

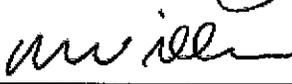
City of Bell Agenda Report

DATE: 22 January 2014

TO: Honorable Mayor and City Council

FROM: Josh Betta, Finance Director

APPROVED
BY:



Doug Willmore, City Manager

SUBJECT: **Status Report: City of Bell and Bell Successor Agency Debt Obligations**

Recommendation:

Receive and file.

Background:

During the eleven-year period between 1998 and 2009, while the Rizzo administration was busy devising and implementing illegal strategies to enrich itself at the expense of our community, the Rizzo administration also issued \$150.6 million in debt, some of it for questionable public purpose.

Cognizant that the resulting debt service obligations created a high tax burden for the residents and businesses of Bell, the new City Council and interim administrations sought strategies that would lessen future debt obligations. One important milestone was achieved in August of 2012 when the City successfully repurchased and defeased approximately half of the 2007 General Obligation Bonds (GOBs), thereby eliminating the future prospect of increased GOB property tax levies.

Another important milestone was achieved in December 2013 when the City successfully avoided a deficiency judgment with regard to the 2007 Taxable Lease Revenue Bonds – commonly referred to as the “Dexia” matter – and effectuated a land sale resulting in \$15.2 million in one-time General Fund income, avoiding an economic crisis that may have forced the City into bankruptcy proceedings.

Following the resolution of these matters the City Council has requested a status report on the changes in debt obligations.

Revenue Discussion:

The attachment to this report, “Changes in Outstanding Debt,” displays the changes in outstanding debt, and serves as reference for observations below.

- City and Agency total debt obligations at January 1, 2012 were \$137 million. Total debt obligations at January 1, 2014 are \$75.7 million. This reduction represents a 45% decrease.
- The City's population is 35,783. Debt per person was \$3,830. It is now \$2,115. (45% decrease)
- The City has 9,217 housing units. Debt per household was \$14,869. It is now \$8,212. (45% decrease)
- The City's total assessed valuation in 2012 was \$1,400,050,717. Debt as a percentage of assessed value was 9.8%. Total assessed valuation now is \$1,466,928,827. Debt as a percentage of assessed value is now 5.2%. This reduction represents a 47% decrease.

Attachment:

Changes in Outstanding Indebtedness

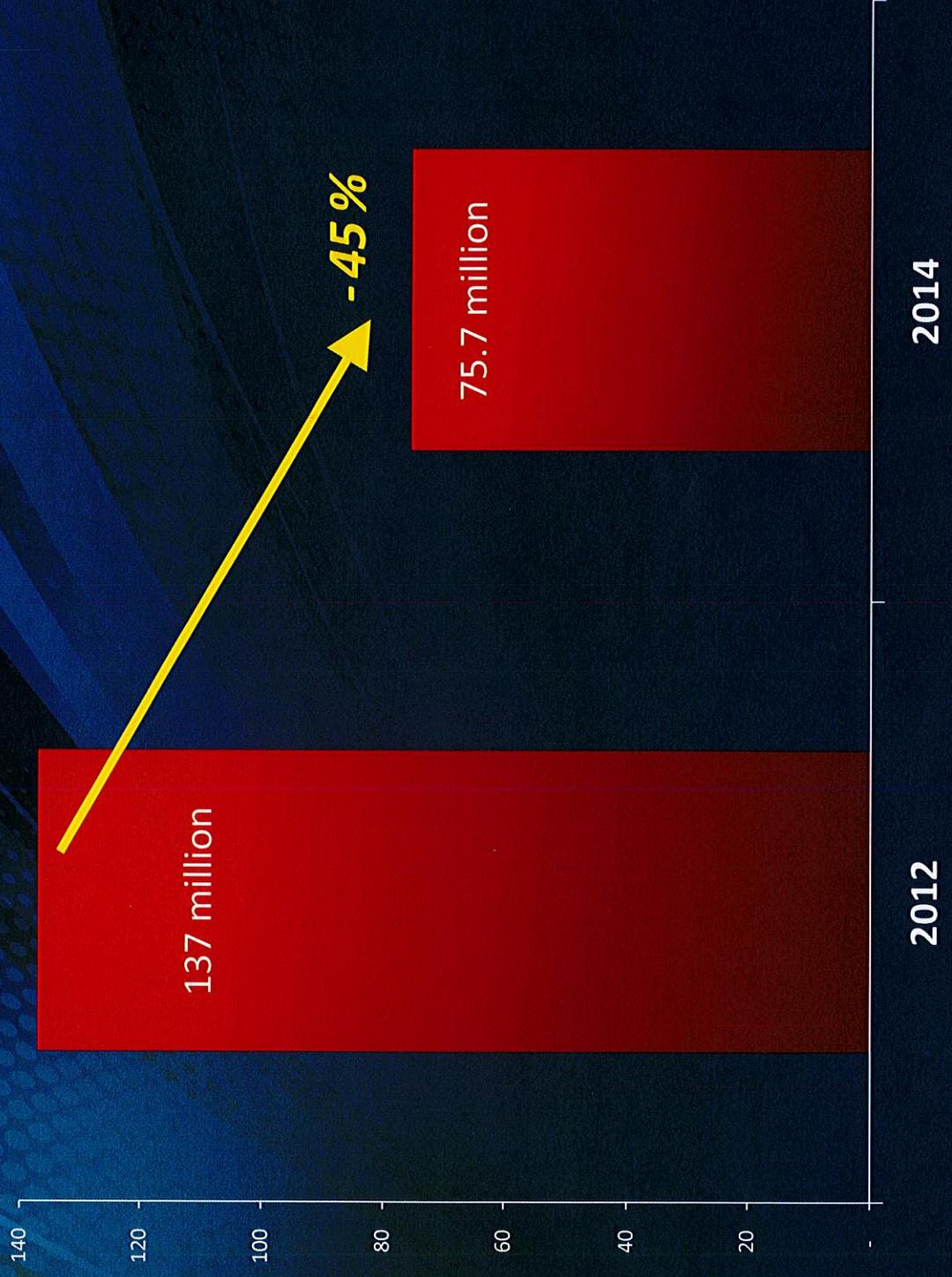
Changes in Outstanding Indebtedness

	January 1, 2014 Outstanding Principal	January 1, 2012 Outstanding Principal	Original Issue Amount	Final Maturity Date	Issuer	Funding Source
1998 COPS	1,620,000	1,865,000	3,020,000	9/1/2023	PFA	General Fund
2003 Tax Allocation Refunding Bonds	19,895,000	21,735,000	27,925,000	11/1/2033	SA	Successor Agency
2004 GO Bonds	13,505,000	14,280,000	15,000,000	8/1/2034	City	GOB Property Tax Levy
2005 Pension Bonds	5,155,000	6,425,000	9,225,000	8/1/2019	PFA	Pension Property Tax Levy
2005 BCHA Lease Revenue Bonds	17,725,000	18,565,000	20,790,000	10/1/2036	BCHA	Mobile Home Parks Revenue
2007 GO Bonds	17,790,000	35,000,000	35,000,000	8/1/2037	City	GOB Property Tax Levy
2007 Taxable Lease Revenue Bonds	-	35,000,000	35,000,000		PFA	
Promissory Note 2009	-	4,179,904	4,600,000		SA	
Total Indebtedness	75,690,000	137,049,904	150,560,000			

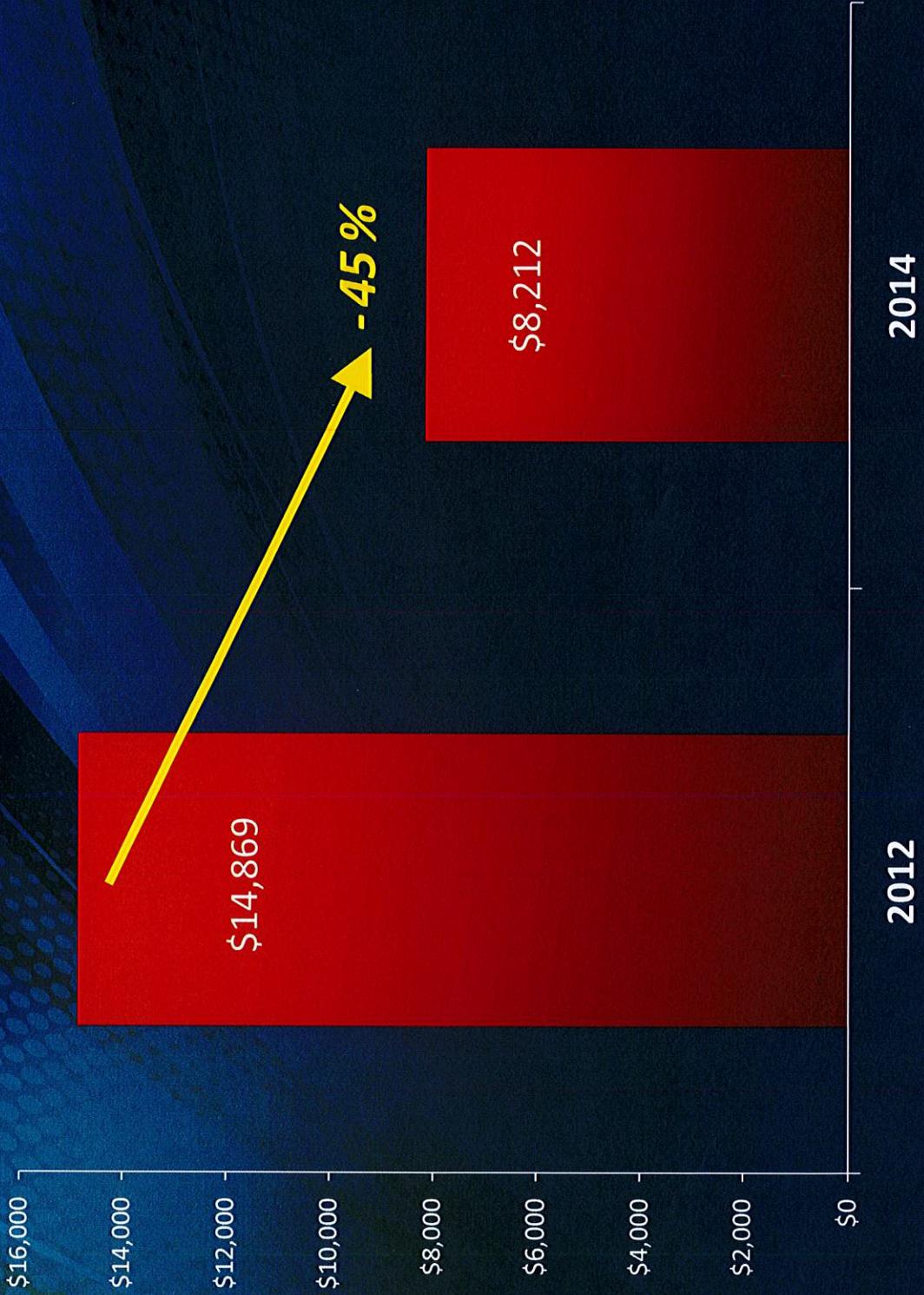
Changes in Indebtedness

	2012	2014	Original Issue Amount	Maturity Date	Issuer	Funding Source
	Outstanding Principal	Outstanding Principal				
1998 COPS	1,865,000	1,620,000	3,020,000	9/1/23	PFA	General Fund
2003 Tax Allocation Refunding Bonds	21,735,000	19,895,000	27,925,000	11/1/33	SA	Successor Agency
2004 GO Bonds	14,280,000	13,505,000	15,000,000	8/1/34	City	GOB Property Tax Levy
2005 Pension Bonds	6,425,000	5,155,000	9,225,000	8/1/19	PFA	Pension Property Tax Levy
2005 BCHA Lease Revenue Bonds	18,565,000	17,725,000	20,790,000	10/1/36	BCHA	Mobile Home Parks Rev.
2007 GO Bonds	35,000,000	17,790,000	35,000,000	8/1/37	City	GOB Property Tax Levy
2007 Taxable Lease Revenue Bonds	35,000,000	-	35,000,000		PFA	
Promissory Note 2009	4,179,904	-	4,600,000		SA	
Total Indebtedness	137,049,904	75,690,000	150,560,000			

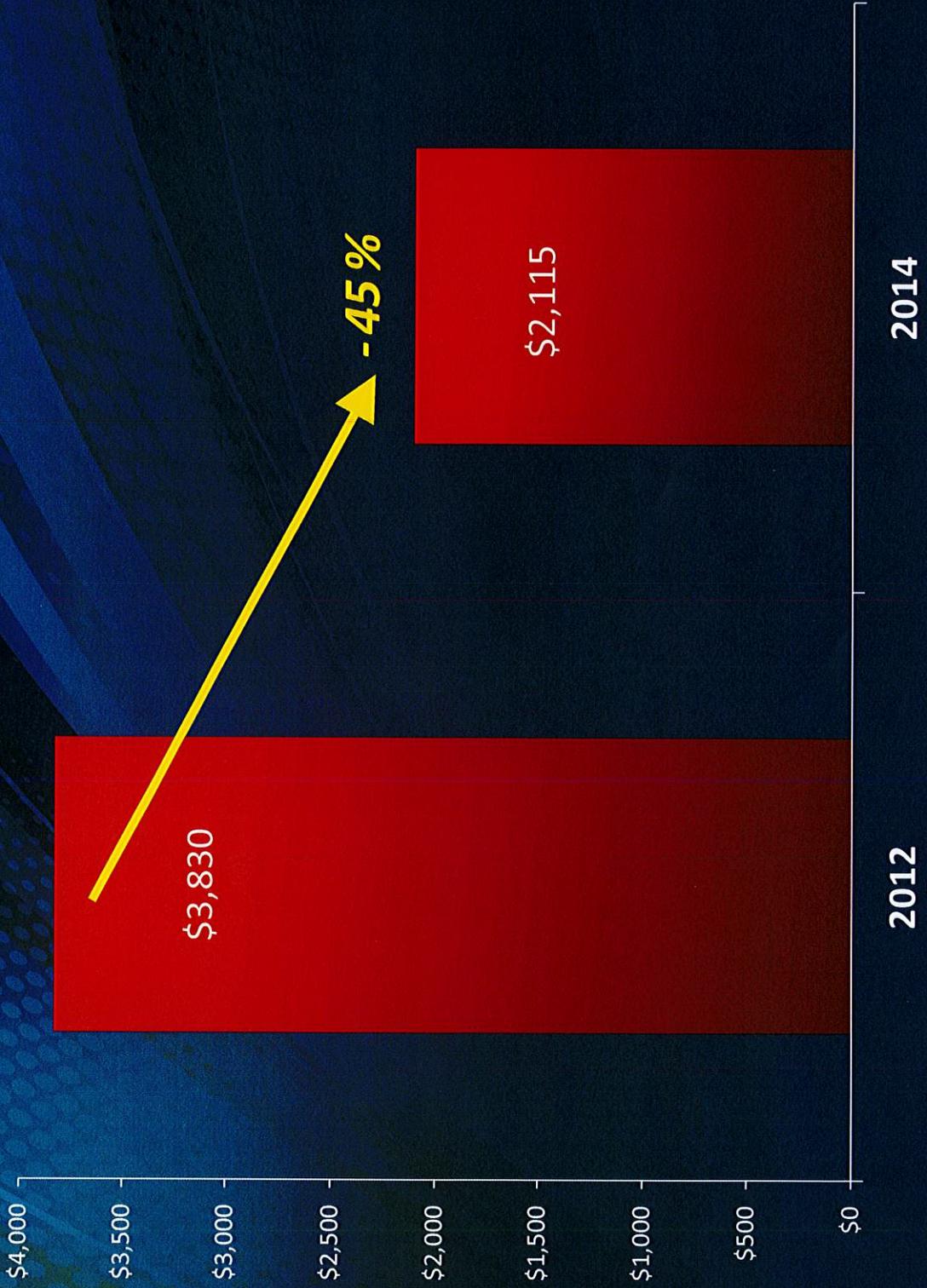
Total City & Agency Debt



Debt Per Bell Household

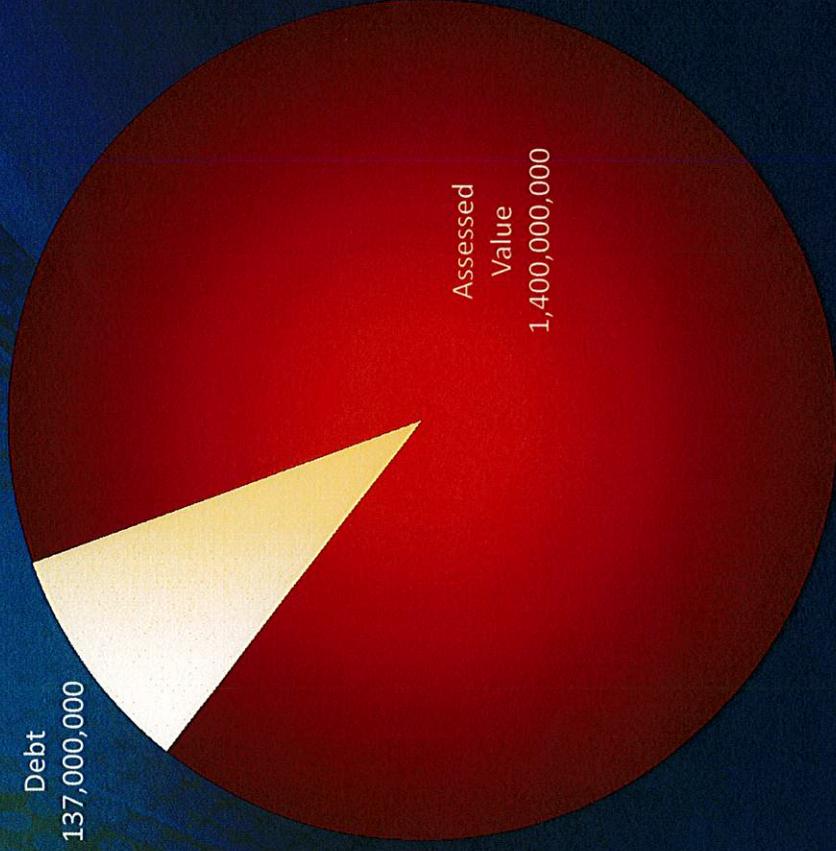


Debt Per Bell Resident

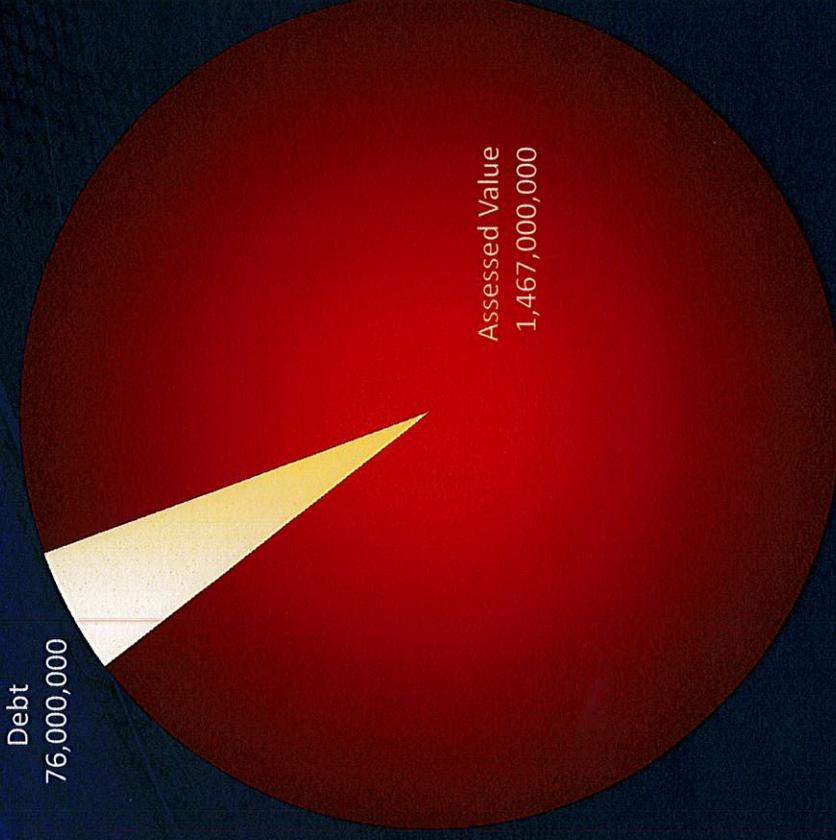


Debt as % of Assessed Value

2012



2014



Debt as % of Assessed Value

