

Debt Management



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Department Description

The Debt Management Department conducts planning, structuring, and issuance activities for all City financings to fund cash flow needs and to provide funds for capital projects, essential equipment, and vehicles.

Bond financings are conducted for capital projects funded and secured by the General Fund and the enterprise funds, as well as financings supported by dedicated revenue sources such as the San Diego Redevelopment Successor Agency and special districts. The Department also administers certain short-and medium-term financing mechanisms, including capital leases and loans.

The Department coordinates and monitors various post-issuance administrative functions related to bond financings and capital leases. The Department regularly reviews outstanding obligations for refunding opportunities and timely refinances lowering interest costs. The Department manages credit and investor outreach function providing information to current bondholders, prospective investors, and rating agencies that monitor the City's credit profile.

The Department coordinates the Community Facilities District and 1913/1915 Act Assessment District formation procedures and related conduit bond issuances to fund public infrastructure in addition to the enrollment process for assessments and special taxes with assistance from consultants to maintain databases and administer special tax formulas.

The Department's mission is:

To effectively plan, implement, and manage City debt obligations

The Department's vision is:

Strong debt management to achieve citywide financing priorities

Debt Management

Goals and Objectives

Goal 1: Safeguard public assets through strong financial management

- Maintain strong internal controls
- Establish fiscally sound financial policies
- Produce transparent financial reporting
- Maintain secure data environments
- Prepare fiscally sound balanced budgets and capital plans

Goal 2: Optimize financial resources through long-term fiscal planning

- Identify and implement continuous business process improvements
- Seek strategic opportunities to reduce costs and enhance revenues
- Provide sound long-term financial and infrastructure plans

Goal 3: Excellent customer service

- Own the problem until it is resolved
- Reach out to customers and collaborate to meet their goals
- Provide accurate and timely financial information

Goal 4: Strengthen the City's financial knowledge, skills, and abilities

- Maximize use of the City's financial data
- Provide robust training programs for Finance Branch staff
- Establish training programs for citywide staff
- Build bench strength in key financial competencies

Debt Management

Key Performance Indicators

| Performance Indicator | Target ¹ FY2015 | Actual ¹ FY2015 | Estimated ² FY2016 | Target FY2017 |
|--|-------------------------------|-------------------------------|----------------------------------|------------------|
| 1. Debt payments made to bond trustees on time | 100% | 100% | 100% | 100% |
| 2. Percentage of disclosures for outstanding bonds filed in a timely manner to investor outreach webpages consistent with continuing disclosure agreements | 100% | 100% | 100% | 100% |
| 3. City public bond offerings comparably priced to similar credits | 100% | 100% | 100% | 100% |
| 4. Percentage of bond-related investments that are actively evaluated and re-invested as they come to term | N/A | N/A | N/A | 100% |
| 5. Percentage of eligible outstanding debt monitored annually to evaluate potential refunding opportunities | N/A | N/A | N/A | 100% |

1. During Fiscal Year 2016, new department tactical plans and key performance indicators were developed. As such, Fiscal Year 2015 data may be unavailable.
2. New performance indicators for Fiscal Year 2016. Some baseline data is currently under development.



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Department Summary

| | FY2015 Actual | FY2016 Budget | FY2017 Proposed | FY2016-2017 Change |
|--------------------------------------|---------------------|---------------------|---------------------|-----------------------|
| FTE Positions (Budgeted) | 19.00 | 19.00 | 21.00 | 2.00 |
| Personnel Expenditures | \$ 2,346,046 | \$ 2,420,131 | \$ 2,748,510 | \$ 328,379 |
| Non-Personnel Expenditures | 177,587 | 338,697 | 399,908 | 61,211 |
| Total Department Expenditures | \$ 2,523,633 | \$ 2,758,828 | \$ 3,148,418 | \$ 389,590 |
| Total Department Revenue | \$ 932,179 | \$ 711,645 | \$ 910,863 | \$ 199,218 |

General Fund

Department Expenditures

| | FY2015 Actual | FY2016 Budget | FY2017 Proposed | FY2016-2017 Change |
|-----------------|---------------------|---------------------|---------------------|-----------------------|
| Debt Management | \$ 2,523,633 | \$ 2,758,828 | \$ 3,148,418 | \$ 389,590 |
| Total | \$ 2,523,633 | \$ 2,758,828 | \$ 3,148,418 | \$ 389,590 |

Department Personnel

| | FY2015 Budget | FY2016 Budget | FY2017 Proposed | FY2016-2017 Change |
|-----------------|------------------|------------------|--------------------|-----------------------|
| Debt Management | 19.00 | 19.00 | 21.00 | 2.00 |
| Total | 19.00 | 19.00 | 21.00 | 2.00 |

Significant Budget Adjustments

| | FTE | Expenditures | Revenue |
|---|------|--------------|------------|
| Addition of Infrastructure and Public Utilities Loan Program Unit Addition of 1.00 Program Manager, 1.00 Senior Management Analyst, 1.00 Associate Management Analyst, and associated non-personnel expenditures to implement and administer the Infrastructure and Utilities Loan Program. | 3.00 | \$ 339,373 | \$ 324,218 |
| Otay Mesa Enhanced Infrastructure Financing District Addition of non-personnel expenditures for legal and financial consultant services associated with the formation of the Otay Mesa Enhanced Infrastructure Financing District. | 0.00 | 150,000 | - |
| Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2016 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments. | 0.00 | 93,802 | - |
| Equipment/Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses. | 0.00 | 1,415 | - |
| Employee Rewards and Recognition Program Addition of non-personnel expenditures to comply with the Employee Rewards and Recognition Program per Administrative Regulation 95.91. | 0.00 | 865 | - |

Debt Management

Significant Budget Adjustments (Cont'd)

| | FTE | Expenditures | Revenue |
|--|-------------|-------------------|-------------------|
| Non-Discretionary Adjustment | 0.00 | 31 | - |
| Adjustment to 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. | | | |
| Expenditure Reduction | 0.00 | (9,100) | - |
| Reduction in personnel and non-personnel expenditures due to savings in printing services, copier paper, postage/ mailing and overtime. | | | |
| Reduction of 1.00 Associate Economist | (1.00) | (86,796) | - |
| Reduction of 1.00 Associate Economist position due to a reorganization within the department. | | | |
| One-Time Reductions and Annualizations | 0.00 | (100,000) | - |
| Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2016. | | | |
| Revised Property Tax Administration Revenue | 0.00 | - | (50,000) |
| Adjustment to reflect a decrease in Property Tax Administration revenue due to ending Reassessment District No.1999-1 Administration Services in Fiscal Year 2017. | | | |
| Revised Revenue | 0.00 | - | (75,000) |
| Adjustment to reflect a decrease in revenue due to a revised Service Level Agreement with the Public Utilities Department. | | | |
| Total | 2.00 | \$ 389,590 | \$ 199,218 |

Expenditures by Category

| | FY2015 Actual | FY2016 Budget | FY2017 Proposed | FY2016-2017 Change |
|-------------------------------|---------------------|---------------------|---------------------|-----------------------|
| PERSONNEL | | | | |
| Personnel Cost | \$ 1,461,315 | \$ 1,515,483 | \$ 1,757,846 | \$ 242,363 |
| Fringe Benefits | 884,731 | 904,648 | 990,664 | 86,016 |
| PERSONNEL SUBTOTAL | 2,346,046 | 2,420,131 | 2,748,510 | 328,379 |
| NON-PERSONNEL | | | | |
| Supplies | \$ 20,947 | \$ 23,292 | \$ 19,388 | \$ (3,904) |
| Contracts | 78,438 | 240,442 | 305,793 | 65,351 |
| Information Technology | 54,735 | 46,791 | 48,206 | 1,415 |
| Energy and Utilities | 19,747 | 22,123 | 20,472 | (1,651) |
| Other | 3,720 | 5,049 | 5,049 | - |
| Capital Expenditures | - | 1,000 | 1,000 | - |
| NON-PERSONNEL SUBTOTAL | 177,587 | 338,697 | 399,908 | 61,211 |
| Total | \$ 2,523,633 | \$ 2,758,828 | \$ 3,148,418 | \$ 389,590 |

Revenues by Category

| | FY2015 Actual | FY2016 Budget | FY2017 Proposed | FY2016-2017 Change |
|----------------------|-------------------|-------------------|--------------------|-----------------------|
| Charges for Services | \$ 932,147 | \$ 711,645 | \$ 910,863 | \$ 199,218 |
| Other Revenue | 33 | - | - | - |
| Total | \$ 932,179 | \$ 711,645 | \$ 910,863 | \$ 199,218 |

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Personnel Expenditures

| Job Number | Job Title / Wages | FY2015 Budget | FY2016 Budget | FY2017 Proposed | Salary Range | Total |
|--|-----------------------------------|----------------------|----------------------|------------------------|---------------------|---------------------------|
| FTE, Salaries, and Wages | | | | | | |
| 20000149 | Associate Economist | 3.00 | 3.00 | 2.00 | \$54,059 - \$65,333 | \$ 104,351 |
| 20000119 | Associate Management Analyst | 2.00 | 2.00 | 3.00 | 54,059 - 65,333 | 183,365 |
| 20000539 | Clerical Assistant 2 | 1.00 | 1.00 | 1.00 | 29,931 - 36,067 | 34,805 |
| 20001101 | Department Director | 1.00 | 1.00 | 1.00 | 59,155 - 224,099 | 165,000 |
| 20001234 | Program Coordinator | 7.00 | 7.00 | 7.00 | 23,005 - 137,904 | 670,000 |
| 20001222 | Program Manager | 2.00 | 2.00 | 3.00 | 46,966 - 172,744 | 346,312 |
| 20000015 | Senior Management Analyst | 2.00 | 2.00 | 3.00 | 59,363 - 71,760 | 215,280 |
| 20000756 | Word Processing Operator | 1.00 | 1.00 | 1.00 | 31,491 - 37,918 | 37,918 |
| | Overtime Budgeted | | | | | 769 |
| | Sick Leave - Hourly | | | | | 46 |
| FTE, Salaries, and Wages Subtotal | | 19.00 | 19.00 | 21.00 | | \$ 1,757,846 |
| | | FY2015 Actual | FY2016 Budget | FY2017 Proposed | | FY2016-2017 Change |
| Fringe Benefits | | | | | | |
| | Employee Offset Savings | \$ 19,118 | \$ 19,213 | \$ 19,547 | | \$ 334 |
| | Flexible Benefits | 155,557 | 190,075 | 221,490 | | 31,415 |
| | Insurance | 115 | - | - | | - |
| | Long-Term Disability | 13,186 | 4,929 | 5,604 | | 675 |
| | Medicare | 19,271 | 19,311 | 24,177 | | 4,866 |
| | Other Post-Employment Benefits | 115,493 | 111,834 | 124,299 | | 12,465 |
| | Retiree Medical Trust | 1,285 | 1,337 | 2,090 | | 753 |
| | Retirement 401 Plan | 3,059 | 3,278 | 3,759 | | 481 |
| | Retirement ADC | 447,533 | 424,946 | 448,363 | | 23,417 |
| | Retirement DROP | 3,959 | 5,490 | 4,934 | | (556) |
| | Risk Management Administration | 16,666 | 19,950 | 21,483 | | 1,533 |
| | Supplemental Pension Savings Plan | 72,315 | 78,571 | 97,175 | | 18,604 |
| | Unemployment Insurance | 3,070 | 2,826 | 3,215 | | 389 |
| | Workers' Compensation | 14,102 | 22,888 | 14,528 | | (8,360) |
| Fringe Benefits Subtotal | | \$ 884,731 | \$ 904,648 | \$ 990,664 | | \$ 86,016 |
| Total Personnel Expenditures | | | | | \$ 2,748,510 | |