

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 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.

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 retired its last COPS (ABAG 34) during the 2011/12 fiscal year.

Redevelopment Tax Allocation Bonds

Redevelopment agencies (RDA) were created to be in debt. RDA's pledged future property tax increment growth for debt repayment that was issued to finance projects aimed at the elimination of blight within the Redevelopment project area. However, the adopted State Budget for FY 2011/12 included a trailer bill (AB1X 26) which dissolves all redevelopment agencies in existence and designates successor agencies and oversight boards to satisfy enforceable obligations and administer dissolution of the former redevelopment agencies.

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	EXPENDITURES BY CATEGORY						FUNDING SOURCES				
	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
DEBT SERVICE											
8824 - 2003 Public Finance Authority Bond	0	0	0	5,000	551,657	556,657	0	0	0	0	556,657
8825 - 2007 CFD Mace Ranch I	0	0	0	12,000	1,206,775	1,218,775	0	0	0	0	1,218,775
8826 - 2007-2 Mace Ranch II	0	0	0	10,000	362,698	372,698	0	0	0	0	372,698
8827 - 2009 PFFA Bond	0	0	0	10,000	347,518	357,518	0	0	0	0	357,518
8832 - SRF Loan #1 C-06-6006-110	0	0	0	0	310,674	310,674	0	0	0	0	310,674
8833 - SRF Loan #2 C-06-4360-110	0	0	0	0	717,388	717,388	0	0	0	0	717,388
8834 - WWTP Expansion - LaSalle	0	0	0	0	215,719	215,719	0	0	0	0	215,719
8836 - Water Storage Tank Loan	0	0	0	750	333,393	334,143	0	0	0	0	334,143
8838 - Cal I-Bank CIEDB -B08-093	0	0	0	28,845	602,654	631,499	0	0	0	0	631,499
8840 - Wells Fargo - Water LOC	0	0	0	0	128,666	128,666	0	0	0	0	128,666
8858 - University Research Park Assmt Dist	0	0	0	1,500	187,624	189,124	0	0	0	0	189,124
8860 - Interfund Loan - Sewer Fund	0	0	0	0	63,968	63,968	0	0	0	0	63,968
8861 - Interfund Loan - Drainage Fund	0	0	0	0	67,423	67,423	0	0	0	0	67,423
TOTAL DEBT SERVICE	0	0	0	68,095	5,096,157	5,164,252	0	0	0	0	5,164,252

Debt Service

■ 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

Program Name	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Budget
8821 ABAG Certificates	214,487	217,028	221,545	-
8822 1999 Public Finance Authority Bond	10,124,340	32	-	-
8824 2003 Public Finance Authority Bond	557,969	557,012	558,653	556,657
8825 2007 CFD Mace Ranch I	1,210,145	1,220,544	1,258,840	1,218,775
8826 CFD 2007-2 Mace Ranch II	366,853	370,544	379,834	372,698
8827 2009 PFFA Bond	747,981	438,364	442,267	357,518
8832 SRF Loan #1	293,852	309,827	308,302	310,674
8833 SRF Loan #2	690,636	717,904	713,477	717,388
8834 WWTP Expansion - LaSalle	207,658	215,856	214,528	215,719
8835 Water Meter Retrofit	315,485	325,247	163,789	-
8836 Water Storage Tank	324,115	334,456	336,018	334,143
8837 Union Bank LOC	28,542	33,655	-	-
8838 Cal I-Bank CIEDB-B08-093	232,023	634,184	636,115	631,499
8840 Wells Fargo - Water Line of Credit	-	2,688	372,437	128,666
8858 Univ. Research Park Assessment District	179,054	184,510	82,719	189,124
8860 Interfund Loan - Sewer Fund	60,102	60,820	63,528	63,968
8861 Interfund Loan - Drainage Fund	60,102	64,127	66,534	67,423
8862 Motorola Lease/Purchase	205,658	205,658	205,658	-
8881 2011 RDA TAB - Series A	-	1,001,978	924,700	920,725
8882 2011 RDA Taxable TAB - Series B	-	309,095	895,171	577,281
9191 RDA Interfund Loan	238,820	884,680	-	-
9192 RDA Debt Service	5,288	-	-	-
9196 2003 Tax Allocation Bond	558,509	563,316	570,733	-
9197 2007 Tax Allocation Bond	801,975	809,484	817,714	804,600
9198 2007 Taxable Housing Bond	580,265	596,754	596,724	579,615
TOTAL RESOURCES REQUIRED	18,003,859	10,057,763	9,829,286	8,046,473

**DEBT SERVICE
ADOPTED BUDGET 2012-2013
SUMMARY OF EXPENDTURES**

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
8824	City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2003	Mello-Roos	2,015,000	547,333	2015	5.000%	9/1/2015	102	Mello Roos special taxes	Refunding of Series 1995 local agency revenue bonds
8825	City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2007	Mello-Roos	12,055,000	1,206,775	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	5,160,000	362,698	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	9,570,000	344,740	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	1,099,991	293,852	2015	2.700%	NA	NA	Drainage & Sewer funds	Wetlands acquisition and construction
8833	Wastewater treatment plant expansion loan	Loan	4,930,372	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	1,122,079	207,658	2019	5.500%	NA	NA	Sewer funds	Design & engineering for wastewater treatment plant expansion project
8836	Water storage tank loan	Loan	3,202,525	323,965	2024	2.600%	NA	NA	Water fund surcharge	Construction of Wter Storage Tank
8838	State of CA Infrastructure (I-bank)	Loan	8,342,984	584,715	2038	4.000%	NA	NA	Water fund	Water storage tank
8840	Wells Fargo Line of Credit		7,275,000	125,000		Variable	N/A	N/A	Water fund	Surface water project
8858	University Research Park Assessment District	Assessmnt District	1,035,000	186,120	2017	6.400%	9/2/2005	103	Property owner assessmnts	University Research Park subdivision infrastructure
9181	2011 TAB Series A	RDA tax allocation	13,310,000	917,725	2036	7.000%	N/A	N/A	RDA property tax increment	
9182	2011 Taxable TAB Series B	RDA taxable tax	4,105,000	579,650	2022	8.000%	N/A	N/A	RDA property tax increment	
9196	Redevelopment Agency for the City of Davis 2003 Tax Allocation refunding bonds	Redevelopment tax allocation bond	8,150,000	558,715	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	Redevelopment tax allocation refunding bond	1,047,000	809,200	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	Redevelopment housing set-aside bond	7,840,000	580,465	2037	5.650%	9/1/2016	102	RDA housing set-aside	Increasing, improving, preserving the supply of low and moderate income housing