

**From:** [Ron](#)  
**To:** [Cordova, Gilda](#); [Dirk Starbuck](#); [mosbyenterprises@aol.com](mailto:mosbyenterprises@aol.com); [Osborne, Jenelle](#); [v\\_d\\_vega@yahoo.com](mailto:v_d_vega@yahoo.com)  
**Cc:** [Haddon, Stacey](#); [Albro, Dean](#); [Throop, Jim](#)  
**Subject:** Public comment: Council Discussion Regarding Long-Term Liabilities  
**Date:** Saturday, April 04, 2020 9:51:25 AM

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Please include this as public comment and a written communication concerning Item #4 of the April 7<sup>th</sup> agenda.

During discussion of this item there are some things that you may want to fully vet prior to giving any direction to the City Manager:

1. I have searched the 2019-21 budget and the 2019 CAFR and have not been able to find a line item that specifically addresses the CalPERS cost in either the General or Enterprise Fund portions. Although every City Council has approved a budget, no one has thought to ask where these costs are located. Since the CalPERS contributions are to support retired members and not day-to-day operational costs shouldn't it be a separate line item?
2. Since this tax was to support the General Fund, how much of the CalPERS debt belongs to this part of the budget? The numbers I have heard vary for \$3.6 per year (August 22, 2019 CC meeting) to \$9.9 million in Fiscal year 2020-21 (e-mail from staff March 25, 2020); you must get a clearer understanding of what you're dealing with before planning a payment strategy.
3. Considering the current interest rates on Pension Obligation Bonds, would it be reasonable to use a 30-year bond with a fixed rate of interest to payoff the GF portion of this debt so that payments are consistent from year-to-year? The staff report seems to support this idea saying the interest rate would be "approximately 3% (versus CalPERS interest at 7%)"; that's over half of the current rate.
4. How is the current state of reduced revenue from sales taxes and TOT going to impact your ability to continue the current level of public services and pay this liability? The Governor is proposing to allow small businesses to keep up to \$50,000 in sales tax receipts for the next year; how will this affect the temporary 1% sales tax collections and revenue projections?
5. Considering the current losses in the stock market, how much will CalPERS "adjust" your payments (upward)? Most certainly they will balance their books on the backs of local government as they have done in the past. The staff says it "could be as much as an additional \$35 million".
6. Lastly, what if the current social distancing restrictions remain in effect until the end of May, June or July? How will this impact your ability to pay the CalPERS debt and maintain GF services?

As recommended in the staff report, trying to decide how to address this issue at this point seems premature. There are so many uncertainties concerning the fiscal health of local governments at this time that anything you decide tonight may be irrelevant tomorrow. Keep in mind that the cities of Solvang, Santa Maria and Santa Barbara have already had to make deep cuts to General Fund public services.

If the consultant is unable to travel to Lompoc to provide a report could it be provided via video conference during the next council meeting?

Ron Fink  
Lompoc