DEBT SERVICE

From time-to-time, the City borrows money to provide up-front financing for facilities that are needed prior to when actual cash would otherwise be available. Typically, such borrowing is used for major capital facility acquisition or construction where an identifiable future revenue stream can be reasonably anticipated to be used for repayment. No current debt is backed by the City's General Fund.

In general, the City employs five types of debt mechanisms for securing revenue for major expenditures. Each is briefly described below followed by the Debt Service Summary Table which provides additional information about each specific debt.

Mello-Roos
The Mello-Roos Community Facilities Act enables local agencies to create special financing districts to help pay for certain types of public facilities. Sitting as the Public Facilities Financing Authority, the city has created and oversees six community facilities districts, which collectively provide the means for financing major citywide infrastructure improvements. The Pole Line Road overcrossing, Mace Boulevard interchange improvements, and new police station are examples of projects funded partially through this source. In addition, the city created a Mello-Roos district encompassing the Mace Ranch subdivision, which paid for the internal subdivision improvements (e.g., streets, water & sewer lines, greenbelts, etc.).

Debt issued under this mechanism is secured and repaid by special taxes levied on private property within each district. The full faith and credit of the City does not back such debt, rather, failure to pay such debt can result in foreclosure proceedings and sale of property to recover tax obligations.

Certificates of Participation
Certificates of participation (COPs) provide a financing technique that relies on a local government's authority to acquire and dispose of property. COPs are essentially long-term lease-to-buy arrangements that afford local governments the opportunity to finance capital improvements including land, buildings and other equipment from existing revenue sources. Davis has two COPs which currently use construction tax and Quimby Act (subdivision park in-lieu) fees to make such lease payments. One looming issue will be the repayment of these COPs if construction tax and Quimby Act fees are not adequate for the task in the future.

Redevelopment Tax Allocation Bonds
Redevelopment agencies (RDA) were created to be in debt. Through enabling legislation, RDA's pledge future property tax increment growth to the repayment of debt, which is issued to finance projects aimed at the elimination of blight within the Redevelopment project area.

Assessment Districts
The City has employed assessment districts in the past to pay for specific area improvements such as infrastructure for the University Research Park. Bonds are issued to provide cash up front, and are repaid with special assessments imposed on properties receiving specific benefit from such improvements.

Loans
Simply an alternative way to borrow money, the City has benefited from a number of low-interest loans made available by the state for specified infrastructure improvements for water and sewer facilities. Such loans afford the City access to money at much lower interest rates than would be possible through conventional techniques such as revenue bonds. Such savings are passed along to residents in the form of lower utility rates.

Department/Program	Salaries & Benefits w ot	Salaries & Benefits	Overtime	Professional Services	Other Expenses	Program Total	General Fund	General Fund Fees & Charges	General Fund Grants/ Designated Revenue	Total General Fund Support	Other Funds
		EXPENDITURES BY CATEGORY					FUNDING SOURCES				
DEBT SERVICE											
8821 - ABAG Certificates	0	0	0	6,100	210,360	216,460	0	0	0	0	216,460
8822 - 1999 Public Finance Authority Bond	0	0	0	0	4,267	4,267	0	0	0	0	4,267
8824 - 2003 Public Finance Authority Bond	0	0	0	5,000	553,904	558,904	0	0	0	0	558,904
8825 - 2007 CFD Mace Ranch I	0	0	0	12,000	1,215,553	1,227,553	0	0	0	0	1,227,553
8826 - 2007-2 Mace Ranch II	0	0	0	10,000	368,847	378,847	0	0	0	0	378,847
8828 - 2009 PFFA Bond	0	0	0	10,000	423,570	433,570	0	0	0	0	433,570
8832 - SRF Loan #1 C-06-6006-110	0	0	0	750	295,335	296,085	0	0	0	0	296,085
8833 - SRF Loan #2 C-06-4360-110	0	0	0	750	695,137	695,887	0	0	0	0	695,887
8834 - WWTP Expansion - LaSalle	0	0	0	0	209,236	209,236	0	0	0	0	209,236
8835 - Water Meter Retrofit Loan	0	0	0	0	318,128	318,128	0	0	0	0	318,128
8836 - Water Storage Tank Loan	0	0	0	0	327,123	327,123	0	0	0	0	327,123
8837 - WWTP Loan #008-00-0-000	0	0	0	0	40,120	40,120	0	0	0	0	40,120
8838 - Cal I-Bank CIEDB -B08-093	0	0	0	30,000	585,024	615,024	0	0	0	0	615,024
8852 - Parking Assessment District #3	0	0	0	0	1,539	1,539	0	0	0	0	1,539
8858 - University Research Park Assmt Dist	0	0	0	1,500	182,719	184,219	0	0	0	0	184,219
8860 - Interfund Loan - Sewer Fund	0	0	0	0	73,864	73,864	0	0	0	0	73,864
8861 - Interfund Loan - Drainage Fund	0	0	0	0	73,864	73,864	0	0	0	0	73,864
8862 - Motorola Lease/Purchase	0	0	0	0	205,659	205,659	205,659	0	0	205,659	0
TOTAL DEBT SERIVICE	**0**	**0**	**0**	**76,100**	**5,784,249**	**5,860,349**	**205,659**	**0**	**0**	**205,659**	**5,654,690**

The following table summarizes the current outstanding debt issues that the City manages. Immediately following is the budget detail for these debt service funds.

Debt Service Summary Table

DEBT SERVICE
FINAL BUDGET 2010-2011
SUMMARY OF EXPENDITURES

Program	Name	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Budget
8819	Community Facility District-Mace Ranch I	17,254,907	-	-	-
8820	Hunt-Boyer Certificate of Participation	38,325	183,380	-	-
8821	ABAG Certificates	211,688	209,199	211,798	216,460
8822	1999 Public Finance Authority Bond	562,143	562,725	562,743	4,267
8823	Community Facility District-Mace Ranch II	6,283,513	-	-	-
8824	2003 Public Finance Authority Bond	553,858	572,783	555,833	558,904
8825	2007 CFD Mace Ranch I	516,658	1,050,843	1,220,900	1,227,553
8826	CFD 2007-2 Mace Ranch II	457,791	347,809	375,193	378,847
8828	2009 PFFA Bond	-	-	-	433,570
8832	SRF Loan #1	293,852	293,852	293,852	296,085
8833	SRF Loan #2	690,637	690,637	690,636	695,887
8834	WWTP Expansion - LaSalle	207,658	207,658	207,658	209,236
8835	Water Meter Retrofit	314,979	315,336	315,729	318,128
8836	Water Storage Tank	323,947	324,265	324,657	327,123
8837	Union Bank LOC	-	26,771	15,840	40,120
8838	Cal I-Bank CIEDB-B08-093	-	-	-	615,024
8841	County Healthy and Justice Building	61,690	30,968	-	-
8852	Parking Assessment District #3	204,936	203,948	202,448	1,539
8858	Univ. Research Park Assessment District	180,311	179,834	179,134	184,219
8860	Interfund Loan - Sewer Fund	86,419	73,699	75,659	73,864
8861	Interfund Loan - Drainage Fund	86,419	73,699	75,659	73,864
8862	Motorola Lease/Purchase	205,658	205,658	205,658	205,659
9191	RDA Interfund Loan	277,112	256,465	253,777	248,353
9192	RDA Debt Service	88,232	5,288	5,288	40
9194	2000 Tax Allocation Bond	12,990,549	-	-	-
9196	2003 Tax Allocation Bond	561,015	566,228	566,009	570,763
9197	2007 Tax Allocation Bond	784,208	800,075	809,500	816,929
9198	2007 Taxable Housing Bond	821,134	577,290	587,790	589,984
	TOTAL RESOURCES REQUIRED	44,057,639	7,758,410	7,735,761	8,086,418

Program	Name	Type	Outstanding Principal	Annual Debt Service (Principal & Interest)	Year of Final Payment	Final Interest Rate	Earliest Refinance	Call Premium	Source of Repayment	Use of Proceeds
8821	ABAG COP	Certificates of Participation	1,620,000	210,360	2016	6.500%	4/7/2005	100	Construction tax & Quimby Act fees	Acquisition of land for Playfields and Walnut Parks
8824	City of Davis Pulbic Facilities Financing Authority local agency revenue bonds - Series 2003	Mello-Roos	4,777,500	549,689	2015	5.000%	9/1/2015	102	Mello Roos special taxes	Refunding of Series 1995 local agency revenue bonds
8825	City of Davis Pulbic Facilities Financing Authority local agency revenue bonds - Series 2007	Mello-Roos	14,115,000	1,220,400	2025	5.000%	9/1/2015	102	Mello Roos special taxes	Refunding of Series 2000 local agency revenue bonds
8826	City of Davis Community Facilities District 2007-2	Mello-Roos	5,510,000	365,995	2037	5.250%	9/1/2015	102	Mello Roos special taxes	Refunding of Series 2000 local agency revenue bonds
8827	City of Davis Public Facilities Financing Authority local agency refunding bonds -- Series 2009	Mello-Roos	9,750,000	418,208	2029	5.000%	9/1/2019	102	Mello Roos special taxes	Refunding of Series 1999 local agency revenue bonds
8832	State Revolving Fund Loan	Loan	2,839,287	293,852	2015	2.700%	NA	NA	Drainage & Sewer funds	Wetlands acquisition and construction
8833	Wastewater treatment plant expansion loan	Loan	8,709,166	690,637	2019	2.600%	NA	NA	Sewer funds	Expansion and upgrade of wastewater treatment plant
8834	Installment sale with La Salle National Bank	Loan	1,960,594	207,658	2019	5.500%	NA	NA	Sewer funds	Design & engineering for wastewater treatment plant expansion project
8835	Water meter retrofit loan	Loan	1,878,739	314,978	2011	2.500%	NA	NA	Water fund surcharge	Installation of water meters citywide
8836	Water storage tank loan	Loan	4,733,398	323,906	2024	2.600%	NA	NA	Water fund surcharge	Construction of Wter Storage Tank
8837	Union Bank of CA	Line of Credit	15,000,000	40,000	2011	variable	NA	NA	Sewer funds	To provide interim financing for the engineering design phase of the secondary grade to th wastewater treatment plant
8838	State of CA Infrastructure (I-bank)	Loan	10,000,000	585,024	2038	4.000%	NA	NA	Water fund	Water storage tank
8852	Parking Assessment District #3	Assessmnt District	870,000	0	2009	6.100%	9/2/2005	103	Property owner assessmnts	Construction of F Street parking garage
8858	University Research Park Assessment District	Assessmnt District	1,680,000	181,358	2017	6.400%	9/2/2005	103	Property owner assessmnts	University Research Park subdivision infrastructure
8862	Motorola Lease/Purchase	Loan	1,200,000	205,659	2011	5.000%	NA	NA	General Fund	Acquision of Public Safety Radio Tower
9196	Redevelopment Agency for the City of Davis 2003 Tax Allocation refunding bonds	Redevelop-ment tax allocation bond	9,165,000	618,370	2033	5.000%	9/1/2011	102	RDA property tax increment	Refunding of Series 1994 tax allocation bonds
9197	Redevelopment Agency for the City of Davis 2007 Tax Allocation refunding bonds	Redevelop-ment tax allocation refunding bond	12,140,000	800,800	2030	4.250%	9/1/2016	102	RDA property tax increment	Refunding of RDA Series 2000 tax allocation bonds
9198	Redevelopment Agency for the City of Davis 2007 Taxable Housing Bonds	Redevelop-ment housing set-aside bond	8,675,000	576,053	2037	5.650%	9/1/2016	102	RDA housing set-aside	Increasing, improving, preserving the supply of low and moderate income housing