

**SINKING FUND COMMISSION
FISCAL YEAR 2015 BUDGET TESTIMONY
April 1, 2014**

EXECUTIVE SUMMARY

DEPARTMENT MISSION AND FUNCTION

- The Commission oversees the timely repayment of bond principal and interest (P&I) on City-related debt, city service agreements and lease obligations. The highlights of the budget are as follows:

PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST

- The total budget is \$616.4 million which is a 9.5% increase over the estimated obligations for fiscal '14.
- The FY15 budget for each of the funds and the change from last year are as follows:

	Budget (In millions)	Increase (In millions)
General	\$247.8	\$25.0 +11.2%
Water	213.2	16.5 +8.4%
Aviation	149.5	10.8 +7.8%
Car Rental Tax	6.0	1.0 +20%
Total	\$616.4	\$53.4 +9.5%

- The Commission oversees debt service payments on \$8.5 billion of bonds for the City and related authorities. The ratings for general obligation bonds were upgraded in December, 2013 to A2/A+/A- by Moody's, S&P and Fitch, respectively.-.

GENERAL FUND

- The General Fund portion of this request totals \$247.8 million, comprised of two classes: Class 200 for city service agreement obligation and lease payments and Class 700 for debt service.
- The Class 200 request of \$111.2 million reflects a \$14.5 million increase from FY 2014 estimates due mainly to increased costs related to the School district loan repayment.
- The Class 700 request of \$136.5 million is mainly for debt service on the City's general obligations. This is \$10.5 million more than FY '14 estimates due mainly to an increase of \$7.8 million of principal payments on the city's debt as well as an increase of \$3 million of interest on the City's short-term borrowing (TRAN).

WATER FUND

- The Commission's request for the Water Fund for FY '15 totals \$213.2 million, all in Class 700, for payment of debt service on Water and Sewer bonds. This represents a \$16.5 million increase over FY '14 due mainly to additional interest expense on both existing debt and new issues in FY '15.

AVIATION FUND

- The Commission's request for the Aviation Fund for FY '15 is \$149.4 million, all Class 700. This amount is an increase of \$10.8 million over FY '14. This increase is due to increases in both interest expense (\$4.3 million) and principal payments (\$5.7 million) due to higher level of expected borrowings.

CAR RENTAL TAX FUND

The Commission's request of \$6 million in the Car Rental Tax fund is to provide for lease revenue bond payments on the sports stadiums from vehicle rental tax revenues.

Sinking Fund Commission
BUDGET SUMMARY AND OTHER BUDGET DRIVERS

Financial Summary by Class - All Funds

	Fiscal 2013 Actual Obligations	Fiscal 2014 Original Appropriations	Fiscal 2014 Estimated Obligations	Fiscal 2015 Proposed Appropriations	Difference FY14 - FY15
Class 100 - Employee Compensation	\$0			\$0	\$0
Class 200 - Purchase of Services	\$95,972,027	\$101,728,215	\$101,728,215	\$117,217,306	\$15,489,091
Class 300 - Materials and Supplies	\$0	\$0	\$0	\$0	\$0
Class 400 - Equipment	\$0	\$0	\$0	\$0	\$0
Class 500 - Contributions	\$0	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$429,410,135	\$470,733,590	\$461,311,341	\$499,231,540	\$37,920,199
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
TOTAL	\$525,382,162	\$572,461,805	\$563,039,556	\$616,448,846	\$53,409,290

Staff Demographics Summary*

Total	Minority	White	Female
Full-Time Staff	0	0%	0%
Executive Staff	0	0%	0%
Average Salary - ES	\$0	\$0	\$0
Median Salary - ES	\$0	\$0	\$0

Employment Levels*

Budgeted	Approved	Filled
Full-Time Positions	0	0
Part-Time Positions	0	0
Executive Positions	0	0

Contracts Summary*

	FY09	FY10	FY11	FY12	FY13	FY14*
Total amount of contracts	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Total amount to M/W/DBE	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Participation Rate	100%	100%	100%	100%	100%	100%

*As of December 2013

SINKING FUND COMMISSION PERFORMANCE, CHALLENGES AND INITIATIVES

DEPARTMENT PERFORMANCE (OPERATIONS)

- All debt service was paid on a timely basis in FY14.

DEPARTMENT CHALLENGES

- None

STAFFING LEVELS

- The Sinking Fund Commission has one employee and is budgeted in the City Treasurers office. No increase in staffing level is expected.

PAST INITIATIVES

- Debt service is monitored on an ongoing basis to ensure timely payment and adherence to budget.
- A new debt management software was installed in FY '14 which significantly increases the ability of the Sinking Fund Commission, the City Treasurers office, the Finance department, the enterprise funds (Gas, Air, Water) as well as the authorities (PMA, PAID, PPA, PRA) to monitor debt levels, to ensure timely payment of debt service and provide an analytical and reporting tool for the users. This software replaced a database that was over 20 years old, was not user-friendly, and did not control debt for the authorities. The Sinking Fund Commission supported the efforts of the City Treasurers office in the procurement and installation of the software. The software cost \$105,000, conversion costs were \$35,000 and ongoing maintenance costs are \$35,000 per year. The cost of the software was borne by OIT and the other users. We expect to use this software for the foreseeable future (10-15 years).

CURRENT INITIATIVES

- Debt service will continue to be monitored to ensure adherence to budget.

NEW INITIATIVES

- None

OTHER BUDGETARY IMPACTS

FEDERAL AND STATE (WHERE APPLICABLE)

- None

OTHER

- None

CONTRACTING EXPERIENCE

M/W/DBE Participation on Large Contracts

FY14 Contracts

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DBE Participation Achieved	\$ Value of M/W/DBE Participation	Total % and \$ Value Participation - All DSBES	Living Wage Compliant?
Digital Assurance Certification, LLC	Dissemination services	\$4,500			MBE: WBE: DSBE:	0% 100% 0%	0 \$ 4,500.00 0	100% \$4,500	y/n y/n y/n
		\$			MBE: WBE: DSBE:	% % %	#VALUE! #VALUE! #VALUE!	0% #VALUE!	y/n y/n y/n
		\$			MBE: WBE: DSBE:	% % %	#VALUE! #VALUE! #VALUE!	0% #VALUE!	y/n y/n y/n
		\$			MBE: WBE: DSBE:	% % %	#VALUE! #VALUE! #VALUE!	0% #VALUE!	y/n y/n y/n
		\$			MBE: WBE: DSBE:	% % %	#VALUE! #VALUE! #VALUE!	0% #VALUE!	y/n y/n y/n

EMPLOYEE DATA

Staff Demographics

Full-Time Staff Executive Staff

		None		None	
		Male	Female	Male	Female
		#VALUE!	#VALUE!	#VALUE!	#VALUE!
		%	%	%	%
Total % of Total		African-American	African-American	African-American	African-American
Total % of Total		#	#	#	#
Total % of Total		%	%	%	%
Total % of Total		White	White	White	White
Total % of Total		#	#	#	#
Total % of Total		%	%	%	%
Total % of Total		Hispanic	Hispanic	Hispanic	Hispanic
Total % of Total		#	#	#	#
Total % of Total		%	%	%	%
Total % of Total		Asian	Asian	Asian	Asian
Total % of Total		#	#	#	#
Total % of Total		%	%	%	%
Total % of Total		Other	Other	Other	Other
Total % of Total		#	#	#	#
Total % of Total		%	%	%	%
Total % of Total		Bi-lingual	Bi-lingual	Bi-lingual	Bi-lingual
Total % of Total		#	#	#	#
Total % of Total		%	%	%	%

None