DEBT AFFORDABILITY ADVISORY COMMITTEE
2009
651 Pine Street, 10th Floor Conference Room

Cancelled

DEBT AFFORDABILITY ADVISORY COMMITTEE

A. Purpose. By adoption of the Debt Policy, the Debt Affordability Advisory Committee was established (policy attached). Its purpose is to annually review and evaluate existing and proposed new County debt and other findings and/or issues the committee considers appropriate.

It is the task of this committee to assess the County's ability to generate and repay debt. The committee will issue an annual report to the County Administrator defining debt capacity of the County. This review will be an important element of the budget process and will include recommendations made by the committee regarding how much new debt can be authorized by the County without overburdening itself with debt service payments.

B. Members. The committee shall be composed of the Auditor-Controller, Treasurer-Tax Collector, Director/Community Development Department, and Senior Deputy County Administrator/Finance Manager.

C. Debt Affordability Measures. The committee shall examine specific statistical measures to determine debt capacity and relative debt position and compare these ratios to other counties, rating agency standards and Contra Costa County's historical ratios to determine debt affordability. From Moody's Investors Service, the committee will evaluate the County against the following three debt ratios from the most recent available national medians for counties in the "Aa" rating tier contained in Moody's "Municipal Financial Ratio Analysis – U.S. Counties (Population > 1 million)" and for the County's cohort group in Moody's "California County Medians":

1. Direct net debt as a percentage of Assessed Valuation;
2. Overall net debt as a percentage of Assessed Valuation; and
3. Assessed Valuation per-capita.

From Standard and Poor's, the committee will evaluate the County against the following three debt ratios from the most recent available national medians for counties in the "AA" rating tier:

1. Percentage of total fund equity;
2. Percentage of unreserved fund equity; and
3. Direct debt per-capita.