Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT or issued under a single indenture:

Issuer's Name (please include name of state where Issuer is located):

THE CITY OF SAN DIEGO (STATE: CALIFORNIA);

San Diego Open Space Park Facilities District No. 1 General Obligation Bonds Refunding Series 1994: CUSIP 797290

1991 General Obligation Bonds (Public Safety Communications Project): CUSIP 797236

THE CITY OF SAN DIEGO, CALIFORNIA (OBLIGOR, PURSUANT TO CERTIFICATES OF PARTICIPATION);

2003 Certificates of Participation (1993 Balboa Park/Mission Bay Park Refunding) Evidencing Undivided Proportionate Interest in Lease Payments to be Made by the City of San Diego Pursuant to a Lease with the San Diego Facilities and Equipment Leasing Corporation: CUSIP 797260

Certificates of Participation (Balboa Park and Mission Bay Park Capital Improvements Program) Series 1996A and Series 1996B: CUSIP 797260

PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO (STATE: CALIFORNIA);

Lease Revenue Bonds, Series 2002B (Fire & Life Safety Facilities Project): CUSIP 797299

Taxable Lease Revenue Bonds, Series 1996A (San Diego Jack Murphy Stadium): CUSIP 797299

CONVENTION CENTER EXPANSION FINANCING AUTHORITY (STATE: CALIFORNIA)

Lease Revenue Bonds, Series 1998A (City of San Diego, California, as Lessee): CUSIP 79727L

CITY OF SAN DIEGO/MTDB AUTHORITY (STATE: CALIFORNIA);

2003 Lease Revenue Refunding Bonds (San Diego Old Town Light Rail Transit Extension Refunding): CUSIP 797448

Lease Revenue Bonds (1994 Refundings): CUSIP 797448

Other Obligated Person's Name (if any): ______________________________
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer: **SEE ABOVE SECTION FOR ALL CUSIP NUMBERS**

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

[X] Electronic __5___ pages

Paper (no. of pages attached) _______

If information is also available on the Internet, give URL: **NOT AVAILABLE** ________________________________

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. Annual Financial Information and Operating Data pursuant to Rule 15c2-12
(Financial information and operating data should not be filed with the MSRB.)

Fiscal Period Covered:

B. Audited Financial Statements or CAFR pursuant to Rule 15c2-12Fiscal Period Covered:

C. Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

1. Principal and interest payment delinquencies _____
2. Non-payment related defaults _____
3. Unscheduled draws on debt service reserves reflecting financial difficulties _____
4. Unscheduled draws on credit enhancements reflecting financial difficulties _____
5. Substitution of credit or liquidity providers, or their failure to perform _____
6. Adverse tax opinions or events affecting the tax-exempt status of the security _____
7. Modifications to the rights of security holders _____
8. Bond calls _____
9. Defeasances _____
10. Release, substitution, or sale of property securing repayment of the securities _____
11. **Rating changes__X__**

D. Notice of Failure to Provide Annual Financial Information as Required

E. Other Secondary Market Information (Specify):________________________________

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:
Issuer Contact:

Name____**MARY LEWIS** ______________________ Title____**CHIEF FINANCIAL OFFICER**__________
Employer_____**CITY OF SAN DIEGO** ________________________________
Address_____**202 C STREET, MAIL STATION 9A** ________ City __**SAN DIEGO**_State__**CA**__Zip Code__**92101**____

Dissemination Agent Contact:

Name: _____**MARY LEWIS** ______________________ Title: ____**CHIEF FINANCIAL OFFICER**__________
Employer: _____ **CITY OF SAN DIEGO** ________________________________
Address: ______**202 C STREET, MAIL STATION 9A** ______ City: ___ **SAN DIEGO** ___State: _**CA**__Zip Code:_**92101**_
Relationship to Issuer: **DISCLOSURE REPRESENTATIVE** __

Press Contact:
Name____ ______________ ______________________ Title___ ______________________
Employer____
Address____ ______________________________ City ____ __State_____Zip Code__ ____________

Dated September 3, 2008

NOTICE IS HEREBY GIVEN that on August 26, 2008, Moody's Rating Services (Moody's) upgraded its underlying ratings on the City of San Diego, California's general obligation bonds, lease revenue bonds and certificates of participation identified on the cover hereof. Specifically, Moody's upgraded to "A2" from "A3" its underlying rating with a stable outlook on the City's general obligation bonds. Moody's also upgraded to "Baa1" from "Baa2" its underlying rating with a stable outlook on the City's lease revenue bonds and certificates of participation. The underlying rating on the Taxable Lease Revenue Bonds, Series 1996A (San Diego Jack Murphy Stadium) was upgraded to "Baa2" from "Baa3" with a stable outlook.

The ratings reflect the view of the rating agencies and any desired explanation of the significance of a rating should be obtained from the respective rating agency. Such ratings are not a recommendation to buy, sell or hold any City indebtedness. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period or that such ratings will not be revised downward or withdrawn entirely provided, if in the view of such rating agency, circumstances warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the City's obligation identified on the cover page hereof.

DATED: 9/03, 2008

CITY OF SAN DIEGO

By: Mary Lewis

Mary Lewis
Chief Financial Officer

Distribution: Nationally Recognized Municipal Securities Information Repositories
Wells Fargo Bank, National Association
BNY Western Trust Company
U.S. Bank, Corporate Trust Services

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

Rating Update: San Diego (City of) CA

MOODY'S UPGRADES TO A2 FROM A3 THE RATING ON SAN DIEGO'S GENERAL OBLIGATION BONDS

RATINGS ON LEASE SUPPORTED OBLIGATIONS ALSO UPGRADED

Municipality
CA

Opinion

NEW YORK, Aug 28, 2008 -- Moody's has upgraded to A2 from A3 the rating on the City of San Diego's general obligation bonds. We have also upgraded the ratings on the city's various lease supported obligations listed below. The outlook on all the ratings is stable. The rating upgrade reflects notable, and now confirmed, improvement in the city's financial position - although significant financial pressures remain - and the resolution of the ongoing investigations that had hampered the city's financial reporting and contributed to a general environment of crisis and uncertainty. In the last two years the city has released four Comprehensive Annual Financial Reports (CAFRs), for the fiscal years ending 2003 to 2006, confirming our prior view that the city's financial position had been severely stressed but a manageable challenge. Based on the city's unaudited financial results for 2007, the city appears to have significantly improved its financial position, most notably by more than doubling its general fund reserves. Estimates for the year ending in 2008 and a reasonably balanced budget for 2009 lead us to believe that the city's financial position is stable, although the city's flexibility remains very limited, as anticipated growth in revenues moderates while fixed expenditures continue to claim large portions of the city's budget. In January 2006, the city's governance changed significantly, which provided an opportunity to re-focus financial management and priorities. The city's financial position has benefited from this effort. As elsewhere in the state, the San Diego area economy is affected by the housing downturn, as slightly higher unemployment rates indicate. However, the city's economy remains fundamentally diverse, which should enable it to recover more a quickly than the more concentrated economies elsewhere in the state.

GOVERNANCE CHANGES PROVIDE OPPORTUNITY TO ADDRESS SIGNIFICANT, LONG-TERM FINANCIAL CHALLENGES IN THE GENERAL FUND

In 2005, the voters approved a "Strong Mayor" form of government for a five-year trial period ending December 31, 2010. This significantly shifted power from the city's "legislative" branch to its executive branch. Under the new form of government, the Mayor has veto power over nearly all resolutions and ordinances passed by the City Council except for the Annual Appropriation Ordinance. Council override of the Mayor's veto requires five of eight votes. The first Mayor elected to serve under this system is the former Chief of Police. The Mayor has designed a new organizational structure, including the establishment of the new position of Chief Financial Officer.

Financial challenges facing the new team were significant. In the short run, financial flexibility needed to be enhanced as the cost of numerous investigations was draining already severely depleted reserves. Funding of the city's pension liability was the city's main challenge over the long run. As subsequent CAFRs confirmed, between 2004 and 2006 the city's reserve position was severely depleted but financial operations were essentially stable as general fund revenues approximated expenditures. The general fund balance hovered at approximately $61 million. However as the budget grew, these balances decreased from 8.0% of revenues to 6.8%. At the end of fiscal 2006, the city's general fund cash balance stood at just $23.3 million. This is exceedingly small for a city of more than a million and a general fund budget one of more than one billion dollars, and it affords very little flexibility or protection against unforeseen events. The city's financial position improved significantly in 2007 as the generally favorable revenue environment combined with significant expenditure reduction to yield an estimated unaudited general fund surplus of approximately $70 million. The resulting general fund balance of $130 million represents 12.3% of revenues, which is significantly higher than the end of 2006 but remains below the median of 21.7% for California cities with populations over 300,000. On the revenue side in 2007, property and transient occupancy taxes continued to grow and outpaced their respective budgeted amounts, while sales tax lagged behind expectations. Vacant positions contributed to significant savings in labor costs, which combined with reductions in supplies and services to contribute to the operating surplus.

While the city's financial performance was favorable in 2007, estimates for 2008 and the budget for 2009 indicate no significant improvement over 2007. A small general fund deficit is estimated for 2008, resulting primarily from unexpected costs attributed to fires and a landslide. As the softness in the economy takes its toll on revenues, budgetary cutbacks have become more difficult, as many of the less painful cuts were made in fiscal 2007. Cuts in public safety have been minimal and further cuts are not likely to be significant. The city's commitment to aggressively funding its pension and other post-employment liabilities is also limiting the city's budget flexibility. The city is fully funding its Annual Required Contribution (ARC) for the Unfunded Accrued Actuarial Liability (UAAL) in its pension system based on a 20 year amortization schedule, rather than the 30 year schedule most municipalities are using. And it is paying more than the "pay-as-you-go" amounts for its Other Post Employment Benefits (OPEB) ARC. Most municipalities remain on a pay-as-you-go funding schedule for their OPEBs. In 2009, the general fund portion of these two expenditures is estimated at $192 million or nearly 17% of general fund expenditures. While this ambitious schedule places the city in a favorable position with regard to these long-term liabilities, it leaves the general fund with limited resources for additional city services and/or contingencies in the near term. As of June 30, 2007, the pension system's UAAL of $1.18 billion was 78.9% funded. The OPEB liability was slightly over $1 billion. In 2008 the city established an OPEB trust with CAPLERS and made a $30 million contribution. In 2009 the budgeted contribution is $50 million with $26 million for pay-as-you-go and $24 million for the actuarial liability. Only with significant improvement in its revenues, which are dependant on the economy and the real estate market along with other developments, will the city be able to significantly improve its financial position or increase services.

While we believe that the city's finances will remained strained for some time to come, the city's comprehensive reserve policy affords some additional bond holder security, as it provides some assurance of the maintenance of a minimum level of reserves. The city's goal is to increase its general fund reserves to 8% by 2012 from its June 30, 2008 level of 6.0% (or $66 million). Based on projected results for fiscal year 2008, an additional $3.7 million contribution is budgeted in 2009 to meet the 6.5% policy target.

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CITY'S ECONOMY IS WEAKER BUT REMAINS DIVERSE

The city's ratings benefit from the size and diversity of its local economy, although current indicators are not as favorable as in the past. The June 2008 unemployment rate reached 5.9%, up from 4.6% of June 2007, but remains below the state level of 7.0%. However, we note that the 2008 unemployment rate is based on total employment growth of 1.2% from the prior year. Economic strain is also evident in the citywide Assessed Value (AV), which is estimated to increase by just 4.5% following a 5 year period through 2008 with an average annual growth of nearly 10%. Total AV is expected to reach approximately $189 billion in 2009 for an estimated full value per capita of $150,000 or significantly above the statewide median. The low AV growth in 2009 is primarily the result of falling residential housing values, which, by some measures, have decreased by more than 15% during the last 12 months. As dramatic as this decline is, it is less than the countywide decline of nearly 19% or the statewide decline of more than 21%, underscoring the resilience of the San Diego area economy. Taxable sales are also showing the weakness in the economy. In 2007, taxable transactions in the city decreased by 1.7% from 2006. This trend is continuing in 2008. However, transient occupancy taxes, which represent about 8% of general fund revenues, are continuing to grow, which reflects the strength of the tourism sector of the economy.

Outlook

The outlook on the ratings is stable. Moody's expects the city to continue to operate under generally tight but stable financial conditions. Given the city's modestly growing but limited reserves, significant deterioration of reserves can put downward pressure on bond holder security. By adhering to its reserve policy, the city can avert such credit deterioration. While the current economic conditions are weakening revenues, in the long term the city's economy will benefit from its size and diversity.

GENERAL OBLIGATION BONDS:

Upgraded to A2 from A3:

GENERAL FUND OBLIGATIONS, CERTIFICATES OF PARTICIPATION AND LEASE REVENUE BONDS

Upgraded to Baa1 from Baa2:

2003 - 1993 Balboa Park/Mission Bay Park Refunding

2003 - 1993 City/MTDB Lease Revenue Refunding Bonds

2002B - Fire and Life Safety Facilities Project

1998A - Convention Center Expansion

1996 A and B - Balboa Park/Mission Bay Park Capital Improvements and Refunding

1994 - City/MTDB Lease Revenue Refunding Bonds

Upgraded to Baa2 from Baa3:

1996A (Taxable) - Jack Murphy Stadium

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