

Debt Management



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Department Description

Debt Management administers all debt issuances, short-term and long-term, for the City. Debt Management conducts planning, structuring, and issuance activities for short-term and long-term financings to meet the City's cash flow needs and to provide funds for capital projects, equipment, and essential vehicles. In addition, the Department coordinates the Community Facilities District and 1913/1915 Act Assessment District formation procedures and related conduit bond issuances to fund public infrastructure projects. The Department also monitors outstanding debt issuances for refunding opportunities, and performs, coordinates, and monitors certain post-issuance administrative functions. Debt Management works with the Office of the City Attorney, outside counsel, and other departments to administer debt service payments, monitor the City's compliance with existing bond covenants, coordinate the filing of annual continuing disclosure reports, and respond to requests for information related to outstanding bonds.

Debt Management performs as-needed financial analyses for the Mayor and City departments. The Department also works with the Public Utilities Department to develop financial plans and identify infrastructure funding based on the public utilities' rate analyses, projections, and federal, State, and local mandates.

Debt Management is organized into the following functions:

Citywide Contractual Services

Citywide Contractual Services provides funds for financial consulting contracts including independent financial advisory services, special tax consultant contracts, and for services relating to a wide range of financing issues.

Enterprise Fund Financing and Administration

Enterprise Fund Financing and Administration coordinates the structuring and issuance of bond financings for City capital projects funded and secured by the City's enterprise funds, and performs or coordinates various post-debt issuance administrative functions including continuing disclosure filings.

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General Fund Financing and Administration

General Fund Financing and Administration coordinates the structuring and issuance of bond financings for City capital projects funded and secured by the City's General Fund, and performs or coordinates various post-debt issuance administrative functions including continuing disclosure filings.

Special Districts Financing and Administration

Special Districts Financing and Administration coordinates Community Facilities District and 1913/1915 Act Assessment District formation procedures and related bond issuances, and performs or coordinates various post-debt issuance administrative functions including the calculation and enrollment of special taxes and assessments and continuing disclosure filings.

The Department's mission is:

To provide comprehensive and innovative debt management administration to meet the financing needs of the City in a cost-effective manner, taking into account City priorities, as well as legal, financial, and structural considerations

Goals and Objectives

The following goals and objectives represent the action plan for the Department:

Goal 1: Structure and implement the City's capital financing plans

Structuring and implementing financings to provide funding in a timely manner for various essential projects is integral to the City's capital plan. The Department strives to enhance its accomplishment of this goal by focusing on the following objectives:

- Implement and execute financings for capital needs on a timely basis
- Ensure that the financings implemented are cost-effective

Goal 2: Implement the use of best practices

Use of best practices is vital to improving and maintaining an efficient and effective Debt Management administration. For example, enhanced disclosure practices improve the process of providing timely and accurate financial reporting to stakeholders. The Department continues to strive to enhance its accomplishment of this goal by focusing on the following objectives:

- Ensure active investor outreach through the City Investor Information Page
- Implement and execute financings that adhere to the City's model disclosure practices

Goal 3: Manage post-issuance compliance

Post-issuance compliance is an important process necessary for maintaining the tax exemption of interest on outstanding obligations, and in ensuring the City's compliance with federal securities laws. The Department will continue to enhance its accomplishment of this goal by focusing on the following objectives:

- Optimize returns from bond funds while ensuring needed liquidity and conforming to various bond covenants and requirements
- Perform timely reporting for all stakeholders
- Ensure that the ongoing covenant compliance monitoring process is conducted for all outstanding bond issuances

Goal 4: Hire, retain, and develop skilled employees and promote highest standards and ethical behavior

The Department continues to make it a priority to enhance the accomplishment of this goal by focusing on the following objectives:

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- Facilitate the review of standards and ethical practices on a regular basis and promote staff's participation in formal trainings
- Promote and develop excellence through financial training and knowledge transfer

Service Efforts and Accomplishments

General Fund

Debt Management conducted the private placement of \$161.0 million of Tax and Revenue Anticipation Notes to fund Fiscal Year 2012 General Fund cash flow needs.

Citywide Efforts

After issuing a number of new money and economic refundings in prior fiscal years, the Department continues to review and enhance its formal centralized monitoring framework for post-issuance compliance. For example, the Department has expanded monitoring and reporting of bond proceeds, spend-down provisions, and private use provisions consistent with IRS requirements. The Department works closely with other City departments to identify financing needs and timely access to funding. This work continues currently for the General Fund, the Public Utilities Department, and special projects in Fiscal Year 2012 and beyond.

Special Districts

In Fiscal Year 2012, the Department facilitated the enrollment of \$16.9 million of special taxes and special assessments on 8,477 parcels of land to provide for debt service on approximately \$152 million of outstanding special tax and special assessment bonds issued to finance regional infrastructure improvements.

In addition in December 2011, the Department facilitated the issuance of the Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 Special Tax Refunding Bonds, Series A of 2011 to refund the previously issued CFD No. 2 Improvement Area No. 1 Special Tax Bonds Series A of 2000 and Series A of 2004. The 2000 and 2004 Bonds were issued to finance various public facilities within or serving the district. This refunding will result in annual debt service savings of approximately \$0.6 million.

San Diego Convention Center Phase III Expansion Project

Debt Management is currently in the process of implementing the formation of a district and related actions to fund the \$520.0 million phase III expansion of the San Diego Convention Center. The proposed expansion project, anticipated to begin construction in mid-2013, will expand the gross floor area of the Convention Center by approximately 961,000 square feet – from 1,764,000 square feet to approximately 2,725,000 square feet.

The primary funding source for this expansion involves the formation of a citywide Convention Center Facilities District consisting of current and future hotel properties, and is based on the legal framework authorized under the Mello-Roos Community Facilities Act of 1982. Other funding sources are anticipated to include a contribution from the San Diego Unified Port District and the City's General Fund. Subject to district approval, a financing plan will be developed and implemented.

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Key Performance Indicators

Performance Measure	Actual FY2011	Estimated FY2012	Target FY2013
1. Percent of debt payments made to bond trustees on time (G3/O1)	100%	100%	100%
2. Percent of primary offering disclosures coordinated by the Department that were reviewed by the City's Disclosure Practices Working Group (DPWG) and received a certification of the DPWG (G2/O2)	100%	100%	100%
3. Percent accomplishment of the professional development and training goals established by the Department to develop skilled employees and promote highest ethical standards (G4/O1 and G4/O2)	92%	100%	100%
4. Percent of the City's Investor Information Page updated with the latest City financial disclosures ¹ submitted to the Electronic Municipal Market Access (EMMA) System within two business days (G2/O1)	100%	70%	80%
5. Average number of days for the Formal Centralized Monitoring Program (FCMP) semi-annual compliance status reports to be completed (to support internal controls for the City) compared to target of 45 days (G3/O2 and G3/O3)	46	45	45
6. New City bond issuances priced similarly to the average rate achieved by other comparable credits priced in the same timeframe (G1/O2)	100%	100%	100%

¹ Financial disclosures include material event notices (defined by SEC Rule 15c 2-12) such as bond calls and rating changes, continuing disclosure annual reports, voluntary reports, and comprehensive annual financial reports.

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Department Summary

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Positions (Budgeted)	18.00	18.00	18.00	0.00
Personnel Expenditures	\$ 2,048,354	\$ 2,182,639	\$ 2,144,806	\$ (37,833)
Non-Personnel Expenditures	127,983	190,090	193,029	2,939
Total Department Expenditures	\$ 2,176,337	\$ 2,372,729	\$ 2,337,835	\$ (34,894)
Total Department Revenue	\$ 811,371	\$ 889,645	\$ 705,645	\$ (184,000)

General Fund

Department Expenditures

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Debt Management	\$ 2,176,337	\$ 2,372,729	\$ 2,337,835	\$ (34,894)
Total	\$ 2,176,337	\$ 2,372,729	\$ 2,337,835	\$ (34,894)

Department Personnel

	FY2011 Budget	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Debt Management	18.00	18.00	18.00	0.00
Total	18.00	18.00	18.00	0.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Non-Discretionary Adjustment Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00	\$ 9,418	\$ -
Copier Savings Adjustment to reflect savings resulting from the new convenience copier contract.	0.00	(1,462)	-
Equipment/Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	(5,017)	-
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2012 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments.	0.00	(37,833)	-
Revised Revenue Adjustment to reflect Fiscal Year 2013 revenue projections.	0.00	-	(184,000)
Total	0.00	\$ (34,894)	\$ (184,000)

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Expenditures by Category

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
PERSONNEL				
Salaries and Wages	\$ 1,255,469	\$ 1,370,867	\$ 1,333,884	\$ (36,983)
Fringe Benefits	792,885	811,772	810,922	(850)
PERSONNEL SUBTOTAL	\$ 2,048,354	\$ 2,182,639	\$ 2,144,806	\$ (37,833)
NON-PERSONNEL				
Supplies	\$ 12,090	\$ 24,411	\$ 23,556	\$ (855)
Contracts	33,597	68,231	78,863	10,632
Information Technology	62,154	69,121	64,104	(5,017)
Energy and Utilities	15,586	18,602	13,608	(4,994)
Other	4,062	7,863	11,351	3,488
Transfers Out	495	862	547	(315)
Capital Expenditures	-	1,000	1,000	-
NON-PERSONNEL SUBTOTAL	\$ 127,983	\$ 190,090	\$ 193,029	\$ 2,939
Total	\$ 2,176,337	\$ 2,372,729	\$ 2,337,835	\$ (34,894)

Revenues by Category

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Charges for Services	\$ 811,371	\$ 889,645	\$ 705,645	\$ (184,000)
Total	\$ 811,371	\$ 889,645	\$ 705,645	\$ (184,000)

Personnel Expenditures

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Proposed	Salary Range	Total
Salaries and Wages						
20000149	Associate Economist	3.00	3.00	3.00	\$54,059 - \$65,333	\$ 127,400
20000119	Associate Management Analyst	2.00	2.00	2.00	54,059 - 65,333	110,363
20000539	Clerical Assistant 2	1.00	1.00	1.00	29,931 - 36,067	35,165
20001101	Department Director	1.00	1.00	1.00	59,155 - 224,099	149,999
20001234	Program Coordinator	6.00	6.00	6.00	23,005 - 137,904	512,685
20001222	Program Manager	2.00	2.00	2.00	46,966 - 172,744	219,906
20000015	Senior Management Analyst	2.00	2.00	2.00	59,363 - 71,760	137,627
20000756	Word Processing Operator	1.00	1.00	1.00	31,491 - 37,918	36,970
	Overtime Budgeted					3,769
Salaries and Wages Subtotal		18.00	18.00	18.00		\$ 1,333,884

Fringe Benefits

Employee Offset Savings	\$ 31,393
Flexible Benefits	122,915
Long-Term Disability	8,924
Medicare	16,997
Other Post-Employment Benefits	108,018
Retiree Medical Trust	348
Retirement 401 Plan	1,394
Retirement ARC	428,948
Retirement DROP	2,745

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Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Proposed	Salary Range	Total
	Retirement Offset Contribution					1,834
	Risk Management Administration					17,714
	Supplemental Pension Savings Plan					46,751
	Unemployment Insurance					3,920
	Workers' Compensation					19,021
Fringe Benefits Subtotal						\$ 810,922
Total Personnel Expenditures						\$ 2,144,806



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