE CITY SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY THE CITY'S INVESTIGATIONS.

IN CONNECTION WITH THE RELEASE PROVIDED FOR IN THIS AGREEMENT, CITY EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES THAT:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY;

THE COVENANTS SET FORTH IN THIS SECTION SHALL SURVIVE CLOSE OF ESCROW AND DELIVERY OF THE QUIT CLAIM DEED(S).

Section 4. Recordation of this Agreement. Upon full execution of this Agreement the City shall cause this Agreement to be recorded against the Property in the Santa Clara County Office of the Clerk-Recorder. The City shall promptly provide the Taxing Entities with a recorded copy of this Agreement. Upon the transfer of the Property to the City pursuant to Section 3(a) above, the Parties agree that the County and the City can execute and record a release of this Agreement to be recorded in the Official Records and the County's execution of

such release shall be conclusive evidence that the Agreement has been fully performed and none of the Taxing Entities shall have any further rights or obligations under this Agreement after recordation of such a release, except that the covenants set forth in Section 3(b) shall survive.

Section 5. Miscellaneous Provisions.

(a) **Non-Waiver.** No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement will be effective unless it is in writing and signed by the waiving Parties.

(b) **No Partnership.** Nothing contained in this Agreement shall be construed to constitute any Party as a partner, employee, joint venturer, or agent of any other Party.

(c) **Notices.** All deliveries, notices, requests, demands or other communications provided for or required by this Agreement shall be in writing and shall be deemed to have been given when sent by registered or certified mail, return receipt requested; when sent by overnight carrier; or upon email confirmation to sender of receipt of a facsimile communication which is followed by a mailed hard copy from sender. Notices shall be addressed as specified in each Party's signature block.

(d) **Severability.** In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been contained herein.

(e) **Time is of the Essence.** Time is of the essence regarding each and all of the agreements, covenants, and conditions of this Agreement.

(f) **Ambiguities.** Any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

(g) **Integration.** This instrument constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral or written.

(h) **Amendment.** This Agreement may be modified only in writing and only if signed by the Taxing Entities and the City at the time of the modification. Following the execution of this Agreement, the Successor Agency's consent shall not be required for any modification of the Agreement.

(i) **Governing Law.** This Agreement shall be construed and interpreted according to the laws of the State of California, excluding its conflict of law principles. Proper venue for legal actions will be exclusively vested in a state court in the County of Santa Clara. The Parties agree that subject matter and personal jurisdiction are proper in state court in the County of Santa Clara and waive all venue objections.

(j) **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be considered an original, but all of which together will constitute one and the same instrument.

(k) **Contract Execution.** Unless otherwise prohibited by law or County policy, the parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term "electronic copy of a signed contract" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the County.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

Approved as to form:
DocuSigned by:
Rebecca Moon 1/8/2026
4004B8486114497...
Rebecca Moon
Agency General Counsel

Signed by:
Tim Kirby 1/8/2026
By: A38867B67C1D420...
Name: Tim Kirby
Title: Executive Director
Address: 456 West Olive Ave.
Sunnyvale, CA 94088-3707

CITY OF SUNNYVALE

Approved as to form:
DocuSigned by:
Rebecca Moon 1/8/2026
4004B8486114497...
Rebecca Moon
City Attorney

Signed by:
Tim Kirby 1/8/2026
By: A38867B67C1D420...
Name: Tim Kirby
Title: City Manager
Address: 456 West Olive Ave.
Sunnyvale, CA 94088-3707

SANTA CLARA COUNTY AUDITOR-CONTROLLER

Approved as to form and legality:
DocuSigned by:
Rajiv Narayan 1/8/2026
837350331D49493...
Rajiv Narayan
Deputy County Counsel

DocuSigned by:
Margaret Olaiya 1/9/2026
By: 88C20E0A14E143D...
Name: Margaret Olaiya
Title: Director, Finance Agency
70 W. Hedding Street
East Wing, 2nd Floor
San Jose, CA 95110

CONSENT OF OVERSIGHT BOARD

Signed by:
By: David Snow, Vice Chairperson

Name: David Snow

Title: Vice Chairperson

Date: 1/29/2026

TAXING ENTITIES

Approved as to form and legality:

DocuSigned by: Rajiv Narayan 1/8/2026
Rajiv Narayan
Deputy County Counsel

COUNTY OF SANTA CLARA

By: [Signature]
Name: Otto Lee
Title: President, Board of Supervisors
70 W. Hedding Street
East Wing, 10th Floor
San Jose, CA 95110

Signed and certified that a copy of this document has been delivered by electronic or other means to the President, Board of Supervisors.

ATTEST:

[Signature] FOR
CURTIS BOONE
Clerk of the Board of Supervisors

FREMONT UNION HIGH SCHOOL DISTRICT

By: _____
Name: _____
Title: _____
Address: _____

SUNNYVALE ELEMENTARY SCHOOL DISTRICT

By: _____
Name: _____
Title: _____
Address: _____

SANTA CLARA COUNTY OFFICE OF EDUCATION

By: _____
Name: _____
Title: _____
Address: _____

FOOTHILL-DeANZA COMMUNITY COLLEGE DISTRICT

By: _____
Name: _____
Title: _____
Address: _____

EL CAMINO HEALTHCARE DISTRICT

By: _____

Name: John Zeglin

Title: El Camino Healthcare District

Address: Board Chair

2500 Grant Road, Mountain View
CA 94040

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

By: _____

Name: _____

Title: _____

Address: _____

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

By: _____

Name: _____

Title: _____

Address: _____

SANTA CLARA VALLEY WATER DISTRICT

By: _____

Name: _____

Title: _____

Address: _____

Exhibits:

A – Legal Description

EXHIBIT A**LEGAL DESCRIPTION**Lot 3, Block 1, Tract No. 9925

All that certain real property situate in the City of Sunnyvale, County of Santa Clara, State of California, described as follows:

Being all of Lot 3, Block 1, Tract No. 9925, entitled "Sunnyvale Town Center," filed October 1, 2007, in Book 818 of Maps at Pages 45 through 55 inclusive, Records of Santa Clara County.

Lot 4, Block 2, Tract No. 9925

All that certain real property situate in the City of Sunnyvale, County of Santa Clara, State of California, described as follows:

Being all of Lot 4, Block 2, Tract No. 9925, entitled "Sunnyvale Town Center," filed October 1, 2007, in Book 818 of Maps at Pages 45 through 55 inclusive, Records of Santa Clara County.

Lot 2, Block 5, Tract No. 9925

All that certain real property situate in the City of Sunnyvale, County of Santa Clara, State of California, described as follows:

Being all of Lot 2, Block 5, Tract No. 9925, entitled "Sunnyvale Town Center," filed October 1, 2007, in Book 818 of Maps at Pages 45 through 55 inclusive, Records of Santa Clara County.

County of Santa Clara
Office of the County Executive



126800

DATE: January 13, 2026

TO: Board of Supervisors

FROM: James R. Williams, County Executive

SUBJECT: Sunnyvale Successor Agency Compensation Agreement

RECOMMENDED ACTION

Approve Agreement under Health and Safety Code section 34180(f) among the Successor Agency to the Sunnyvale Redevelopment Agency, the City of Sunnyvale, and each of the affected taxing entities relating to the conveyance of real properties located at 325 South Taaffe Street, 225 South Taaffe Street, and 330 South Murphy Avenue, known as the Sunnyvale Town Center public parking garage parcels (Assessor Parcel Nos. 209-34-021, 209-34-025, and 209-35-014), that has been reviewed and approved by County Counsel as to form and legality.

FISCAL IMPLICATIONS

The recommended action will reduce the County's future liability and allow the Successor Agency to the Redevelopment Agency of the City of Sunnyvale to dissolve, reducing associated County staff time and administrative costs.

REASONS FOR RECOMMENDATION

Effective June 27, 2012, all redevelopment agencies statewide were dissolved. Successor Agencies to the former redevelopment agencies were established to wind down the activities of the now dissolved agencies. The Successor Agency to the Redevelopment Agency of the City of Sunnyvale ("Successor Agency") has in its possession three remaining parcels from the former Redevelopment Agency—all currently being utilized as public parking garages within the mixed-use development formerly known as the Sunnyvale Town Center.

After multi-year discussions between County and City staff, it was agreed that a transfer of the properties from the Successor Agency to the City would serve the public interest by enabling the Successor Agency to initiate the dissolution process in accordance with Health and Safety Code section 34187, which requires that all of the Successor Agency's debts are paid, its real property is disposed of, and any litigation is resolved. Dissolving the Successor Agency would benefit the County, City, and other taxing entities within the former Sunnyvale redevelopment area, including school districts and special districts, by eliminating

staff time and resources associated with the annual preparation, review, and adjudication of the Successor Agency’s Recognized Obligation Payment Schedule (ROPS), which is the legal mechanism that allows tax increment financing to be used for the Successor Agency’s enforceable obligations.

Transferring the properties from the Successor Agency to the City requires a compensation agreement to be approved by all parties, including the City, Successor Agency, and all local taxing entities.¹ On October 28, 2025, the City and Successor Agency adopted resolutions to approve the compensation agreement to allow the transfer of the three properties from the Successor Agency to the City. Administration recommends the Board of Supervisors approve the compensation agreement, which would then be agendized for action at the January 29, 2026 Redevelopment Dissolution Countywide Oversight Board (“Oversight Board”) meeting, and thereafter taken to the various taxing entities. Approval by the Oversight Board and by each of the taxing entities would be needed, as would approval by the California Department of Finance (DOF). The compensation agreement would become effective upon DOF approval.

County and City staff worked cooperatively on the compensation agreement to ensure it would benefit all parties’ interests. The compensation agreement involves no payment or future revenue sharing with the County and the other taxing entities in exchange for releasing the County and taxing entities from any future indirect liability associated with underground perchloroethylene (PCE) contamination on one of the properties, traced to a former dry-cleaning business.² Upon transfer of the properties, the City will assume all liability for the property associated with the PCE contamination, and the County and other taxing entities will be released from liability. Moreover, once the properties transfer and the Successor Agency dissolves, the Successor Agency’s share of annual PCE monitoring costs—which have ranged between \$8,000 and \$15,000 per year in recent years and are currently reimbursed by the ROPS—would be paid by the City outside of the ROPS process.

As reflected in the compensation agreement, County Administration has agreed that the City be reimbursed via the ROPS for the cost of a 10-year environmental liability insurance policy; previous quotes obtained by the City range from \$200,000 to \$300,000 for a 10-year term. The ROPS will need to be approved by the Oversight Board at its January meeting. At the end of the term, the City will be responsible for purchasing any subsequent environmental liability insurance policies.

In addition to the release of liability and reducing costs associated with administering the ROPS, there are other potential benefits of the recommended action for the County and the taxing entities. The City controlling these properties in the Sunnyvale Town Center increases their potential for redevelopment for higher-value uses over the long term, which would increase property tax revenue for all taxing entities. Moreover, the continued existence of the

¹ Defined by Health and Safety Code Section 34171(k), taxing entities relative to these properties are listed in the attached compensation agreement.

² This environmental hazard found under the Murphy Avenue parking garage property is further described in the Background section of this report.

Successor Agency requires the County to redirect former tax increment revenue to the Redevelopment Property Tax Trust Fund (RPTTF).

CHILD IMPACT

The recommended action will have no/neutral impact on children and youth.

SENIOR IMPACT

The recommended action will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action will have no/neutral sustainability implications.

BACKGROUND

The California State Legislature enacted Assembly Bill x1 26 to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.), as amended by Assembly Bill 1484, Statutes of 2012, enacted June 27, 2012. Upon dissolution of the Sunnyvale Redevelopment Agency, the Successor Agency became the owner of all property owned by the former Redevelopment Agency. The three parcels in the proposed compensation agreement are the only remaining properties owned by the Successor Agency. These three properties³ are:

- 325 S. Taaffe St. (APN 209-34-021), also known as “Pear” or the Cityline Flats “F” garage, located on Block 1, Lot 3, of the Town Center project area.
- 225 S. Taaffe St. (APN 209-34-025), also known as “Orange” or the Cityline Flats “E” garage, located on Block 2, Lot 4, of the Town Center project area.
- 330 S. Murphy Ave. (APN 209-35-014), also known as the “Penney’s garage” or the AMC/Whole Foods garage, located on Block 5, Lot 2, of the Town Center project area.

The groundwater underneath the 330 S. Murphy Avenue garage is contaminated by a plume of PCE from a former dry-cleaning business. The contamination was discovered in 2007 and underwent remediation efforts for several years. Currently, the PCE levels are low enough that the Regional Water Quality Control Board only requires monitoring. The Regional Water Quality Control Board has not, however, issued a “no further action” letter because the PCE levels are still higher than the threshold levels. PCE exposure has been associated with various health problems, including kidney, liver, and bladder cancers, as well as reproductive and birth defects, neurotoxicity and other adverse health impacts, according to numerous scientific studies.

CONSEQUENCES OF NEGATIVE ACTION

The Successor Agency would not be able to fully dissolve, and the County and other taxing entities would not be released from indirect liability associated with the PCE contamination.

³ For the Taaffe Street parcels, the Successor Agency owns the land, while a private entity owns the parking garages.
 Board of Supervisors: Sylvia Arenas, Betty Duong, Otto Lee, Susan Ellenberg, Margaret Abe-Koga
 County Executive: James R. Williams
 Agenda Date: January 13, 2026

STEPS FOLLOWING APPROVAL

After the compensation agreement has been signed by the President of the Board of Supervisors and the Clerk of the Board of Supervisors, the Clerk will return the signed copies to the Office of the County Executive, attention Brian Darrow, who will assist the City in securing approval and gathering signatures from the other taxing entities. Following receipt of all signatures, the Office of the County Executive will provide the Clerk of the Board's Office with a copy of the fully executed agreement for its records.

ATTACHMENTS:

- City of Sunnyvale Resolution 1330-25 Approving Compensation Agreement (PDF)
- Sunnyvale Successor Agency Resolution 1331-25 Approving Compensation Agreement (PDF)