



City of Chula Vista

Staff Report

File#: 17-0035, **Item#:** 9.

RESOLUTION NO. 2017-029 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AMENDING THE EXISTING CITY DEBT POLICY

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

In January 2014, City Council adopted a Debt Policy, which now needs to be amended due to the recent approval of Senate Bill 1029. Adoption of the proposed resolution would amend the City Council approved debt policy to comply with the new legislation.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" in accordance with Section 15378(b)(5) of the State CEQA Guidelines because it involves only acceptance of the Quarterly Investment Report; therefore it is an organizational or administrative activity of government that will not result in a direct or indirect physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not Applicable

DISCUSSION

The City's Debt Policy adopted on January 14, 2014, by Resolution 2014-012 is intended to provide guidance in the issuance and management of debt issued by the City. The GFOA recommends that state and local governments adopt comprehensive written debt management policies that are approved by the governing body to provide transparency and to ensure that there is a common understanding among elected officials and staff regarding the City's approach to debt financing. The main objectives of the City's debt policy are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the City's interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the City.

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Prior to Senate Bill 1029 (SB 1029), issuers of debt of state or local government were required to submit reports to the California Debt and Investment Advisory Commission, within specified timeframes, of the proposed issuance of debt and of final sale. SB 1029 adopted on September 12, 2016, requires that the report of proposed debt include a certification by the issuer that it has adopted local debt policies, which include specified provisions concerning the use of debt and that the contemplated debt issuance is consistent with the adopted local debt policies

Approval of this resolution will amend the City Council adopted debt policy, to reflect the specified provisions required by SB1029.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any **City Council** member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The updated Debt Policy supports the Operational Excellence goal as it seeks to ensure the City is in compliance with all new applicable codes and laws.

CURRENT YEAR FISCAL IMPACT

This item has no current fiscal year impact.

ONGOING FISCAL IMPACT

This item has no ongoing fiscal impact.

ATTACHMENTS

1. City Debt Policy

Staff Contact: David Bilby, Director of Finance

Alicia Granados, Principal Debt Management Analyst