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MAYOR JERRY SANDERS
FACT SHEET

SAN DIEGO SAVES MILLIONS WITH BOND REFINANCINGS
City sees $13.3 million in annual debt service savings due to improved credit rating, low interest rates

Since having its credit rating restored and returning to the bond markets in 2009, the City of San Diego has saved millions of dollars by refinancing a variety of bonds.

By aggressively refunding about 11 series of bond issuances, the city has taken advantage of lower interest rates and its improved credit rating to generate $13.3 million in annual debt service savings. Depending on the individual bond refinanced, these lower payments mean more funding is available for sewer and water capital projects, General Fund services like libraries, parks and public safety, as well as community facilities districts.

“When I took office in 2005, this city was facing a fiscal calamity, illustrated by the loss of our credit rating. We weren’t able to bond, or refinance. Through extensive reforms, and the hard work and sacrifice of our city employees, we have returned to the market, and we’re seeing incredible results,” Mayor Jerry Sanders said. “These low rates are paying major dividends for our city.”

San Diego has refinanced outstanding bonds issued for public utilities, the city General Fund, and two community facility districts.

Refinancing Public Utilities bonds has yielded an average annual savings of $9.6 million, and total of $163.6 million over the remaining life of the bonds. These savings can be used for infrastructure projects.

Refinancing General Fund backed bonds has yielded an annual average savings of $2.7 million, and a total of $44.6 million for the rest of the life of these bonds. The General Fund covers a variety of city services, including refuse collection, public safety, parks and recreation and libraries, and all of these services will benefit from these savings.

The average annual savings for the two community facilities district bonds is $1 million, with an estimated total savings of $12.1 million over the remainder of the term of these bonds. This means savings for property owners in the form of lower special taxes in these districts.

“San Diego is now seen as a national model for municipal disclosure in bond offerings,” said City Attorney Jan Goldsmith. “The innovative reforms we’ve implemented assure investors that the information we put out to the market is accurate and trustworthy.”

San Diego’s credit rating was restored in 2008, and in early 2009, the city issued its first bonds since 2003 after successfully completing its financial audits. The city’s credit rating has steadily gone up. In April, Standard & Poor’s upgraded San Diego’s primary credit rating two notches, from A to AA-.

While other cities are facing bankruptcy or multi-million dollar deficits, the city of San Diego’s fiscal health is on the rise. Earlier this year, the city implemented its first structurally balanced budget in decades, and San Diego is projected to see $119 million in budget surpluses over the next five years. The city has also begun restoring services, including expanding hours at libraries and rec centers.

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