

MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES

Reports Highlighted for the Month of **September** 2009:

Highlights of Major Reports Issued in the Month of September:

[Report No. 09-74](#) “San Diego Housing Commission Finance Plan for Acquisition of New Affordable Housing Units”

At the September 23, 2009 meeting of the Land Use and Housing Committee (LU&H), the SDHC presented the “Finance Plan for Acquisition of New Affordable Housing Units” to the members of the LU&H Committee. The Committee voted to refer the plan for consideration by the Housing Authority on October 13, 2009.

This report provided an overview of the actions requested of the Committee, reviewed the financing plan and noted questions identified by the IBA that the LU&H Committee may have wished to have addressed by the Housing Commission staff and finance team prior to the plan’s consideration by the Housing Authority. IBA recommended that SDHC staff address the comments and questions the IBA raised for each of the eight requested actions.

The Housing Commission staff requested a phased financing plan that would utilize up to \$200 million of loan proceeds generated by placing debt on the real estate portfolio and new acquisitions. The plan spans from FY 2009 through FY 2014. SDHC estimates that approximately 1,035 additional units of affordable housing will be acquired by leveraging 1,254 of its 1,371 total units of former-public housing portfolio.

The LU&H Committee was asked to review eight proposed actions of the Housing Authority, as recommended by SDHC staff. At the Committee meeting SDHC staff presented a letter addressing some of the noted IBA concerns and agreed to continue to work with the IBA in refining this draft for a more complete response prior to consideration by the Housing Authority on 10/13.

“San Diego Housing Commission Finance Plan for Acquisition of New Affordable Housing Units”

[Report No. 09-74](#) (9/21/09)
(PDF: 137K)

“Response to Grand Jury Report Titled "Redevelopment in the City of San Diego - A Call for Transparency”

[Report No. 09-73](#) (9/22/09)
(PDF: 151K)

“SEC Response to the Second Annual Report of Independent Consultant to the City”

[Report No. 09-72](#) (9/10/09)
(PDF: 131K)

[Attachment](#) (9/10/09) (PDF: 535K)

“Proposed Water Rate Increase to Offset Increased San Diego County Water Authority Rates”

[Report No. 09-71](#) (9/4/09) (PDF: 29K)

UPCOMING:

- **10/7**—Special Meeting of the City Council regarding the City’s Five-Year Financial Outlook

[Report No. 09-73](#) “Response to Grand Jury Report Title “Redevelopment in the City of San Diego—a Call for Transparency”

On May 6, 2009 the San Diego County Grand Jury issued a report to the City Council entitled “Redevelopment in the City of San Diego – A Call for Transparency.” The Grand Jury Report assesses the state of financial and operational accountability in the City’s redevelopment activities, and includes three findings and eleven recommendations. The City Council is required to provide comments to the Presiding Judge of the Superior Court on each of the finding and recommendations made in the Grand Jury report. This IBA report provides proposed responses.

In preparing the proposed responses, the IBA met with Redevelopment Agency staff to review factual information regarding the Grand Jury Report. The proposed responses address the Grand Jury findings and recommendations based on factual information, previous Council or Committee actions, and additional IBA research.

Report No. 09-72 “SEC Response to the Second Annual Report of Independent Consultant to the City”

The City’s Independent Consultant (Stan Keller) issued his Second Annual Report to the City (Report) on April 24, 2009. The City Council directed the IBA to review the initial draft response of the Mayor to the SEC. The IBA was asked to provide input on behalf of the City Council with the goal of developing a unified response to the SEC from the Mayor and City Council. The IBA was further directed to report any concerns related to the draft unified response to the SEC docketed for City Council consideration in September 2009.

This IBA report provided 1) IBA comments on the initial CFO draft of the unified response and 2) subsequent comments on the final draft that was accepted by the City Council on September 15th. The IBA recommended that the responses to recommendations #11 and #17 be amended to allow for limited Audit Committee and City Council participation, or representation, in DPWG meetings to discuss the CAFR prior to public release. The IBA recommended that a unified response be sent to the SEC on behalf of the Mayor and City Council. This response was mailed on September 30, 2009.

Report No. 09-71 “Proposed Water Rate Increase to Offset Increased San Diego County Water Authority Rates”

This report provided background for proposed water rate increases to City ratepayers. On September 8, 2009, Council approved Proposition 218 Noticing of the recommended rate increases and set a public hearing date for a Council vote for November 17, 2009.

The recommended effective date for the rate increases to San Diego ratepayers is January 1, 2010. However, some rate increases to the City Water Department began on September 1, 2009. The costs for increases from September 1 through December 31, 2009 are incorporated into the January 1, 2010 rate increases to City customers. Water Department staff has confirmed that the charges for this one-time, four month period will be removed on January 1, 2011, and rates will be adjusted accordingly to avoid overcharging. It is anticipated that another CWA pass-through increase could occur at this time, offsetting such an adjustment. Subsequently, City water rates beginning fiscal year 2012 are anticipated to be based on a new cost of service study.

The IBA recommended approval for Proposition 218 Noticing and setting a public hearing date for Council vote on the proposed water rate increases for November 17, 2009. Additionally, prior to future requests for Proposition 218 Noticing, it is recommended that Mayoral staff coordinate with the Council to provide for review of proposed rate increases.