

## **Debt Management**



**Page Intentionally Left Blank**

# Debt Management



## Department Description

The Debt Management Department conducts planning, structuring, and issuance activities for all City financings to fund cash flow needs and to provide funds for capital projects, essential equipment, and vehicles.

Bond financings are conducted for capital projects secured by the General Fund and the enterprise funds, as well as projects supported by dedicated revenue sources such as the San Diego Redevelopment Successor Agency and special districts. In addition to bond financings, various State and Federal Loans are evaluated and executed to fund infrastructure projects. The Department also administers certain short-and medium-term financing mechanisms, including capital leases and a commercial paper program.

The Department coordinates and monitors various post-issuance administrative functions related to bond financings, the commercial paper program, loans, and capital leases. The Department regularly reviews outstanding obligations for refunding opportunities and timely refinances to lower interest costs. The Department manages credit and investor outreach functions, providing information to current bondholders, prospective investors, and rating agencies that monitor the City's credit profile.

The Department coordinates the Community Facilities District and 1913/1915 Act Assessment District formation procedures and related conduit bond issuances to fund public infrastructure in addition to the enrollment process for assessments and special taxes with assistance from consultants to maintain databases and administer special tax formulas.

***The Department's mission is:***

To effectively plan, implement, and manage City debt obligations

***The Department's vision is:***

Strong debt management to achieve citywide financing priorities

# Debt Management

## Goals and Objectives

**Goal 1: Safeguard public assets through strong financial management**

- Maintain strong internal controls
- Establish fiscally sound financial policies
- Produce transparent financial reporting
- Maintain secure data environments
- Prepare fiscally sound balanced budgets and capital plans

**Goal 2: Optimize financial resources through long-term fiscal planning**

- Identify and implement continuous business process improvements
- Seek strategic opportunities to reduce costs and enhance revenues
- Provide sound long-term financial and infrastructure plans

**Goal 3: Excellent customer service**

- Own the problem until it is resolved
- Reach out to customers and collaborate to meet their goals
- Provide accurate and timely financial information

**Goal 4: Strengthen the City's financial knowledge, skills, and abilities**

- Maximize use of the City's financial data
- Provide robust training programs for Finance Branch staff
- Establish training programs for citywide staff
- Build bench strength in key financial competencies

## Key Performance Indicators

Performance Indicator	FY2017 Target	FY2017 Actual	FY2018 Target	FY2018 Actual	FY2019 Target
Bond payments made to bond trustees on time	100%	100%	100%	100%	100%
Percentage of disclosures for outstanding bonds filed in a timely manner consistent with continuing disclosure agreements	100%	100%	100%	100%	100%
City public bond offerings comparably priced to similar credits	100%	100%	100%	100%	100%
Percentage of bond-related investments that are actively evaluated and re-invested as they come to term	100%	100%	100%	100%	100%
Percentage of eligible outstanding debt monitored annually to evaluate potential refunding opportunities	100%	100%	100%	100%	100%

# Debt Management

## Department Summary

	FY2017 Actual	FY2018 Budget	FY2019 Adopted	FY2018-2019 Change
FTE Positions (Budgeted)	21.00	21.00	20.00	(1.00)
Personnel Expenditures	\$ 2,455,395	\$ 2,785,133	\$ 2,846,806	\$ 61,673
Non-Personnel Expenditures	275,101	376,506	257,113	(119,393)
<b>Total Department Expenditures</b>	<b>\$ 2,730,496</b>	<b>\$ 3,161,639</b>	<b>\$ 3,103,919</b>	<b>\$ (57,720)</b>
<b>Total Department Revenue</b>	<b>\$ 1,050,430</b>	<b>\$ 736,019</b>	<b>\$ 1,041,456</b>	<b>\$ 305,437</b>

## General Fund

### Department Expenditures

	FY2017 Actual	FY2018 Budget	FY2019 Adopted	FY2018-2019 Change
Debt Management	\$ 2,730,496	\$ 3,161,639	\$ 3,103,919	(57,720)
<b>Total</b>	<b>\$ 2,730,496</b>	<b>\$ 3,161,639</b>	<b>\$ 3,103,919</b>	<b>(57,720)</b>

### Department Personnel

	FY2017 Budget	FY2018 Budget	FY2019 Adopted	FY2018-2019 Change
Debt Management	21.00	21.00	20.00	(1.00)
<b>Total</b>	<b>21.00</b>	<b>21.00</b>	<b>20.00</b>	<b>(1.00)</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Salary and Benefit Adjustments</b> Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.	0.00	\$ 164,983	-
<b>Otay Mesa Enhanced Infrastructure Financing District</b> Addition of one-time non-personnel expenditures and supporting revenue for the Otay Mesa Enhanced Infrastructure Financing District (EIFD) formation.	0.00	20,250	129,811
<b>Debt Issuance Reporting Fees</b> Addition of non-personnel expenditures associated with reporting fees for new debt issuance.	0.00	15,000	-

# Debt Management

## Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Support for Information Technology</b> Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements.	0.00	(4,354)	-
<b>Non-Discretionary Adjustment</b> 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	(5,289)	-
<b>Reduction of Program Coordinator</b> Reduction of 1.00 Program Coordinator providing support for debt issuance and post-issuance administration.	(1.00)	(103,310)	-
<b>One-Time Reductions and Annualizations</b> Adjustment to reflect one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2018.	0.00	(145,000)	-
<b>Financing Services Revenue</b> Addition of one-time revenue associated with reimbursable expenditures for debt management services provided to the Public Utilities Department.	0.00	-	175,626
<b>Total</b>	<b>(1.00) \$</b>	<b>(57,720) \$</b>	<b>305,437</b>

## Expenditures by Category

	FY2017 Actual	FY2018 Budget	FY2019 Adopted	FY2018-2019 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 1,534,833	\$ 1,662,727	\$ 1,706,835	44,108
Fringe Benefits	920,563	1,122,406	1,139,971	17,565
<b>PERSONNEL SUBTOTAL</b>	<b>2,455,395</b>	<b>2,785,133</b>	<b>2,846,806</b>	<b>61,673</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 18,965	\$ 19,310	\$ 19,400	90
Contracts	190,778	270,822	154,356	(116,466)
Information Technology	43,259	61,226	56,872	(4,354)
Energy and Utilities	17,720	19,099	20,436	1,337
Other	4,357	5,049	5,049	-
Capital Expenditures	23	1,000	1,000	-
<b>NON-PERSONNEL SUBTOTAL</b>	<b>275,101</b>	<b>376,506</b>	<b>257,113</b>	<b>(119,393)</b>
<b>Total</b>	<b>\$ 2,730,496</b>	<b>\$ 3,161,639</b>	<b>\$ 3,103,919</b>	<b>(57,720)</b>

# Debt Management

## Revenues by Category

	FY2017 Actual	FY2018 Budget	FY2019 Adopted	FY2018-2019 Change
Charges for Services	\$ 1,050,404	\$ 736,019	\$ 1,041,456	305,437
Other Revenue	26	-	-	-
<b>Total</b>	<b>\$ 1,050,430</b>	<b>\$ 736,019</b>	<b>\$ 1,041,456</b>	<b>305,437</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2017 Budget	FY2018 Budget	FY2019 Adopted	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
20000149	Associate Economist	2.00	2.00	2.00	\$ 55,843 - 67,489	\$ 121,415
20000119	Associate Management Analyst	3.00	3.00	3.00	55,843 - 67,489	158,461
20000539	Clerical Assistant 2	1.00	1.00	1.00	30,919 - 37,257	35,953
20001101	Department Director	1.00	1.00	1.00	61,107 - 231,494	177,676
20001234	Program Coordinator	7.00	7.00	6.00	23,764 - 142,455	599,140
20001222	Program Manager	3.00	3.00	3.00	48,516 - 178,445	361,558
20000015	Senior Management Analyst	3.00	3.00	3.00	61,322 - 74,128	215,293
20000756	Word Processing Operator	1.00	1.00	1.00	32,530 - 39,170	36,570
	Overtime Budgeted					769
<b>FTE, Salaries, and Wages Subtotal</b>		<b>21.00</b>	<b>21.00</b>	<b>20.00</b>		<b>\$ 1,706,835</b>

	FY2017 Actual	FY2018 Budget	FY2019 Adopted	FY2018-2019 Change
<b>Fringe Benefits</b>				
Employee Offset Savings	\$ 19,436	\$ 19,529	\$ 20,122	593
Flexible Benefits	210,165	257,734	256,261	(1,473)
Insurance	1,201	-	-	-
Long-Term Disability	4,120	-	-	-
Medicare	23,009	24,134	24,763	629
Other Post-Employment Benefits	110,290	120,020	122,480	2,460
Retiree Medical Trust	1,999	1,895	2,265	370
Retirement 401 Plan	2,178	2,282	2,464	182
Retirement ADC	420,328	559,609	554,872	(4,737)
Retirement DROP	2,429	2,189	2,261	72
Risk Management Administration	19,217	20,220	21,060	840
Supplemental Pension Savings Plan	92,376	94,587	109,094	14,507

# Debt Management

	FY2017 Actual	FY2018 Budget	FY2019 Adopted	FY2018-2019 Change
Unemployment Insurance	2,795	2,975	2,864	(111)
Workers' Compensation	11,019	17,232	21,465	4,233
<b>Fringe Benefits Subtotal</b>	<b>\$ 920,563</b>	<b>\$ 1,122,406</b>	<b>\$ 1,139,971</b>	<b>17,565</b>
<b>Total Personnel Expenditures</b>		<b>\$</b>	<b>2,846,806</b>	