



## 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 financing 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.

# Debt Management

## 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 structuring 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 to 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 ongoing covenant compliance monitoring process is conducted for all outstanding bond issuances

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## *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:

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

## Service Efforts and Accomplishments

### General Fund

Debt Management conducted the public offering of \$163.2 million of Tax and Revenue Anticipation Notes to fund Fiscal Year 2011 General Fund cash flow needs. The Department also facilitated the restructuring and modification of the outstanding McGuigan Settlement on more favorable repayment terms. The modification, through the sale and transfer of the settlement to a third party investor at a lower interest rate, allowed for an early paydown of the outstanding judgment amount to the pension system. In April 2011, the Debt Management Department facilitated the issuance of \$13.1 million in Qualified Energy Conservation Bonds (QECBs) to finance the conversion of approximately 28,700 existing streetlights throughout the City to energy efficient Broad Spectrum lamp fixtures. First authorized by the federal government in 2008, QECBs are a relatively new low cost means of financing energy conservation projects like the conversion to Broad Spectrum street lights providing a substantial interest rebate from the Federal Government making the net interest rate significantly lower than alternative tax-exempt financing. This conversion program is estimated to produce \$1.2 million in annual energy cost savings to the City which will be applied toward QECBs bond payments.

### 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 and spend-down 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.

### Investor Information Page

After launching the Investor Information Page as a component of the City of San Diego's website in 1998, the Department implemented a number of improvements in February 2011 including a new design for easier investor access and data retrieval of information on disclosures, current and archived official statements for bond offerings, current credit rating, and other investor updates. All current information for investors can be accessed more easily on the City's Investor Information Page.

### Special Districts

In Fiscal Year 2011, the Department facilitated the enrollment of \$17.7 million of special taxes and special assessments on 8,482 parcels of land to provide for debt service on approximately \$159 million of outstanding special tax and special assessment bonds issued to finance regional infrastructure improvements.

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## Key Performance Indicators

Performance Measure	Actual FY2010	Actual FY2011
1. Percent of Debt Payments made to bond trustees on time	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	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	87%	92%
4. Percent of the City's Investor Information Page updated with the latest City financial disclosures <sup>1</sup> submitted to the Electronic Municipal Market Access (EMMA) System within two business days	85%	100%
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	36	46
6. New City bond issuances priced similarly to the average rate achieved by other comparable credits priced in the same timeframe	100%	100%

<sup>1</sup> 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.

# Debt Management

## Department Summary

	FY2011 Budget	FY2012 Adopted	FY2011–2012 Change
Positions	18.00	18.00	0.00
Personnel Expenditures	\$ 2,042,683	\$ 2,182,639	\$ 139,956
Non-Personnel Expenditures	187,976	190,090	2,114
<b>Total Department Expenditures</b>	<b>\$ 2,230,659</b>	<b>\$ 2,372,729</b>	<b>\$ 142,070</b>
<b>Total Department Revenue</b>	<b>\$ 1,008,057</b>	<b>\$ 889,645</b>	<b>\$ (118,412)</b>

## General Fund

### Department Expenditures

	FY2011 Budget	FY2012 Adopted	FY2011–2012 Change
Debt Management	\$ 2,230,659	\$ 2,372,729	\$ 142,070
<b>Total</b>	<b>\$ 2,230,659</b>	<b>\$ 2,372,729</b>	<b>\$ 142,070</b>

### Department Personnel

	FY2011 Budget	FY2012 Adopted	FY2011–2012 Change
Debt Management	18.00	18.00	0.00
<b>Total</b>	<b>18.00</b>	<b>18.00</b>	<b>0.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Equipment/Support for Information Technology</b> Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	\$ 69,121	\$ -
<b>Non-Discretionary Adjustment</b> Total 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	51,407	-
<b>Reduction in Overtime</b> Reduction of overtime expenditures.	0.00	(915)	-
<b>Reduction in Travel and Training</b> Reduction of travel and training expenditures.	0.00	(5,512)	-
<b>Reduction in Supplies and Contracts</b> Additional reduction of supplies and contracts expenditures after a review of prior year spending trends.	0.00	(7,669)	-
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2012 revenue projections.	0.00	-	(118,412)
<b>Total</b>	<b>0.00</b>	<b>\$ 106,432</b>	<b>\$ (118,412)</b>

# Debt Management

## Expenditures by Category

	FY2011 Budget	FY2012 Adopted	FY2011-2012 Change
<b>PERSONNEL</b>			
Salaries and Wages	\$ 1,246,187	\$ 1,370,867	\$ 124,680
Fringe Benefits	796,496	811,772	15,276
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 2,042,683</b>	<b>\$ 2,182,639</b>	<b>\$ 139,956</b>
<b>NON-PERSONNEL</b>			
Supplies	\$ 23,911	\$ 24,411	\$ 500
Contracts	64,727	69,093	4,366
Information Technology	81,846	69,121	(12,725)
Energy and Utilities	15,443	18,602	3,159
Other	1,049	7,863	6,814
Capital Expenditures	1,000	1,000	-
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 187,976</b>	<b>\$ 190,090</b>	<b>\$ 2,114</b>
<b>Total</b>	<b>\$ 2,230,659</b>	<b>\$ 2,372,729</b>	<b>\$ 142,070</b>

## Revenues by Category

	FY2011 Budget	FY2012 Adopted	FY2011-2012 Change
Charges for Current Services	\$ 1,008,057	\$ 889,645	\$ (118,412)
<b>Total</b>	<b>\$ 1,008,057</b>	<b>\$ 889,645</b>	<b>\$ (118,412)</b>

## Personnel Expenditures

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Adopted	Salary Range	Total
<b>Salaries and Wages</b>						
20000149	1222	Associate Economist	3.00	3.00	\$54,059 - \$65,333	\$ 183,429
20000119	1218	Associate Management Analyst	2.00	2.00	54,059 - 65,333	117,083
20000539	1535	Clerical Assistant 2	1.00	1.00	29,931 - 36,067	-
20001101	2132	Department Director	1.00	1.00	59,155 - 224,099	145,499
20001234	2282	Program Coordinator	6.00	6.00	23,005 - 137,904	509,860
20001222	2270	Program Manager	2.00	2.00	46,966 - 172,744	228,881
20000015	1106	Senior Management Analyst	2.00	2.00	59,363 - 71,760	144,238
20000756	1746	Word Processing Operator	1.00	1.00	31,491 - 37,918	38,108
		Overtime Budgeted				3,769
<b>Salaries and Wages Subtotal</b>			<b>18.00</b>	<b>18.00</b>		<b>\$ 1,370,867</b>

## Fringe Benefits

Employee Offset Savings	\$ 31,790
Flexible Benefits	123,488
Long-Term Disability	7,870
Medicare	16,374
Other Post-Employment Benefits	102,697
Retiree Medical Trust	335
Retirement 401 Plan	1,341
Retirement ARC	441,988
Retirement DROP	2,745
Retirement Offset Contribution	1,928

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## Personnel Expenditures (Cont'd)

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Adopted	Salary Range	Total
		Risk Management Administration				17,051
		Supplemental Pension Savings Plan				44,350
		Unemployment Insurance				5,246
		Workers' Compensation				14,569
<b>Fringe Benefits Subtotal</b>						<b>\$ 811,772</b>
<b>Total Personnel Expenditures</b>						<b>\$ 2,182,639</b>