

Debt Service Obligations

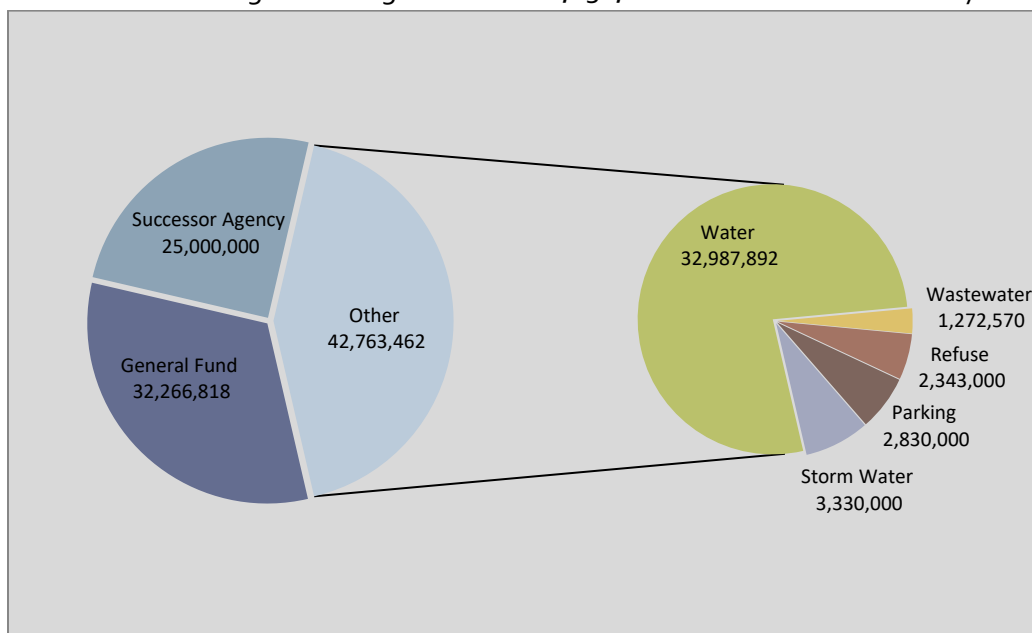
OVERVIEW

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 \$25,000,000 in RDA Successor agency debt, \$32,266,818 in the General Fund, and \$42,763,462 in the City's Enterprise funds for a total outstanding debt obligation of \$100,030,280 at the end of the fiscal year.



FY 2019 DEBT ISSUES

The following debt issues have been completed in FY 2019:

Debt Service Obligations

- Water Department – On December 28, 2018, and on March 29, 2019, the Water Department received principal advances in the amount of \$1,500,000 and \$2,500,000, respectively, from their Revolving Line of Credit to meet short-term cash flow needs and enable the Department to meet all of its financial targets.

FY 2020 PLANNED DEBT ISSUES

The following are planned debt issues for the FY 2020:

- The Water Department is planning to retire a Revolving Line of Credit used for bridge financing with proceeds from an issuance of revenue bonds in FY 2020. The Department is also pursuing two Drinking Water State Revolving Fund (DWSRF) loans for an estimated total exceeding \$100 million. The approval process takes several months and the anticipated approval will be received before the end of calendar year 2019. The size of the revenue bond issuance is highly dependent on whether the DWSRF loans are approved. Because of this unknown, the revenue bond issuance is estimated to range from \$40 - \$70 million.

FY 2019 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.

CITY OF SANTA CRUZ
FY 2020 ANNUAL BUDGET
Debt Service Obligations
(A) Summary of Changes in Long-Term Debt

Description	Maturity Date	Balance June 30, 2018	Additions to Debt	Principal Paydown and Maturities	Balance June 30, 2019	Balance	
						Due Within One Year	Due in More Than One Year
<u>GENERAL LONG TERM DEBT</u>							
2017 Refunding Lease Revenue Bonds 2007	11/1/2037	5,140,000	-	165,000	4,975,000	175,000	4,800,000
2017 Refunding Lease Revenue Bonds Ser B	11/1/2031	2,420,000	-	140,000	2,280,000	140,000	2,140,000
2010 Pension Obligation Bonds	6/1/2022	11,100,000	-	2,415,000	8,685,000	2,645,000	6,040,000
2009 General Obligation Refunding Bonds	9/1/2029	5,205,000	-	290,000	4,915,000	315,000	4,600,000
2012 Golf COP Refunding Loan	5/1/2029	2,131,023	-	161,605	1,969,418	167,311	1,802,107
PG&E Loan - LED Streetlights (Interest free)	1/1/2023	113,845	-	24,953	88,892	24,953	63,939
ZION Bank Loan - Homeless Shelter Project	1/1/2021	152,536	-	49,723	102,813	50,837	51,976
I-Bank Arterial Streets and Roads Loan	8/1/2024	10,142,438	-	1,375,440	8,766,998	1,399,235	7,367,763
California Energy Commission Loan	12/22/2033	483,697	-	-	483,697	-	483,697
Total General Long Term Debt		36,888,539	-	4,621,721	32,266,818	4,917,336	27,349,482
<u>ENTERPRISE DEBT</u>							
2014 Water Refunding Revenue Bonds	3/1/2036	9,425,000	-	410,000	9,015,000	420,000	8,595,000
I-Bank Water Infrastructure Loan	8/1/2046	24,494,633	-	521,741	23,972,892	538,646	23,434,246
2018 Water Fund BofA Commerical Loan	6/19/2020	3,500,000	4,000,000	-	7,500,000	7,500,000	-
Total Water Liabilities		33,919,633	-	931,741	32,987,892	958,646	32,029,246
2013 Wastewater Refunding Bonds	11/2/2022	4,888,944	-	3,616,374	1,272,570	304,712	967,858
Total Wastewater Liabilities		4,888,944	-	3,616,374	1,272,570	304,712	967,858
2009 Refuse Refunding Loan Agreement	10/1/2023	1,412,900	-	229,900	1,183,000	241,200	941,800
2010 Enterprise Revenue Bonds	10/1/2021	1,525,000	-	365,000	1,160,000	375,000	785,000
Total Refuse Liabilities		2,937,900	-	594,900	2,343,000	616,200	1,726,800
2017 Parking Refunding LRB	11/1/2028	3,065,000	-	235,000	2,830,000	240,000	2,590,000
Total Parking Liabilities		3,065,000	-	235,000	2,830,000	240,000	2,590,000
2014 Storm Water Refunding Revenue Bonds	10/1/2028	3,640,000	-	310,000	3,330,000	315,000	3,015,000
Total Storm Water Liabilities		3,640,000	-	310,000	3,330,000	315,000	3,015,000
Total Enterprise Debt		48,451,477	-	5,688,015	42,763,462	2,434,558	40,328,904
<u>SUCCESSOR AGENCY TRUST</u>							
2004 RDA TAB Merged	10/1/2031	3,395,000	-	180,000	3,215,000	190,000	3,025,000
2011 Housing TABS Series A	10/1/2024	5,130,000	-	600,000	4,530,000	640,000	3,890,000
2011 Taxable TABS Series B	10/1/2026	13,995,000	-	1,185,000	12,810,000	1,265,000	11,545,000
2011 Tax-Exempt TABS Series C	10/1/2026	4,895,000	-	450,000	4,445,000	470,000	3,975,000
TOTAL Successor Agency Trust		27,415,000	-	2,415,000	25,000,000	2,565,000	22,435,000
SUBTOTAL DEBT BEFORE PENSION		112,755,016	-	12,724,736	100,030,280	9,916,894	90,113,386

CITY OF SANTA CRUZ
FY 2020 ANNUAL BUDGET
Pension Obligations
(B) Summary of Funding Progress

Description	Measurement Date	Actuarial Value of Assets	Accrued Liability	Unfunded Liability	Unfunded Percentage of Assets	Prior Valuation Unfunded Liability
<u>Public Employees' Retirement System (PERS)</u>						
Miscellaneous employees	6/30/2017	290,611,313	393,332,342	102,721,029	73.9%	91,626,354
Safety	6/30/2017	182,678,118	250,089,380	67,411,262	73.0%	58,326,239
Total PERS Obligations		473,289,431	643,421,722	170,132,291	73.6%	149,952,593
<u>Other Post Employment Benefits (OPEB)</u>						
All employees	6/30/2017	-	39,367,937	39,367,937	0.0%	33,441,987
Total OPEB Obligations		-	39,367,937	39,367,937	0.0%	33,441,987
SUBTOTAL PENSION		473,289,431	682,789,659	209,500,228	69.3%	183,394,580

CITY OF SANTA CRUZ
FY 2020 ANNUAL BUDGET
Pension Obligations
(C) Comparative Summary of Total Obligations

Description	FY 2018 Budget Balance as of Reporting Date	Percentage of Total Debt	FY 2019 Budget Balance as of Reporting Date	Percentage of Total Debt
City-wide Debt before Pension	112,755,016		100,030,280	
Less: Pension Obligation Bonds	(11,100,000)		(8,685,000)	
Net City-wide Debt before all Pension costs	101,655,016	32.3%	91,345,280	27.8%
Pension Obligation Bonds	11,100,000		8,685,000	
City-wide Unfunded Pension Liability	183,394,580		209,500,228	
City-wide Pension Obligations	194,494,580	61.8%	218,185,228	66.4%
Other future obligations without annual debt service				
Compensated absences	1,719,932		1,755,751	
Claims and judgments	9,931,581		9,931,581	
Landfill closure	7,118,649		7,449,025	
Other future debt obligations	18,770,162	6.0%	19,136,357	5.8%
TOTAL OBLIGATIONS	314,919,758		328,666,865	