

ORDINANCE NO. 2025-02

AN ORDINANCE OF THE CITY OF SANTA CRUZ AMENDING CHAPTER 16.26  
TO THE SANTA CRUZ MUNICIPAL CODE RELATING TO THE ISSUANCE OF  
PARKING REVENUE BONDS

BE IT ORDAINED by the City Council of the City of Santa Cruz as follows:

WHEREAS, the City of Santa Cruz (the “City”) is a charter city organized and existing under the Constitution and laws of the State of California, and as such is authorized by Article XI, Section 5 of the California Constitution to make and enforce all ordinances and regulations in respect to municipal affairs; and

WHEREAS, as an exercise of its municipal affairs powers the City Council has previously adopted its Ordinance enacting Chapter 16.26 to the Santa Cruz Municipal Code for the purpose of establishing the procedures for the issuance and sale of revenue bonds of the City for the purpose of financing improvements to the water and wastewater enterprises of the City; and

WHEREAS, the City Council wishes at this time to amend and restate Chapter 16.26 to the Santa Cruz Municipal Code for the purpose of including procedures for the issuance and sale of bonds of the City which are payable from revenues of the City’s parking enterprise, in order to provide financing for parking improvements of the City;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Santa Cruz as follows:

**SECTION 1.** Chapter 16.26 of the Santa Cruz Municipal Code is hereby amended and restated to read in its entirety as follows:

**CHAPTER 16.26**

**CITY OF SANTA CRUZ  
ENTERPRISE REVENUE BOND LAW**

**16.26.010. PURPOSE AND INTENT.**

The purpose and intent of this chapter is to provide the procedures to be followed by the City with respect to the authorization, issuance and sale of bonds and other obligations for the purpose of financing the water enterprise, wastewater enterprise and parking enterprise of the City. This chapter may be cited as the City of Santa Cruz Enterprise Revenue Bond Law. The City Council hereby finds that the City’s issuance of Bonds to finance Capital Improvement Costs relating to the Water System, the Wastewater System and Parking System is a municipal affair and promotes a necessary and essential public purpose.

**16.26.020. DEFINITIONS.**

- A. The following definitions apply in this chapter and shall not be construed to define the same terms found in any other section of this code. As used in this chapter, the following terms shall have the meanings set forth below.
1. “Bonds” means any bonds, notes, loans, interim certificates, debentures, installment-purchase agreements, leases, or other obligations that are issued or incurred under this chapter and are payable from Revenues described in the Issuing Instrument.
  2. “Capital Improvement” means (a) any addition, betterment, replacement, renewal, extension, equipping, or improvement of or to the Water System, the Wastewater System and the Parking System, including the acquisition of land or any interests in land, and (b) any capital costs for the extension, reinforcement, enlargement, or other improvement of a facility or property, or for the acquisition of an interest in a facility or property, that is determined by the City to be necessary or convenient in connection with use of the Water System, the Wastewater System and the Parking System.
  3. “Capital Improvement Costs” means all costs and expenses the City pays or incurs in connection with planning, designing, acquiring, constructing, installing, furnishing, equipping, and financing a Capital Improvement; placing a Capital Improvement in operation; disposing of a Capital Improvement; and obtaining governmental approvals, certificates, permits, and licenses for a Capital Improvement. “Capital Improvement Costs” includes the following:
    - a. Reimbursement to the City for any costs and expenses that are included in this definition, are paid by the City, have not previously been reimbursed to the City, and will not be reimbursed from contributions in aid of construction.
    - b. Costs of preliminary investigation and development, including the cost of performing or acquiring feasibility and planning studies; the cost of securing regulatory approvals; the cost of acquiring land and land rights; fees for engineering and contractor services; the costs of labor, materials, equipment, utility services, and supplies; and legal fees and financing expenses.
    - c. Working capital and working-capital reserves in such amounts as the City determines to be appropriate.
    - d. Interest accruing in whole or in part on Bonds before and during construction of a Capital Improvement or any portion of a Capital Improvement, and interest accruing for such additional time as the City determines.
    - e. Deposits from the proceeds of Bonds in any funds or accounts when the Issuing Instrument requires such deposits.

- f. The payment of principal, purchase price, premium, and interest of any indebtedness, the proceeds of which were applied to Capital Improvement Costs.
  - g. Training and testing costs that are properly allocable to acquiring or constructing a Capital Improvement or placing it in operation.
  - h. All costs of insurance that is in effect when a Capital Improvement is constructed and placed in operation.
  - i. Amounts due the United States of America as rebate of investment earnings on the proceeds of Bonds or as penalties in lieu of rebate.
  - j. Amounts payable for capital costs of expanding, reinforcing, enlarging, or otherwise improving facilities the City determines to be necessary in connection with the use of a Capital Improvement, and the costs associated with the removal from service of, or reductions in service by, any facilities as a result of the expansion, reinforcement, enlargement or other improvement of such facilities or the construction of a Capital Improvement.
  - k. Costs of issuance of any Bonds, including costs of legal, underwriting, feasibility, engineering, and other consultants; costs of City staff; costs of reserve funds; and costs of bond insurance or other credit or liquidity enhancement for the Bonds.
  - l. Fees and expenses relating to any lending or credit facility or agreement for a Capital Improvement or any portion of a Capital Improvement.
  - m. Any other cost as the City Council may, in its discretion, define as a Capital Improvement Cost in the Issuing Instrument.
4. “Director of Finance” means the Director of Finance or any designee of the Director of Finance.
5. “Include” and its variants are terms of enlargement rather than of limitation, so that “includes” means “includes but not limited to,” and “including” means “including but not limited to.”
6. “Issuing Instrument” means the resolution of the City Council adopted under this chapter and any indenture, trust agreement, loan agreement, lease, installment-purchase agreement, revolving-credit agreement, credit or liquidity agreement, or other instrument or agreement under which the City issues Bonds for the Water System, the Wastewater System and the Parking System as described in this chapter.
7. “Parking System” means all revenue-producing improvements, facilities or undertakings used for or useful in the providing of public parking lots, garages or other

automotive or vehicular parking facilities, including any and all public off-street vehicular parking facilities in the City and all parts thereof and appurtenances thereto and lands, easements, rights in lands, contract rights and franchises appurtenant thereto.

8. "Revenues" means all income, rents, rates, fees, charges, and other moneys that the City derives from the Water System, the Wastewater System or the Parking System and that the City Council may, in its discretion, designate as "Revenues" in the Issuing Instrument. At the discretion of the City Council, the "Revenues" which are pledged to the payment of Bonds may be net of the costs of operating and maintaining the Water System, the Wastewater System or the Parking System.
  9. "Water System" means the water treatment, production, storage and distribution system owned or operated by the City, including but not limited to all facilities, properties and improvements at any time owned or operated by the City for the collection, treatment and supply of water within the service area of such system, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the City.
  10. "Wastewater System" means the system owned or operated by the City for the collection, treatment, disposal or reuse of wastewater, including sewage treatment plants, intercepting and collecting sewers, outfall sewers, force mains, pumping stations, ejector stations, oxidation ponds, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, purification, reclamation or disposal of sewage, and any necessary lands, rights of way and other real or personal property useful in connection therewith.
- B. Terms not defined in this section shall be interpreted to give this chapter its most reasonable meaning and application, consistent with applicable state and federal law.

#### **16.26.030. GENERAL POWERS.**

The City is authorized and empowered to do the following:

- A. Issue Bonds for the purposes of financing Capital Improvement Costs, refunding outstanding Bonds, and paying all costs incurred in connection with Bonds.
- B. Establish the terms for financings undertaken in accordance with this chapter.
- C. Employ or contract for such legal, financial advisory, underwriting, feasibility, engineering, and other consultant services the City Council determines to be necessary for the issuance and sale of Bonds.
- D. Do all things necessary or convenient to carry out the purposes of this chapter.

**16.26.040. AUTHORIZATION AND TERMS OF BONDS.**

The City Council may adopt a resolution authorizing the issuance of Bonds in accordance with this chapter. Every issue of Bonds shall be payable from Revenues of the Water System, the Wastewater System or the Parking System for which Capital Improvement Costs are being financed. The resolution that authorizes the issuance of Bonds and the Issuing Instrument may prescribe any or all of the following for the Bonds:

1. The form of the Bonds, which may be issued as serial bonds, term bonds, or installment bonds, or any combination thereof.
2. The date or dates to be borne by the Bonds.
3. The date or dates of maturity of the Bonds.
4. The interest to be borne by the Bonds, which may be taxable or tax-exempt, fixed or variable, and which may be paid on a current-interest-rate basis, a capital-appreciation basis or any combination thereof.
5. The date or dates that interest on the Bonds will be payable.
6. The denominations, form, and registration privileges of the Bonds.
7. The manner of execution of the Bonds.
8. The place or places the Bonds are payable.
9. The terms of redemption of the Bonds.
10. Any other terms and conditions as the City may deem necessary or advisable.

Notwithstanding the foregoing provisions of this Section, at the discretion of the City Council, any Bonds issued under this chapter may be secured or evidenced by an Issuing Instrument in the form of an indenture or a trust agreement between the City and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company. An Issuing Instrument may contain any lawful provisions the City Council determines to be reasonable and proper.

**16.26.050. BOND INSURANCE.**

The Director of Finance may obtain bond insurance or other credit enhancement or liquidity support for the Bonds and may approve the entering into by the City of any credit agreement, reimbursement agreement, standby bond-purchase agreement, or similar agreement with any person or entity. Such an agreement must contain the terms of the credit, reimbursement, liquidity support, interest rate, and security, and any other terms the Director of Finance deems necessary or appropriate.

**16.26.060. PERSONAL LIABILITY.**

Neither the members of the City Council; nor the City's officers, employees, and agents; nor any person executing Bonds will be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

**16.26.070. REFUNDING BONDS.**

The City Council may issue Bonds to refund outstanding Bonds. Such a refunding includes payment of the principal, purchase price, interest, and redemption premiums, if any, of the outstanding Bonds. At the discretion of the City Council, based on the Director of Finance's recommendation, the proceeds of Bonds issued to refund outstanding Bonds may be applied to the retirement of the outstanding Bonds at maturity or to the redemption (on any redemption date) or purchase of the outstanding Bonds before maturity, upon such terms as the City Council determines to be appropriate.

**16.26.080. SALE OF THE BONDS.**

The Bonds may be sold at either a public or private sale, on either a negotiated or competitive basis, and at a price which is at, above, or below the par value of the Bonds. The manner of sale of the Bonds shall be designated in the resolution of the City Council authorizing the issuance of the Bonds.

**16.26.090. LIBERAL CONSTRUCTION.**

This chapter, being necessary for the health, welfare, and safety of the City and its residents, is to be liberally construed to carry out its purposes.

**16.26.100. COMPLETE, ADDITIONAL, AND ALTERNATIVE METHOD.**

This chapter provides a complete, additional, and alternative method for doing the things authorized and is to be regarded as supplemental and additional to the powers conferred by other laws.

**16.26.110. VALIDITY OF BONDS.**

The validity of any Bonds does not depend on, and is not affected in any way by, any proceedings taken by the City for acquisition, construction, or completion of any properties or projects for which the Bonds are issued or any agreements made in connection with the acquisition, construction, or operation of those properties. The Bonds shall be incontestable and by their issuance and delivery shall conclusively establish the due performance of all conditions precedent to their issue.

**16.26.120. AMENDMENT OF CHAPTER.**

This chapter may not be amended to have a material, adverse effect upon the rights of the holders of any outstanding Bonds without the written consent of the Bond holders, except as follows: this chapter may be amended at any time if the amendment is needed to cure an ambiguity or to correct or supplement a defective provision; if the City Council finds that the amendment will not materially impair or adversely affect the City's interests or the interests of any Bond holder; or if the amendment will apply solely to Bonds issued after its effective date.

**16.26.130. CHAPTER CONTROLLING.**

To the extent this chapter is inconsistent with any general statute or special act, this chapter shall be controlling.

**16.26.140. SEVERABILITY.**

If any section, subsection, sentence, clause, phrase or word of this chapter is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this chapter.”

**SECTION 2.** This Ordinance shall become effective on the 30th day following the date of its passage and adoption.

**SECTION 3.** This Ordinance shall be published in accordance with the requirements of Section 613 of the City Charter.

PASSED FOR PUBLICATION this 11<sup>th</sup> day of February 2025, by the following vote:

AYES: Councilmembers Trigueiro, Brunner, Newsome, Golder, O’Hara; Vice Mayor Kalantari-Johnson; Mayor Keeley.

NOES: None.

ABSENT: None.

DISQUALIFIED: None.

APPROVED: \_\_\_\_\_  
Fred Keeley, Mayor

ATTEST: \_\_\_\_\_  
Bonnie Bush, City Clerk Administrator

ORDINANCE NO. 2025-02

PASSED FOR FINAL ADOPTION this 25<sup>th</sup> day of February 2025 by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: \_\_\_\_\_  
Fred Keeley, Mayor

ATTEST: \_\_\_\_\_  
Bonnie Bush, City Clerk Administrator

This is to certify that the above and foregoing document is the original of Ordinance No. 2025-02 and that it has been published or posted in accordance with the Charter of the City of Santa Cruz.

\_\_\_\_\_  
Bonnie Bush, City Clerk Administrator