

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. _____

On the motion of Supervisor
duly seconded by Supervisor
the following resolution is adopted:

RESOLUTION AUTHORIZING A LOAN FROM THE COUNTY GENERAL FUND TO THE
PROPERTY AND LIABILITY INTERNAL SERVICE FUND

WHEREAS, the County of Santa Cruz Board of Supervisors is authorized, pursuant to Section 25252 of the Government Code, to transfer money from one fund to another if the Board of Supervisors has authority over said fund; and

WHEREAS, in Fiscal Year 2023-24, the County General Fund advanced \$8,870,193 to the Property and Liability Internal Service Fund (Risk Fund), and in Fiscal Year 2024-25, advanced an additional \$10,046,278, for a total of \$18,916,471 in support of maintaining the County's self-insured risk program at the actuarial target of 80% confidence level; and

WHEREAS, these General Fund advances were made with the expectation that future year charges to the General Fund from the Risk Fund would be reduced; and

WHEREAS, due to sustained high claims activity, rising insurance costs, rising litigation costs, and climate-related liabilities, the Risk Fund is unable to provide such credits or absorb the advances in the near term; and

WHEREAS, Internal Service Funds are not permitted to be charged interest for non-capital debt pursuant to relevant accounting standards, and it is therefore appropriate to convert these prior advances into a formal interest-free loan; and

WHEREAS, the Board of Supervisors finds it necessary and appropriate to formalize a loan agreement between the General Fund and the Risk Fund, and to delegate authority to the County Debt Advisory Committee and Board of Supervisors to revise repayment terms as necessary based on Risk Fund cash flow conditions.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that a loan in the amount of \$18,916,471 from the General Fund to the Property and Liability Internal Service Fund is hereby authorized and eliminates the prior advances; that repayment shall occur over a ten-year period beginning in Fiscal Year 2026-27 on January 1, 2026, with straight-line annual principal payments and no interest; the loan terms may be modified by the County Debt Advisory Committee, including extension of the repayment period or other restructuring necessary to accommodate Risk Fund cash flow limitations; the loan shall be reflected in County budget schedules and financial reporting as a formal interfund loan.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz,
State of California, this 24th day of June, 2025, by the following vote:


AYES: SUPERVISORS
NOES: SUPERVISORS
ABSENT: SUPERVISORS

Chairperson of said Board

ATTEST: _____
Clerk of said Board

APPROVED AS TO FORM:

Signed by:

_____

AF757CF913B5419
County Counsel 6/24/25; AMS# 25-1987

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County Executive Office
Personnel & Risk Management

Certificate Of Completion

Envelope Id: 4FB7B96C-8A3D-4734-BE48-E8276678D8E8

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County Counsel -- Approved as to Form

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marcus.pimentel@santacruzcountyca.gov

County Budget Manager

County of Santa Cruz, CA

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