



For Immediate Release

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With Credit Upgrade and Stable Outlook from Standard and Poor's City of Azusa Issues \$70.1M in Pension Obligation Bonds – to Save Taxpayers over \$54M

AZUSA, CA –September 30, 2020 – Standard & Poor's ("S&P") upgraded the City's credit rating on September 9 from "A+" to a "AA-", with a "Stable" outlook, amidst a global pandemic. The credit upgrade is a result of several strategic actions taken by the Azusa City Council to correct the City's structurally imbalanced budget and ensure financial obligations are met for years to come. S&P's stable outlook reflects their "view that the city's very strong reserves and management's focus on working toward sustainable budgetary balance will enable the city to maintain the current rating..."

Over the past 18 months Council received reports regarding the City's five-year budget forecast and Staff's ongoing Fiscal Sustainability Assessment efforts performed to ensure the City is: capturing all revenues per contractual agreements; maximizing revenue potential through contracts and franchise agreements; and running its operations as lean as possible without negatively impacting services to Azusa residents and businesses. In addition to successfully renegotiating contracts, Azusa residents voted and passed *Measure Z on March 3*, providing an additional \$4.5M in annual sales tax revenues. Passage of *Measure Z* helps the City maintain good financial standing and helps deliver essential services to the Community while weathering the impacts of the COVID-19 pandemic.

A major part of the Fiscal Sustainability Plan involved tackling long-term, costly retirement benefits. Yesterday the City paid off its \$80 million Unfunded Accrued Liability "UAL" pension retirement debt to the California Public Employees' Retirement System "CalPERS" by issuing \$70.1 million in general obligation bonds, and used cash on hand to fully fund its Utility Enterprises' (Electric, Water, and Sewer) debt of \$10.7 million to reduce the amount of issuance. "Altogether, the issuance will generate average annual savings of approximately \$2.7 million and overall savings of \$54.1 million over the next 20 years. Savings will allow the City to tackle other long-term liabilities such as retiree medical and set funds aside for future increases in UAL," said Administrative Services Director, Talika M. Johnson.

City Staff provides regular financial updates to the City Council and forward-looking projections in order to get policy direction and maintain a proactive approach in meeting Community needs. "We are pleased to see that our financial discipline, good planning and hard work is reflected in an improvement to our credit rating," said Sergio Gonzalez, City Manager. "Furthermore, a stable outlook designation during these uncertain times, says a lot about our City's financial position."

For a full copy of the credit analysis, visit the 'Finance' page on the City's website at <https://www.ci.azusa.ca.us/1710/Credit-Ratings>.