

**SINKING FUND COMMISSION
FISCAL YEAR 2022 BUDGET TESTIMONY
MAY 4, 2021**

INTRODUCTION

Good Morning, President Clarke and Members of City Council. I am Matthew Bowman, Executive Director of the Sinking Fund Commission. I am pleased to provide testimony on the Sinking Fund's Fiscal Year 2022 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Sinking Fund is responsible for the budgeting, payment, and administration of the City's debt service and debt-related payments across its General Obligation, City Service Agreement, Airport Revenue, Water Revenue and Gas Works Revenue credits. The Sinking Fund also coordinates with an outside consultant for calculation of arbitrage rebate on the City's tax-exempt bonds and the timely payment of any liabilities to the Internal Revenue Service (IRS).

Plans for Fiscal Year 2022: The Commission oversees the timely repayment of bond principal and interest on City-related debt, service agreements and lease obligations. The City has approximately \$8.5 billion of debt outstanding as of 4/30/2021; the City's general obligation bond ratings are A2/A/A- from Moody's, S&P, and Fitch, respectively.

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BUDGET SUMMARY & OTHER BUDGET DRIVERS

Please refer to attached FY22 Budget Hearing Summary Charts in section 1: Staff Demographics Summary, section 2; Employment Levels, section 3: Financial Summary by Class, section 6: Participation Rate and Goal.

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PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The highlights of the Fiscal Year 2022 Sinking Fund debt service budget are as follows:

- The total budget (All Funds) is \$637.77 million, which is an increase of \$6.24 million, or 0.99% from the estimated obligations for Fiscal Year 2021.
- The Fiscal Year 2022 budget for each of the funds and the change from FY21 estimated obligations are as follows:

	Budget (in millions)	Increase/(Decrease) (in millions)	Percent Increase/(Decrease)
General	\$297.23	\$14.60	5.16%
Water	\$201.54	(\$1.58)	(0.78%)
Aviation	\$132.00	(\$6.78)	(4.88%)
Car Rental Tax	\$7.00	\$0.00	0.00%
Total	\$637.77	\$6.24	0.99%

The highlights for each fund are discussed below.

GENERAL FUND

The General Fund portion of this request totals \$297.23 million, comprised of two classes: Class 200 for city service agreement obligations and lease payments, and Class 700 for debt service.

The Class 200 request of \$104.56 million reflects a \$7.64 million increase from the FY21 current estimate.

The Class 700 request of \$192.67 million is mainly for debt service on the City's general obligations. This is \$6.95 million more than the FY21 current estimate.

WATER FUND

The Commission's request for the Water Fund for FY22 totals \$201.54 million, all in Class 700, for payment of debt service on Water and Sewer bonds. This represents a \$1.58 million decrease from FY21 estimated obligations.

AVIATION FUND

The Commission's request for the Aviation Fund for FY22 is \$132.00 million, all Class 700. This amount is a decrease of \$6.78 million from FY21 estimated obligations.

CAR RENTAL TAX FUND

The Commission's request of \$7.00 million in the Car Rental Tax fund is to provide for lease revenue bond payments on the sports stadiums from vehicle rental tax revenues. This is unchanged from FY21.

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STAFFING LEVELS

The department is requesting zero budgeted positions for FY22, consistent with FY21. The Executive Director is paid for out of the City Treasurer's Office budget.

NEW HIRES

Please refer to attached FY22 Budget Hearing Summary Charts in section 8: New Hires Information.

PERFORMANCE, CHALLENGES, AND INITIATIVES

Performance is reflected in the City Treasurer's Office's testimony.

Program FY22 Strategic Goals

- Continue to make timely and accurate debt service payments for all the City's credits.
- Where possible, make the payment process more efficient while maintaining the appropriate internal controls.
- Implement a centralized email inbox for vendor invoices.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

N/A

CONTRACTING EXPERIENCE

N/A

EMPLOYEE DATA

N/A – The Department has 0 budgeted positions.

LANGUAGE ACCESS

Given the overlap with the City Treasurer's Office, Language Access for the Sinking Fund is covered under the CTO's plan. The Sinking Fund's answers to the Language Access section can be found in the CTO's testimony.

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CLIMATE CHANGE

Given the overlap with the City Treasurer's Office, Climate Change for the Sinking Fund is covered under the CTO's plan. The Sinking Fund's answers to the Climate Change section can be found in the CTO's testimony.

1. Staff Demographics Summary

Staff Demographics Summary (as of December 2020)				
	Total	Minority	White	Female
Number of Full-Time Staff	0	0	0	0
Number of Exempt Staff	0	0	0	0
Number of Executive Staff (deputy level and above)	0	0	0	0
Average Salary, Full-Time Staff	0	0	0	0
Average Salary, Exempt Staff	0	0	0	0
Average Salary, Executive Staff	0	0	0	0
Median Salary, Full-Time Staff	0	0	0	0
Median Salary, Exempt Staff	0	0	0	0
Median Salary, Executive Staff	0	0	0	0

2. Employment Levels

Employment Levels (as of December 2020)		
	Budgeted	Filled
Number of Full-Time Positions	0	0
Number of Part-Time Positions	0	
Number of Exempt Positions	0	0
Number of Executive Positions (deputy level and above)	0	0
Average Salary of All Full-Time Positions	\$0	\$0
Median Salary of All Full-Time Positions	\$0	\$0

FY22 Budget Hearing Summary Charts - Sinking Fund

3. Financial Summary by Class

Some departments may also want to provide financial summary tables for other funds, such as the Grants Fund. Departments should delete any budget lines that have \$0 in every year (i.e. if a department has no Class 500 appropriations, actuals, or proposed appropriations, the Class 500 row should be deleted).

General Fund Financial Summary by Class						
	FY20 Original Appropriations	FY20 Actual Obligations	FY21 Original Appropriations	FY21 Estimated Obligations	FY22 Proposed Appropriations	Difference: FY22-FY21
Class 200 - Purchase of Services	\$109,222,498	\$102,005,678	\$96,918,314	\$96,918,314	\$104,560,657	\$7,642,343
Class 700 - Debt Service	\$187,482,819	\$159,226,531	\$185,714,117	\$185,714,117	\$192,666,858	\$6,952,741
	\$296,705,317	\$261,232,209	\$282,632,431	\$282,632,431	\$297,227,515	\$14,595,084

Water Fund Financial Summary by Class						
	FY20 Original Appropriations	FY20 Actual Obligations	FY21 Original Appropriations	FY21 Estimated Obligations	FY22 Proposed Appropriations	Difference: FY22-FY21
Class 700 - Debt Service	\$218,105,830	\$206,392,432	\$203,122,357	\$203,122,357	\$201,542,300	(\$1,580,057)
	\$218,105,830	\$206,392,432	\$203,122,357	\$203,122,357	\$201,542,300	(\$1,580,057)

Aviation Fund Financial Summary by Class						
	FY20 Original Appropriations	FY20 Actual Obligations	FY21 Original Appropriations	FY21 Estimated Obligations	FY22 Proposed Appropriations	Difference: FY22-FY21
Class 700 - Debt Service	\$134,825,501	\$123,448,385	\$138,778,094	\$138,778,094	\$132,003,960	(\$6,774,134)
	\$134,825,501	\$123,448,385	\$138,778,094	\$138,778,094	\$132,003,960	(\$6,774,134)

Car Rental Tax Fund Financial Summary by Class						
	FY20 Original Appropriations	FY20 Actual Obligations	FY21 Original Appropriations	FY21 Estimated Obligations	FY22 Proposed Appropriations	Difference: FY22-FY21
Class 700 - Debt Service	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$0
	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$0

4. Contracts Summary

This table focuses on large professional services contracts with for-profit vendors.

"Large" is defined as meaning that an RFP was required.

Departments should focus on contracts that have been conformed to date.

Any departments that have large contracts with non-profit providers are encouraged to provide board makeup information in the optional "Non-Profit Vendor Demographics" table below.

M/W/DSBE Participation on Large Professional Services Contracts

Top Five Largest Contracts, FY21

Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits) [yes / no]	Waiver for Living Wage Compliance? [yes / no]
<i>(contracts are included in the City Treasurer's Office budget)</i>					MBE:	0%	\$0	0%	\$0		
					WBE:	0%	\$0				
					DSBE:	0%	\$0				

Non-Profit Vendor Demographics: N/A

5. Performance Measures Table

The Budget Office will copy this table in from the Five Year Plan.

6. Participation Rate and Goal

The Contract Participation Goal table is for **all** contracts (Public Works, SS&E, and Professional Services, combined).

Contracts Summary (Professional Services only): N/A

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)

	FY20	FY21	FY22
M/W/DSBE Contract Participation Goal	N/A	N/A	N/A

7. Staff Demographics

Biracial employees should be included under "Other."

Staff Demographics (as of December 2020): N/A

8. New Hire Information

Date range is 7/1/20 to December 2020 increment run. Detail for any hires since then can be added in the text box below the table.

New Hires (from 7/1/2020 to December 2020): N/A

All Staff: N/A

Frontline Staff: N/A