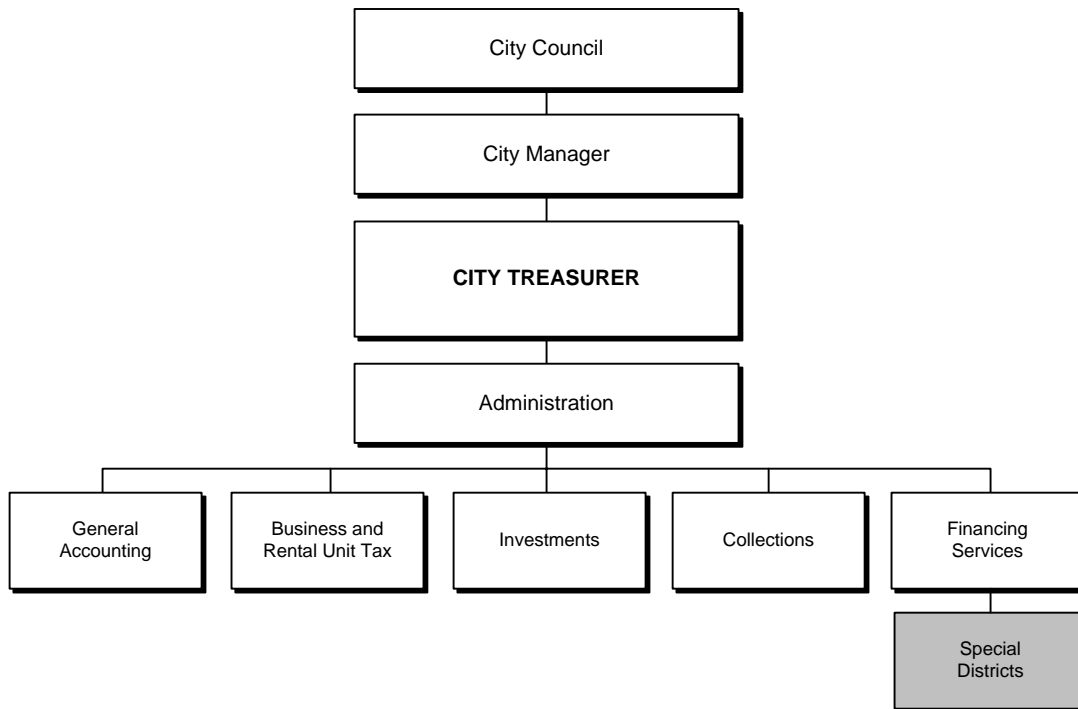


CITY TREASURER







Mission Statement

To enrich our community by responsibly managing the public's money and creating an atmosphere of pride through mutual support and outstanding service.

Department Description

The City Treasurer is responsible for managing the public's money as well as providing the most cost-effective and fiscally responsible process for managing short-term and long-term debt and developing financing plans. The Department is also responsible for generating a significant amount of revenue to the City by collecting overdue accounts receivables.

Division/Major Program Description

Administration

The Administration Program is responsible for supervising the Department's operations; providing financial analysis, projections, and reports relating to Departmental activities; and ensuring consistent, effective, and economical achievement of the Department's mission and objectives. It also provides treasury services for the Redevelopment Agency and the Public Facilities Financing Authority. The City Treasurer serves as a member of the Funds Commission, member of the board of the Public Facilities Financing Authority, and as a trustee for the Supplemental Pension Savings Plan and the 401(k) plan.

Business and Rental Unit Tax

The Business and Rental Unit Tax Program administers the collection of the City's Business Tax and Rental Unit Business Tax assessments and fees, compliance

City Treasurer

Division/Major Program Description

Business and Rental Unit Tax (continued)

enforcement, collection of Business Improvement District fees, and maintains the regulatory clearance review data for businesses operating within the City of San Diego.

Collections

The Collections Program is responsible for the administration and collection of delinquent accounts that have been referred to the City Treasurer by other City departments and agencies. This Program represents the City in small claims court actions on delinquent accounts.

Financing Services

The Financing Services Program coordinates the process of structuring and issuing bond financings to provide funding for City capital projects, and assesses and implements the most cost-effective process for managing short-term and long-term debt and other financing instruments. The Program also provides in-house consultation services such as cost-benefit and fiscal impact analyses and responds to requests for financial analyses from the Mayor and City Council, the City Manager, and other City departments. The Program also works with the City Attorney's Office, outside counsel, and other departments to ensure the City's compliance with federal securities laws. The Program develops prudent and equitable financial plans and rate structures for the Water and Metropolitan Wastewater Departments, and determines the optimal mix of revenues necessary to fund infrastructure requirements while ensuring compliance with federal, State, and local legal mandates.

General Accounting

The General Accounting Program is responsible for collecting fees, fines, permits, taxes and other payments; processing Transient Occupancy Tax (TOT) returns and remittances; balancing and reporting all daily revenue transactions to the City Auditor and Comptroller; accounting for daily cash deposits of City funds in various banks; maintaining records for City investments; and accounting for investments in the Cemetery Perpetuity, Los Penasquitos Preserve, and the Peters, Sergeant and Benjamin Memorial Trust Funds.

Investments

The Investments Program provides cash management services for the City, including maintenance of banking relationships, reviewing new banking legislation, assisting in the development and implementation of new payment and collection systems for the City. The Investment Division also participates in the review, implementation and monitoring of all electronic banking services, e-commerce systems, and third party payment processing services.

Division/Major Program Description

Special Districts

This Special Districts Program provides the City with a cost-effective and fiscally responsible process for managing the public financing process using Community Facilities Districts and 1915 Act Assessment Districts. Responsibilities include comprehensively managing all special district formation procedures and related bond issuances, calculating and enrolling special taxes and assessments, collecting delinquent accounts, and assisting communities in the formation of new districts, while adhering to all legal and City policy guidelines.

Service Efforts and Accomplishments

The City Treasurer is responsible for the investment of all City operating and capital improvement funds, totaling \$1.2 billion, and directing the reinvestment of debt proceeds of the City and its affiliated agencies totaling an additional \$476 million.

In Fiscal Year 2004, the City Treasurer accounted for over \$1.8 billion in Citywide revenues. This included approximately \$743 million in General Fund and \$119 million in Transient Occupancy Tax (TOT) revenues.

Throughout the year the City Treasurer Department measures customer satisfaction through lobby surveys. In calendar year 2004, these surveys reflected that the Cashiering and Business Tax customers were 97 percent satisfied with the level of service delivery.

Over the past year, the Investment Division has implemented many developmental enhancements to the City's e-payment engine to allow even more City departments to offer new ways for citizens to pay for City services. The Investment Division has also completed a six-month review and revision of its internal controls regarding all aspects of its investment and wire transfer procedures, further strengthening existing controls.

In June of Fiscal Year 2004, Financing Services staff completed a \$152 million interim private placement financing with Bank of America for purposes of providing cash flow and funding wastewater capital projects during the first half of Fiscal Year 2005. This London Inter-Bank Offered Rate (LIBOR)-based transaction was the first of its kind for the City, providing needed funds at a cost well below that of conventional long-term financing. Also in June of Fiscal Year 2004, Financing Services staff sought and obtained Mayor and City Council approval of revisions to municipal wastewater rates, which brought the City's rate structure into compliance with the grant and loan requirements of the State Water Resources Control Board.

In Fiscal Year 2005, the Accounting Program implemented an automated Account Reconciliation System to streamline the accounting process of reconciling depository bank activity to the City's general ledger. This system was developed in-house at a substantial cost savings.

The Mayor and City Council reduced 10.50 positions in the City Treasurer's Department affecting all operations in Fiscal Year 2006. In addition, 6.00 positions were added to augment continuing disclosure efforts authorized by Continuing Disclosure Ordinance 0-19320.

In Fiscal Year 2005, the Collections Program implemented new information gathering tools to assist with the investigation of accounts, location of responsible parties, and identification of assets. The addition of these new tools and staff have resulted in a more than 50 percent increase in the number of State income tax refunds intercepted annually through the State Franchise Tax Intercept Program.

City Treasurer

Service Efforts and Accomplishments

The Collections Program added a new document imaging system to capture and store collection related documents and correspondence. This new system electronically attaches the documents to the relevant accounts making them available to collection staff online while discussing accounts with citizens. The documents can be easily provided to others via a variety of electronic and traditional means significantly improving service to the Collections Program's customers.

In Fiscal Year 2005, the Collections Program completed the implementation of modifications to its Credit Reporting Policy and collections software to further reduce the negative credit related impacts realized by residents after delinquent accounts are paid.

Future Outlook

The Investment Division works with staff from Information Technology and Communications, the Auditor and Comptroller and various other City departments to implement financial e-commerce programs to provide the public with more options to pay for City services, improve staff productivity, increase financial transaction processing efficiency and improve the timing of revenue reinvestment. The Division will be issuing a request for proposal for banking services in Fiscal Year 2006 for a term of five years.

The Collections Program anticipates the collection of approximately \$16.1 million of revenue from accounts referred that are under \$25,000 and the collection of approximately \$10.4 million from accounts referred in amounts over \$25,000.

The Business Tax Program is currently developing plans for a new Rental Unit Business Tax Billing System and a Business Tax web application. The implementation of these new systems will provide Business Tax customers with enhanced payment and application options.

In Fiscal Year 2006, the Accounting Program will be expanding the automated Account Reconciliation System to include both the accounts payable and payroll/pension controlled disbursement bank accounts.

The Transient Occupancy Tax (TOT) remittance payment process will also become more automated in Fiscal Year 2006. The Accounting Program will be implementing a system by which hotel/motel owners and operators are provided the option to initiate TOT payments over the internet via an Automated Clearing House bank transaction.

The Accounting Program plans to implement a centralized cashiering system to capture all Citywide payments and provide for payment processing at remote locations throughout the City. This will help eliminate cumbersome manual processes, facilitate accurate and timely accounting and expedite revenue recognition to the general ledger system.

Financings anticipated to occur during the latter half of Fiscal Year 2006 include combined new money/advance-refunding issues for the water and wastewater departments which will, in both instances, provide funding for additional improvements to infrastructure.

In Fiscal Year 2006, Financing Services and Special Districts Administration anticipate coordinating the issuance of \$35 million of Mello-Roos Bonds to finance infrastructure improvements in connection with the Black Mountain Ranch Community Area, and the Naval Training Center Redevelopment Project.

Budget Dollars at Work

- \$114 Million in Tax Anticipation Note Purchase Agreement to meet the City's cash flow needs in Fiscal Year 2005
- \$14 Million of annual special taxes and special assessments were calculated, enrolled and apportioned to 7,700 parcels
- \$14 Million in Business Tax Assessments
- \$1.3 Million in Business Improvement District Assessments
- Approximately 16,000 new Business Tax applications are processed annually. The Program administers a database of approximately 160,000 business and property owners conducting business within the City of San Diego
- \$120.4 Million in Transient Occupancy Taxes collected annually by the General Accounting Program
- \$16.1 Million revenue collected by the Collections Program for single transactions, under \$25,000 amounts referred
- \$10.4 Million revenue collected by the Collections Program for single transactions, over \$25,000 amounts referred

City Treasurer				
	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL	FY 2005-2006 CHANGE
Positions	105.01	113.00	107.46	(5.54)
Personnel Expense	\$ 7,008,290	\$ 8,386,337	\$ 8,995,733	\$ 609,396
Non-Personnel Expense	\$ 3,065,712	\$ 2,866,815	\$ 3,340,685	\$ 473,870
TOTAL	\$ 10,074,002	\$ 11,253,152	\$ 12,336,418	\$ 1,083,266

Department Staffing

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
GENERAL FUND			
City Treasurer			
Administration	5.15	6.15	4.17
Business & Rent Taxes/TOT	15.00	15.00	13.00
Collection Activities	45.55	50.30	45.80
General Accounting	10.61	12.85	10.85
Investments Activities	4.40	4.40	4.40
Total	80.71	88.70	78.22
Financing Services			
Administration	1.00	1.00	1.00
Bond Financing, Utilities & Analysis	16.15	16.15	21.15
Total	17.15	17.15	22.15

City Treasurer

Department Staffing

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
SPECIAL DISTRICTS FUND			
Fin Svcs - Special Districts			
Special Districts	7.15	7.15	7.09
Total	7.15	7.15	7.09

Department Expenditures

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
GENERAL FUND			
City Treasurer			
Administration	\$ 669,128	\$ 870,782	\$ 724,022
Business & Rent Taxes/TOT	\$ 1,826,193	\$ 1,833,982	\$ 2,318,935
Collection Activities	\$ 3,332,006	\$ 3,738,093	\$ 3,757,567
General Accounting	\$ 726,780	\$ 1,074,846	\$ 900,754
Investments Activities	\$ 1,166,887	\$ 1,200,803	\$ 1,229,156
Total	\$ 7,720,994	\$ 8,718,506	\$ 8,930,434
Financing Services			
Administration	\$ 93,081	\$ 95,561	\$ 97,924
Bond Financing, Utilities & Analysis	\$ 1,504,499	\$ 1,632,585	\$ 2,410,635
Total	\$ 1,597,580	\$ 1,728,146	\$ 2,508,559
SPECIAL DISTRICTS FUND			
Fin Svcs - Special Districts			
Special Districts	\$ 755,428	\$ 806,500	\$ 897,425
Total	\$ 755,428	\$ 806,500	\$ 897,425

Significant Budget Adjustments

GENERAL FUND

City Treasurer	Positions	Cost
Salary and Benefit Adjustments	(0.98)	\$ 475,070
Adjustments to reflect the annualization of the Fiscal Year 2005 negotiated salary compensation schedule, changes to average salaries, retirement contributions, and retiree health contributions. Position adjustments, if applicable, reflect the City Manager's restructuring of Executive Team assignments.		
Computer System Enhancements	0.00	\$ 650,000
Funding will provide computer system improvements for the Treasurer's Tax Collection System (TTCS) to assist customer service.		

Significant Budget Adjustments

GENERAL FUND

City Treasurer	Positions	Cost
Non-Discretionary	0.00 \$	10,452
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.		
Support for Information Technology	0.00 \$	(275,200)
Funding is allocated according to a zero based annual review of information technology funding requirements and priority analyses.		
Reduction of Staffing in Bank Accounts and Cash, Business Tax, Collections, and Information Technology Staff	(9.50) \$	(648,394)
The reduction of 2.00 positions in Bank Accounts and Cash staff will lead to delays in reconciling accounts. The reduction of 2.00 positions in Business Tax staff will lead to delays in resolving customer inquiries. The reduction of 4.50 positions in Collections staff will lead to delays in collecting owed revenues. The reduction of 1.00 position in Information Technology staff will lead to delays in responding to internal requests for service, possibly resulting in delays to customers.		

Financing Services	Positions	Cost
Salary and Benefit Adjustments	0.00 \$	144,489
Adjustments to reflect the annualization of the Fiscal Year 2005 negotiated salary compensation schedule, changes to average salaries, retirement contributions, and retiree health contributions. Position adjustments, if applicable, reflect the City Manager's restructuring of Executive Team assignments.		
Support for the Disclosure Practices Working Group	6.00 \$	750,000
These enhancements to the City Attorney, City Auditor and Comptroller, City Manager's Office, City Treasurer, and Financial Management Department budgets are consistent with the recommended procedures and changes to the Municipal Code contained in the City of San Diego's Disclosure Ordinance, approved on September 28, 2004.		
Support for Information Technology	0.00 \$	(26,166)
Funding is allocated according to a zero based annual review of information technology funding requirements and priority analyses.		
Reduction of Staffing in Economic Studies Staff	(1.00) \$	(87,910)
The reduction of 1.00 Associate Economist will lead to a reduction in support to department requested studies.		

City Treasurer

Significant Budget Adjustments

SPECIAL DISTRICTS FUND

Fin Svcs - Special Districts	Positions	Cost
Salary and Benefit Adjustments	(0.06) \$	48,600
Adjustments to reflect the annualization of the Fiscal Year 2005 negotiated salary compensation schedule, changes to average salaries, retirement contributions, and retiree health contributions. Position adjustments, if applicable, reflect the City Manager's restructuring of Executive Team assignments.		
Support for Information Technology	0.00 \$	28,226
Funding is allocated according to a zero based annual review of information technology funding requirements and priority analyses.		
Non-Discretionary	0.00 \$	14,099
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.		

Expenditures by Category

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
PERSONNEL			
Salaries & Wages	\$ 5,145,171	\$ 5,867,221	\$ 6,026,747
Fringe Benefits	\$ 1,863,119	\$ 2,519,116	\$ 2,968,986
SUBTOTAL PERSONNEL	\$ 7,008,290	\$ 8,386,337	\$ 8,995,733
NON-PERSONNEL			
Supplies & Services	\$ 1,462,141	\$ 1,441,391	\$ 2,136,740
Information Technology	\$ 1,362,075	\$ 1,287,563	\$ 1,061,176
Energy/Utilities	\$ 173,592	\$ 117,450	\$ 105,932
Equipment Outlay	\$ 67,904	\$ 20,411	\$ 36,837
SUBTOTAL NON-PERSONNEL	\$ 3,065,712	\$ 2,866,815	\$ 3,340,685
TOTAL	\$ 10,074,002	\$ 11,253,152	\$ 12,336,418

City Treasurer

Revenues by Category

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
GENERAL FUND			
Licenses and Permits	\$ 10,039,000	\$ 12,935,000	\$ 13,734,000
Fines, Forfeitures, and Penalties	\$ 1,527,000	\$ 1,864,000	\$ 2,616,000
Charges for Current Services	\$ 1,024,201	\$ 1,286,600	\$ 1,199,500
TOTAL	\$ 12,590,201	\$ 16,085,600	\$ 17,549,500

Key Performance Measures

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
Average cost per dollar invested expressed as basis points ⁽¹⁾⁽²⁾	\$5.27	\$5.66	\$5.71
Average cost per bank transaction reconciled	\$0.87	\$1.61	\$1.18
Average cost per Business and Rental Tax account administered ⁽³⁾	\$12.59	\$11.16	\$14.05
Average cost per delinquent account dollar collected	\$0.24	\$0.26	\$0.26
Average cost per parcel enrolled 1915 Act District and Community Facilities Districts	\$62	\$62	\$70
Average cost per 1911 Act District parcel serviced	\$4,584	\$5,320	\$6,047
Average cost of special district formation proceedings	\$28,347	\$58,150	\$63,341
Average cost per existing and new bond financing	\$13,088	\$14,320	\$23,458
Average cost per internal financial consultation	\$1,145	\$1,266	\$1,879
Average cost per water/sewer plan analyzed and prepared	\$68,664	\$75,156	\$98,910

Salary Schedule

GENERAL FUND

Financing Services

<i>Class</i>	<i>Position Title</i>	<i>FY 2005 Positions</i>	<i>FY 2006 Positions</i>	<i>Salary</i>	<i>Total</i>
1106	Sr Management Analyst	3.00	3.00	\$ 68,678	\$ 206,033
1218	Assoc Management Analyst	1.00	1.00	\$ 61,400	\$ 61,400
1222	Assoc Economist	3.00	2.00	\$ 60,212	\$ 120,423
1243	Info Systems Administrator	1.00	1.00	\$ 85,430	\$ 85,430
1424	Economist	2.00	4.00	\$ 67,440	\$ 269,760
1535	Clerical Assistant II	1.00	1.00	\$ 33,827	\$ 33,827
1576	Data Entry Supv	0.20	0.20	\$ 44,680	\$ 8,936
1879	Sr Clerk/Typist	1.00	1.00	\$ 41,523	\$ 41,523
1917	Supv Management Analyst	1.00	1.00	\$ 77,660	\$ 77,660
1923	Supv Economist	3.00	5.00	\$ 76,767	\$ 383,835

(1) Input dollars excludes banking costs.

(2) One basis point equals 0.01 of a percent.

(3) Total cost does not include overhead, supplemental positions and other program costs associated with the processing of Business Tax accounts.

City Treasurer

Salary Schedule

GENERAL FUND

Financing Services

<i>Class</i>	<i>Position Title</i>	<i>FY 2005 Positions</i>	<i>FY 2006 Positions</i>	<i>Salary</i>	<i>Total</i>
2214	Deputy Director	0.95	0.95	\$ 113,747	\$ 108,060
2233	Program Manager	0.00	2.00	\$ 87,180	\$ 174,360
	Overtime Budgeted	0.00	0.00	\$ -	\$ 4,684
	Temporary Help	0.00	0.00	\$ -	\$ 26,271
	Total	17.15	22.15		\$ 1,602,202

City Treasurer

<i>Class</i>	<i>Position Title</i>	<i>FY 2005 Positions</i>	<i>FY 2006 Positions</i>	<i>Salary</i>	<i>Total</i>
1104	Account Clerk	6.00	5.00	\$ 36,329	\$ 181,644
1107	Administrative Aide II	1.00	1.00	\$ 48,630	\$ 48,630
1183	Accountant IV	1.00	0.00	\$ -	\$ -
1218	Assoc Management Analyst	1.00	1.00	\$ 61,400	\$ 61,400
1330	Cashier	3.00	3.00	\$ 36,043	\$ 108,129
1331	Collections Investigator I	28.00	28.00	\$ 45,769	\$ 1,281,520
1332	Collections Investigator II	4.00	4.00	\$ 52,397	\$ 209,586
1333	Collections Investigator III	5.00	5.00	\$ 57,681	\$ 288,405
1344	Collections Manager	1.00	1.00	\$ 77,428	\$ 77,428
1348	Info Systems Analyst II	1.00	1.00	\$ 62,220	\$ 62,220
1349	Info Systems Analyst III	2.75	1.75	\$ 68,822	\$ 120,438
1465	Field Representative	1.00	1.00	\$ 37,377	\$ 37,377
1535	Clerical Assistant II	13.50	9.00	\$ 33,827	\$ 304,443
1575	Data Entry Operator	2.00	2.00	\$ 37,067	\$ 74,134
1576	Data Entry Supv	0.80	0.80	\$ 44,680	\$ 35,744
1776	Public Information Clerk	2.00	1.00	\$ 36,160	\$ 36,160
1840	Sr Cashier	1.00	1.00	\$ 39,066	\$ 39,066
1842	Accountant II	1.00	1.00	\$ 60,488	\$ 60,488
1844	Sr Account Clerk	3.00	3.00	\$ 41,348	\$ 124,044
1876	Executive Secretary	0.70	0.21	\$ 50,405	\$ 10,585
1879	Sr Clerk/Typist	3.00	2.00	\$ 41,523	\$ 83,046
1917	Supv Management Analyst	1.00	1.00	\$ 77,660	\$ 77,660
1926	Info Systems Analyst IV	0.25	0.25	\$ 77,496	\$ 19,374
2111	Asst City Manager	0.02	0.00	\$ -	\$ -
2153	Deputy City Manager	0.68	0.21	\$ 178,600	\$ 37,506
2190	Treasurer	1.00	1.00	\$ 134,703	\$ 134,703
2228	Principal Accountant	1.00	1.00	\$ 104,154	\$ 104,154
2241	Investment Officer	1.00	1.00	\$ 117,086	\$ 117,086
2256	Asst Investment Officer	2.00	2.00	\$ 99,522	\$ 199,043
	Bilingual - Regular	0.00	0.00	\$ -	\$ 8,024
	Overtime Budgeted	0.00	0.00	\$ -	\$ 4,832

Salary Schedule

GENERAL FUND

City Treasurer

<i>Class</i>	<i>Position Title</i>	<i>FY 2005 Positions</i>	<i>FY 2006 Positions</i>	<i>Salary</i>	<i>Total</i>
	Temporary Help	0.00	0.00	\$ -	\$ 27,122
	Total	88.70	78.22	\$	3,973,991
General Fund Total		105.85	100.37	\$	5,576,193

SPECIAL DISTRICTS FUND

Fin Svcs - Special Districts

<i>Class</i>	<i>Position Title</i>	<i>FY 2005 Positions</i>	<i>FY 2006 Positions</i>	<i>Salary</i>	<i>Total</i>
1106	Sr Management Analyst	1.00	1.00	\$ 68,677	\$ 68,677
1107	Administrative Aide II	2.00	2.00	\$ 48,630	\$ 97,260
1746	Word Processing Operator	1.00	1.00	\$ 36,284	\$ 36,284
1844	Sr Account Clerk	1.00	1.00	\$ 41,348	\$ 41,348
1876	Executive Secretary	0.05	0.02	\$ 50,400	\$ 1,008
1917	Supv Management Analyst	1.00	1.00	\$ 77,660	\$ 77,660
2153	Deputy City Manager	0.05	0.02	\$ 178,600	\$ 3,572
2214	Deputy Director	0.05	0.05	\$ 113,740	\$ 5,687
2270	Program Manager	1.00	1.00	\$ 113,748	\$ 113,748
	Overtime Budgeted	0.00	0.00	\$ -	\$ 5,310
	Total	7.15	7.09	\$	450,554

CITY TREASURER TOTAL 113.00 **107.46** **\$ 6,026,747**

Non-General Fund Five-Year Expenditure Forecast

	FY 2006 FINAL	FY 2007 FORECAST	FY 2008 FORECAST	FY 2009 FORECAST	FY 2010 FORECAST	FY 2011 FORECAST
Positions	7.09	7.09	7.09	7.09	7.09	7.09
Personnel Expense	\$ 667,474	\$ 687,498	\$ 708,123	\$ 729,367	\$ 751,248	\$ 773,785
Non-Personnel Expense	\$ 229,951	\$ 236,850	\$ 243,956	\$ 251,275	\$ 258,813	\$ 266,577
TOTAL EXPENDITURES	\$ 897,425	\$ 924,348	\$ 952,079	\$ 980,642	\$ 1,010,061	\$ 1,040,362

General Fund Five-Year information is located in the Multi-Year Financial Forecast located in Volume I of this Document.

City Treasurer

Fiscal Years 2007-2011

No major projected requirements.