

# Debt Service and Pension Obligations

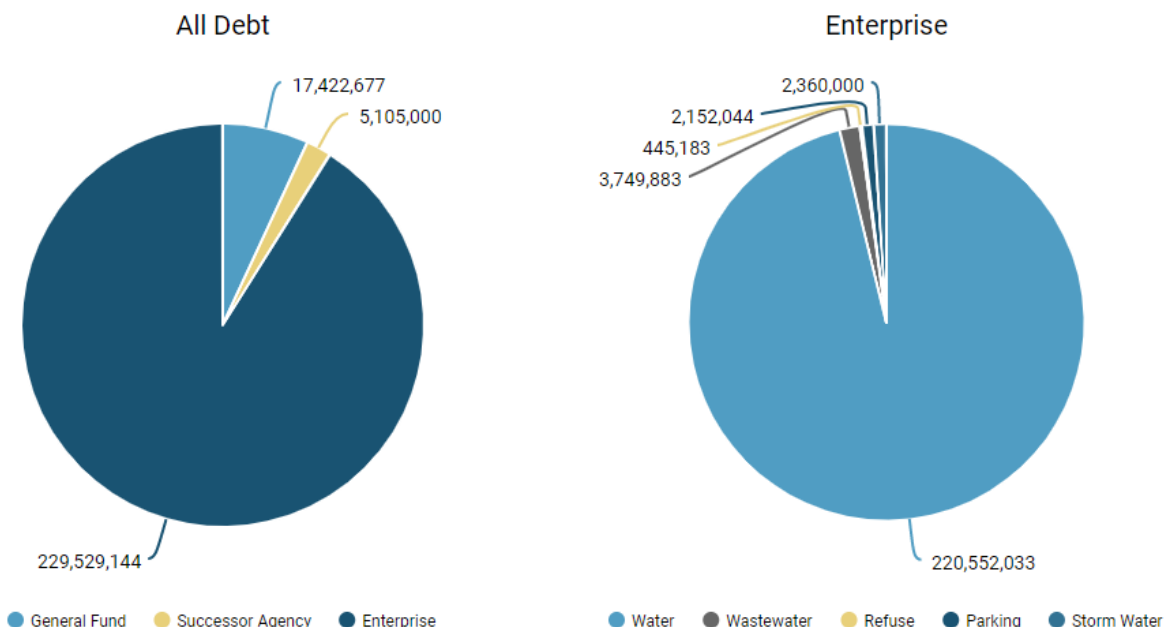
## Overview

The City of Santa Cruz debt service obligations include revenue bonds, general obligation bonds, pension obligation bonds, loans, leases, and former Santa Cruz Redevelopment Agency debt, transferred to the Successor Agency Trust (Resolution NS-28,450 dated January 24, 2012). Also included are the State of California Public Employees’ Retirement System (PERS) and other post-employment benefits (OPEB) liabilities. All debt issuance is approved by the Santa Cruz City Council subject to the City’s legal debt limit.

- *Revenue Bonds* – issued to purchase or construct assets owned by the City and the City pledges income resulting from the asset or enterprise to pay the debt service.
- *General Obligation Bonds* – issued to finance various public improvements in the City for which the main security for repayment is property taxes.
- *Pension Obligation Bonds* – issued by the City to pay its commitment to the pension fund in which its employees are members.
- *Santa Cruz Redevelopment Successor Agency Debt* – debt issued to finance redevelopment activities in accordance with California Community Redevelopment Law. With the dissolution of Redevelopment Agencies, the principal source of debt repayment is from property tax revenues of the Successor Agency to the Redevelopment Agency.

## Debt Status

The graph below estimates outstanding debt obligations, excluding pension, of \$5,105,000 in RDA Successor agency debt, \$17,422,677 in the General Fund, and \$229,259,144 in the City’s Enterprise funds for a total outstanding debt obligation of \$251,786,820 at the end of the fiscal year.



### **FY 2022 Debt Issues**

There was no new debt issued by the City in FY 2022.

### **FY 2023 Planned Debt**

During the next year, the Water Department plans to borrow a combination of SRF, line of credit and tax-exempt revenue bonds in the amount of \$89 million to fund the capital improvement plan.

### **FY 2023 PERS and OPEB Liabilities**

The City of Santa Cruz participates in PERS to provide pension benefits for past, current and future employees. In addition it provides modest, capped health retiree obligations as required by the CalPERS health program and as negotiated locally by City employees.

## Debt Service Obligations

General Long Term Debt	Maturity Date	Balance 6/30/21	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/22	Due Within 1 Year	Due in More Than 1 Year
2017 Refunding Lease Revenue Bonds 2007	11/1/2037	4,620,000	-	190,000	4,430,000	190,000	4,240,000
2017 Refunding Lease Revenue Bonds Series B	11/1/2031	1,995,000	-	155,000	1,840,000	160,000	1,680,000
2010 Pension Obligation Bonds	6/1/2022	3,150,000	-	3,150,000	-	-	-
2009 General Obligation Refunding Bonds	9/1/2029	4,265,000	-	360,000	3,905,000	385,000	3,520,000
2012 Golf COP Refunding Loan	5/1/2029	1,633,766	-	179,334	1,454,432	185,665	1,268,767
PG&E Loan - LED Streetlights (Interest free)	1/1/2023	49,596	-	24,953	24,644	24,644	-
2020 PG&E Loan - Interest Free (155 Center)	4/1/2025	58,186	-	13,428	44,758	13,428	31,331
2020 PG&E Loan - Interest Free (Branciforte)	11/1/2024	71,053	-	16,718	54,334	16,718	37,616
2020 PG&E Loan - Interest Free (119 Center)	3/1/2030	77,897	-	8,346	69,551	8,346	61,205
I-Bank Arterial Streets and Roads Loan	8/1/2024	5,944,321	-	1,448,068	4,496,253	1,473,119	3,023,134
California Energy Commission Loan	12/22/2033	1,186,201	-	82,498	1,103,703	83,325	1,020,378
<b>Total General Long Term Debt</b>		<b>23,051,020</b>	<b>-</b>	<b>5,628,344</b>	<b>17,422,677</b>	<b>2,540,245</b>	<b>14,882,432</b>

Water Enterprise Liabilities	Maturity Date	Balance 6/30/21	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/22	Due Within 1 Year	Due in More Than 1 Year
2014 Water Refunding Revenue Bonds	3/1/2036	8,165,000	-	440,000	7,725,000	450,000	7,275,000
I-Bank Water Infrastructure Loan	8/1/2046	22,878,148	-	574,115	22,304,033	592,717	21,711,316
2018 Water Fund BofA Commercial Loan	6/19/2020	21,000,000	-	-	21,000,000	-	21,000,000
2019 Water Revenue Bonds	3/1/2049	20,520,000	-	350,000	20,170,000	370,000	19,800,000
2020 Water Resources Loan-Newell Creek Inlet	10/1/2052	103,453,000	-	-	103,453,000	-	103,453,000
2021 Water Resources Loan-Graham Hill	4/30/2054	45,900,000	-	-	45,900,000	-	45,900,000
<b>Total Water Liabilities</b>		<b>221,916,148</b>	<b>-</b>	<b>1,364,115</b>	<b>220,552,033</b>	<b>1,412,717</b>	<b>219,139,316</b>

Wastewater Enterprise Liabilities	Maturity Date	Balance 6/30/21	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/22	Due Within 1 Year	Due in More Than 1 Year
2013 Wastewater Refunding Bonds	11/2/2022	653,339	-	323,734	329,605	329,605	-
2020 I-Bank Wastewater UV Loan	8/1/2050	3,500,000	-	79,722	3,420,278	81,715	3,338,563
<b>Total Wastewater Liabilities</b>		<b>4,153,339</b>	<b>-</b>	<b>403,456</b>	<b>3,749,883</b>	<b>411,320</b>	<b>3,338,563</b>

Refuse Enterprise Liabilities	Maturity Date	Balance 6/30/21	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/22	Due Within 1 Year	Due in More Than 1 Year
2009 Refuse Refunding Loan Agreement	10/1/2023	688,700	-	265,600	423,100	278,700	144,400
2010 Enterprise Revenue Bonds	10/1/2021	400,000	-	400,000	-	-	-
2020 PG&E Loan - Interest Free (605 Dimeo)	10/1/2023	39,909	-	17,825	22,083	17,825	4,258
<b>Total Refuse Liabilities</b>		<b>1,128,609</b>	<b>-</b>	<b>683,425</b>	<b>445,183</b>	<b>296,525</b>	<b>148,658</b>

Parking Enterprise Liabilities	Maturity Date	Balance 6/30/21	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/22	Due Within 1 Year	Due in More Than 1 Year
2017 Parking Refunding LRB	11/1/2028	2,340,000	-	260,000	2,080,000	275,000	1,805,000
2020 PG&E Loan - Interest Free (601 Front)	3/1/2024	99,061	-	27,017	72,044	27,017	45,028
<b>Total Parking Liabilities</b>		<b>2,439,061</b>	<b>-</b>	<b>287,017</b>	<b>2,152,044</b>	<b>302,017</b>	<b>1,850,028</b>

Storm Water Enterprise Liabilities	Maturity Date	Balance 6/30/21	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/22	Due Within 1 Year	Due in More Than 1 Year
2014 Storm Water Refunding Revenue Bonds	10/1/2028	2,690,000	-	330,000	2,360,000	340,000	2,020,000
<b>Total Storm Water Liabilities</b>		<b>2,690,000</b>	<b>-</b>	<b>330,000</b>	<b>2,360,000</b>	<b>340,000</b>	<b>2,020,000</b>

<b>Total Enterprise Funds Liabilities</b>		<b>232,327,157</b>	<b>-</b>	<b>3,068,013</b>	<b>229,259,144</b>	<b>2,762,578</b>	<b>226,496,565</b>
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Successor Agency Trust	Maturity Date	Balance 6/30/21	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/22	Due Within 1 Year	Due in More Than 1 Year
2004 RDA TAB Merged	10/1/2031	2,830,000	-	205,000	2,625,000	215,000	2,410,000
2011 Housing TABS Series A	10/1/2024	3,205,000	-	725,000	2,480,000	775,000	1,705,000
2011 Taxable TABS Series B	10/1/2026	10,195,000	-	10,195,000	-	-	-
2011 Tax-Exempt TABS Series C	10/1/2026	3,485,000	-	3,485,000	-	-	-
<b>TOTAL Successor Agency Trust</b>		<b>19,715,000</b>	<b>-</b>	<b>14,610,000</b>	<b>5,105,000</b>	<b>990,000</b>	<b>4,115,000</b>

<b>Subtotal Debt Service Obligations</b>		<b>275,093,177</b>	<b>-</b>	<b>23,306,357</b>	<b>251,786,820</b>	<b>6,292,823</b>	<b>245,493,997</b>
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## Pension and Other Post-Employment Benefits Obligations

Public Employees Retirement System (PERS)	Measurement Date	Actuarial Value of Assets	Accrued Liability	Unfunded Liability	Unfunded Percentage of Assets	Prior Valuation Unfunded Liability
Miscellaneous employees	6/30/2020	341,729,472	443,646,773	101,917,301	77.0%	96,752,143
Safety employees	6/30/2020	212,136,105	293,764,242	81,628,137	72.2%	74,225,347
<b>Total PERS Obligations</b>		<b>553,865,577</b>	<b>737,411,015</b>	<b>183,545,438</b>	<b>75.1%</b>	<b>170,977,490</b>

Other Post Employment Benefits (OPEB)	Measurement Date	Actuarial Value of Assets	Accrued Liability	Unfunded Liability	Unfunded Percentage of Assets	Prior Valuation Unfunded Liability
All employees	6/30/2020	3,688,910	43,505,091	39,816,181	8.5%	43,571,318
<b>Total OPEB Obligations</b>		<b>3,688,910</b>	<b>43,505,091</b>	<b>39,816,181</b>	<b>8.5%</b>	<b>43,571,318</b>

<b>Subtotal Pension &amp; OPEB Obligations</b>		<b>557,554,487</b>	<b>780,916,106</b>	<b>223,361,619</b>	<b>71.4%</b>	<b>214,548,808</b>
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	FY 2020 Budget Balance as of Reporting Date	Percentage of Total Debt	FY 2021 Budget Balance as of Reporting Date	Percentage of Total Debt
City-wide Debt before Pension	275,093,177		251,786,820	
Less: Pension Obligation Bonds	(3,150,000)		-	
<b>Net City-wide Debt before all Pension costs</b>	<b>271,943,177</b>	<b>53.4%</b>	<b>251,786,820</b>	<b>50.8%</b>

Pension Obligation Bonds	3,150,000		-	
City-wide Unfunded Pension Liability	214,548,808		223,361,619	
<b>City-wide Pension Obligations</b>	<b>217,698,808</b>	<b>42.8%</b>	<b>223,361,619</b>	<b>45.1%</b>

### Other future obligations without annual debt service

Compensated absences	1,782,228		2,099,131	
Claims and judgments	9,852,894		10,094,819	
Landfill closure	7,917,923		8,316,243	
<b>Other future debt obligations</b>	<b>19,553,045</b>	<b>3.8%</b>	<b>20,510,193</b>	<b>4.1%</b>

<b>TOTAL ALL CITY OBLIGATIONS</b>	<b>509,195,030</b>		<b>495,658,632</b>	
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