

Debt Management



Department Description

Debt Management administers all short-term and long-term debt issuances 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. With respect to the latter, Debt Management works with the Office of the City Attorney, outside counsel, and other departments to administer debt service payments; monitors the City's compliance with existing bond covenants; coordinates the filing of annual continuing disclosure reports; and responds 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 and 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 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 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 among employees

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 staff's participation in formal trainings
- Promote and develop excellence and bench strength through financial training and knowledge transfer

Service Efforts and Accomplishments

The following are key service efforts and accomplishments of the Debt Management Department in Fiscal Year 2011:

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 and budgetary relief in Fiscal Year 2011.

In February 2010, the City Council authorized \$13.1 million in Qualified Energy Conservation Bonds (QECCBs). QECCBs are the low cost financing allocations offered under federal stimulus program to fund local projects that generate energy efficiencies. The financing will be implemented by the Department in March 2011 with the funds to be utilized to implement broad spectrum street lighting conversion throughout the City. This conversion program is estimated to produce \$1.2 million in energy cost savings annually to the City.

Citywide Efforts

After issuing a number of new money and economic refundings in the prior fiscal years, the Department continues to review and enhance its formal centralized monitoring framework for post-issuance compliance. For example, it 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 for the General Fund, the Public Utilities Department, and special projects in Fiscal Year 2012 and beyond.

Investor Information Page

The Department, after launching the Investor Information Page as a component of the City of San Diego's website in 1998, 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 information for investors can now 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 \$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	Estimated FY2011
Percent of Debt Payments made to bond trustees on time	100%	100%
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%
Percent accomplishment of the professional development and training goals established by the Department to develop skilled employees and promote highest ethical standards	87%	100%
Percent of the City's Investor Information Page updated with the latest City financial disclosures submitted to the Electronic Municipal Market Access (EMMA) System within two business days ¹	85%	100%
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	36.5 days	46.0 days
New City bond issuances priced similarly to the average rate achieved by other comparable credits priced in the same timeframe	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 Budget	FY2012 Proposed	FY2011–2012 Change
Positions	18.00	18.00	0.00
Personnel Expenditures	\$ 2,042,683	\$ 2,188,682	\$ 145,999
Non-Personnel Expenditures	187,976	197,895	9,919
Total Department Expenditures	\$ 2,230,659	\$ 2,386,577	\$ 155,918
Total Department Revenue	\$ 1,008,057	\$ 889,645	\$ (118,412)

General Fund

Department Expenditures

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Debt Management	\$ 2,230,659	\$ 2,386,577	\$ 155,918
Total	\$ 2,230,659	\$ 2,386,577	\$ 155,918

Department Personnel

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Debt Management	18.00	18.00	0.00
Total	18.00	18.00	0.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Equipment/Support for Information Technology Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	\$ 71,097	\$ -
Non-Discretionary Adjustment 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	51,724	-
Reduction in Supplies and Contracts Additional reduction of supplies and contracts expenditures after a review of prior year spending trends.	0.00	(7,669)	-
Revised Revenue Adjustment to reflect Fiscal Year 2012 revenue projections.	0.00	-	(118,412)
Total	0.00	\$ 115,152	\$ (118,412)

Expenditures by Category

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
PERSONNEL			
Salaries and Wages	\$ 1,246,187	\$ 1,352,925	\$ 106,738
Fringe Benefits	796,496	835,757	39,261
PERSONNEL SUBTOTAL	\$ 2,042,683	\$ 2,188,682	\$ 145,999

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Expenditures by Category (Cont'd)

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
NON-PERSONNEL			
Supplies	\$ 23,911	\$ 24,411	\$ 500
Contracts	64,727	75,562	10,835
Information Technology	81,846	71,097	(10,749)
Energy and Utilities	15,443	18,602	3,159
Other	1,049	7,223	6,174
Capital Expenditures	1,000	1,000	-
NON-PERSONNEL SUBTOTAL	\$ 187,976	\$ 197,895	\$ 9,919
Total	\$ 2,230,659	\$ 2,386,577	\$ 155,918

Revenues by Category

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
Charges for Services	\$ 1,008,057	\$ 889,645	\$ (118,412)
Total	\$ 1,008,057	\$ 889,645	\$ (118,412)

Personnel Expenditures

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
Salaries and Wages						
20000149	1222	Associate Economist	3.00	3.00	\$54,059 - \$65,333	\$ 177,953
20000119	1218	Associate Management Analyst	2.00	2.00	54,059 - 65,333	113,540
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	505,466
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	139,932
20000756	1746	Word Processing Operator	1.00	1.00	31,491 - 37,918	36,970
		Overtime Budgeted				4,684
Salaries and Wages Subtotal			18.00	18.00		\$ 1,352,925

Fringe Benefits

Employee Offset Savings	\$ 31,654
Flexible Benefits	123,488
Long-Term Disability	11,837
Medicare	16,309
Other Post-Employment Benefits	107,440
Retiree Medical Trust	324
Retirement 401 Plan	1,296
Retirement ARC	445,389
Retirement DROP	2,745
Retirement Offset Contribution	16,390
Risk Management Administration	17,119
Supplemental Pension Savings Plan	44,350
Unemployment Insurance	2,892

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Personnel Expenditures (Cont'd)

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
		Workers' Compensation				14,524
Fringe Benefits Subtotal						\$ 835,757
Total Personnel Expenditures						\$ 2,188,682