

Debt Service and Pension Obligations

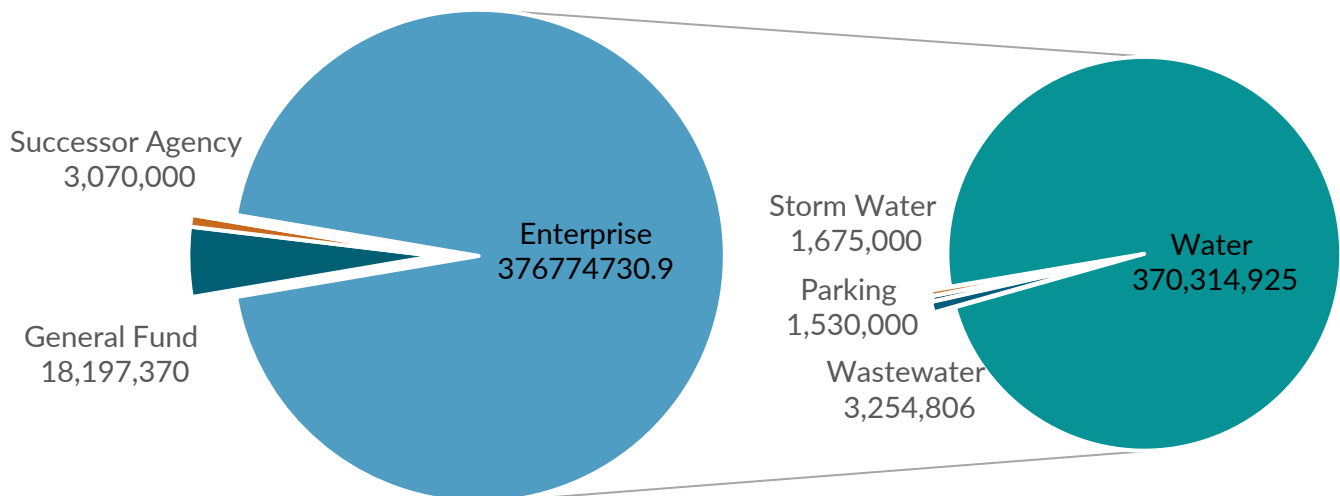
Overview

The City of Santa Cruz debt service obligations include revenue bonds, general 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.
- *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 \$18,197,370 in the General Fund, \$3,070,000 in RDA Successor agency debt, and \$376,774,731 in the City's Enterprise funds for a total outstanding debt obligation of \$398,042,101 at the end of fiscal year 2024.



FY 2024 Debt Issues

The Wastewater Fund is in the process of completing a loan from the California Infrastructure and Economic Development Bank (IBank) in the amount of \$31M to fund infrastructure updates to the Wastewater Treatment Plant.

FY 2025 Planned Debt

The Water Department continues to pursue low interest and no interest loans and grants to fund its infrastructure projects, including \$130M for a planned Facilities Improvement Project.

The Parking Enterprise Fund is planning to issue debt to fund their portion of the Library and Affordable Housing Project that includes a new parking structure.

FY 2025 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.



Aerial view of the
Wastewater Treatment Plant

Debt Service Obligations-Summary of Changes in Long-Term Debt

General Long-Term Debt	Purpose	Balance 6/30/23	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/24	Due Within 1 Year	Due in More Than 1 Year
2009 General Obligation Refunding Bonds Bond Rating: AA+ Maturity: 9/1/2029	Refinanced 1999 GO Bonds. Original issue was for acquisition of land for open space and construction of a community park, fire admin building and fire station upgrades.	3,520,000	-	410,000	3,110,000	440,000	2,670,000
2012 Golf COP Refunding Loan Maturity: 5/1/2029	Refinanced 2004 COP 13. Original issue was for golf course improvements.	1,260,041	-	192,220	1,067,821	199,007	868,814
2015 I-Bank Arterial Streets and Roads Loan Maturity: 8/1/2024	For City-wide road improvements	3,023,134	-	1,498,604	1,524,530	1,524,530	-
2017 Refunding Lease Revenue Bonds 2007 Bond Rating: AA Maturity: 11/1/2037	Refinanced 2007 LRB's. Original issue was for land and building improvements for the library and water departments.	4,240,000	-	200,000	4,040,000	210,000	3,830,000
2017 Refunding Lease Revenue Bonds Series B Bond Rating: AA Maturity: 11/1/2031	Refinanced 2010 Series B. Original issue was for Civic Center acquisition, construction & improvement.	1,680,000	-	160,000	1,520,000	165,000	1,355,000
2018 California Energy Commission Loan Maturity: 12/22/2033	For comprehensive energy efficiency retrofit project	1,020,377	-	84,133	936,244	85,004	851,240
2020 PG&E Loan - Interest Free (155 Center) Maturity: 4/1/2025	Lighting upgrades at the Police Department headquarters.	24,617	-	13,428	11,190	11,190	-
2020 PG&E Loan - Interest Free (Branciforte) Maturity: 11/1/2024	Lighting upgrades at DeLaveaga Park	23,684	-	16,718	6,966	6,966	-
2020 PG&E Loan - Interest Free (119 Center) Maturity: 3/1/2030	Lighting upgrades at Depot Park	56,337	-	8,346	47,991	8,346	39,644
2023 California Energy Commission Loan Maturity: 12/22/2042	Civic roof restoration, solar panels & boiler controls, HW ballfield lights retrofit, HW pool solar panels, Soquel/Front solar panels.	2,424,224	-	116,595	2,307,629	121,302	2,186,327
2023 Banc of America Maturity: 12/1/2042	offset 2023 CEC loan projects	3,721,000	-	-	3,625,000	96,000	3,521,000
Total General Long-Term Debt		20,993,414	-	2,700,045	18,197,370	2,867,344	15,322,026

Water Enterprise Liabilities	Purpose	Balance 6/30/23	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/24	Due Within 1 Year	Due in More Than 1 Year
2014 Water Refunding Revenue Bonds Bond Rating: AA- Maturity: 3/1/2036	Refinanced 2006 Water Revenue Bonds and Water Note payable to the State	7,275,000	-	465,000	6,810,000	475,000	6,335,000
2016 I-Bank Water Infrastructure Loan Maturity: 8/1/2046	For City-wide improvements to the water system	21,711,316	-	611,921	21,099,395	631,747	20,647,648
2019 Water Revenue Bonds Bond Rating: AA- Maturity: 3/1/2049	For City-wide improvements to the water system and to repay the outstanding bank loan.	19,800,000	-	390,000	19,410,000	405,000	19,005,000
2020 Water Resources Loan- Newell Creek Inlet Maturity: 10/1/2052	For the Newell Creek Inlet-Outlet Replacement project.	103,453,000	-	2,845,814	100,6407,186	2,836,387	97,770,798
2021 Water Fund BofA Commercial Loan Maturity: 6/14/2024	For water related projects	50,000,000	-	-	50,000,000	-	50,000,000
2021 Water Resources Loan- Graham Hill Maturity: 4/30/2054	Replacement of 4.5 miles of pipeline to Graham Hill Treatment Plant.	45,900,000	-	1,241,656	44,658,344	1,259,039	43,399,305
2023 WIFIA Loan Maturity: 5/1/2063	For City-wide improvements to the water system	127,730,000	-	-	127,730,000	-	127,730,000
Total Water Liabilities		375,869,316	-	5,554,391	370,314,925	5,607,173	364,887,752

Wastewater Enterprise Liabilities	Purpose	Balance 6/30/23	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/24	Due Within 1 Year	Due in More Than 1 Year
2020 I-Bank Wastewater UV Loan Maturity: 8/1/2050	Ultraviolet light disinfection system replacement project	3,338,563	-	83,758	3,254,806	85,852	3,168,954
Total Wastewater Liabilities		3,338,563	-	83,758	3,254,806	85,852	3,168,954

Parking Enterprise Liabilities	Purpose	Balance 6/30/22	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/23	Due Within 1 Year	Due in More Than 1 Year
2017 Parking Refunding LRB Bond Rating: AA Maturity: 11/1/2028	Refinanced 2010 LRB's. Original issue was 1998 COP 8 for construction of a parking garage.	1,805,000	-	275,000	1,530,000	290,000	1,240,000
2020 PG&E Loan - Interest Free (601 Front) Maturity: 3/1/2024	Lighting upgrades at the parking garage.	20,263	-	20,263	-	-	-
Total Parking Liabilities		1,825,263	-	295,263	1,530,000	290,000	1,240,000

Storm Water Enterprise Liabilities	Purpose	Balance 6/30/23	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/24	Due Within 1 Year	Due in More Than 1 Year
2014 Storm Water Refunding Revenue Bonds Bond Rating: A+ Maturity: 10/1/2028	Refinanced 2005 Revenue Bonds. Original issue was 1999 COP 9 for San Lorenzo River flood control project.	2,020,000	-	345,000	1,675,000	355,000	1,320,000
Total Storm Water Liabilities		2,020,000	-	345,000	1,675,000	355,000	1,320,000
Total Enterprise Funds Liabilities		383,203,484	-	6,428,753	376,774,731	6,338,025	370,616,706

Successor Agency Trust	Purpose	Balance 6/30/23	Additions to Debt	Principal Paydown & Maturities	Balance 6/30/24	Due Within 1 Year	Due in More Than 1 Year
2004 RDA TAB Merged Bond Rating: A Maturity: 10/1/2031	Refinanced 1996 Earthquake Recovery Bonds and raised funds for additional redevelopment projects.	2,410,000	-	220,000	2,190,000	230,000	1,960,000
2011 Housing TABS Series A Maturity: 10/1/2024	To fund housing related projects in the earthquake reconstruction project area.	1,705,000	-	825,000	880,000	880,000	-
TOTAL Successor Agency Trust		4,115,000	-	1,045,000	3,070,000	1,110,000	1,960,000
Subtotal Debt Service Obligations		408,311,898	-	10,173,798	398,042,101	10,315,369	387,898,732

Pension and Other Post-Employment Benefits Obligations

Public Employees Retirement System (PERS)	Measurement Date	Actuarial Value of Assets	Accrued Liability	Unfunded Liability	Funded Percentage of Assets	Prior Valuation Unfunded Liability
Miscellaneous employees	6/30/2023	373,746,832	508,151,047	134,404,215	73.6%	53,506,443
Safety employees	6/30/2023	205,937,205	291,338,035	85,400,830	70.7%	63,804,671
Total PERS Obligations		579,684,037	799,489,082	219,805,045	72.5%	117,311,114

Other Post-Employment Benefits (OPEB)	Measurement Date	Actuarial Value of Assets	Accrued Liability	Unfunded Liability	Funded Percentage of Assets	Prior Valuation Unfunded Liability
Total OPEB Obligations		3,907,542	41,491,326	37,583,784	9.4%	45,110,340
Subtotal Pension & OPEB Obligations		583,591,579	840,980,408	257,388,829	69.4%	162,421,454

Summary of Total Obligations

	FY 2023 Budget Balance as of Reporting Date	Percentage of Total Debt	FY 2024 Budget Balance as of Reporting Date	Percentage of Total Debt
City-wide Debt before Pension	408,311,898	68.7%	398,042,101	58.4%
City-wide Unfunded Pension Liability	162,421,454	27.3%	257,388,829	37.8%

Other future obligations without annual debt service

Compensated absences	2,314,178		2,388,200	
Claims and judgments	12,362,029		13,448,965	
Landfill closure	9,215,755		10,388,632	
Other future debt obligations	23,891,96280	4.0%	26,225,797	3.8%
TOTAL ALL CITY OBLIGATIONS	594,625,314		681,656,727	