

# 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 has employed 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 2012/13 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. All debt obligations of the previous Davis Redevelopment Agency have been transferred to the Davis Redevelopment Successor Agency for the purposes of completing the debt payment obligations.

## **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.

		EXPENDITURES BY CATEGORY						FUNDING SOURCES				
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	
<b>DEBT SERVICE</b>												
8824 - 2003 Public Finance Authority Bond	0	0	0	11,100	548,408	559,508	0	0	0	0	559,508	
8825 - 2007 CFD Mace Ranch I	0	0	0	5,000	1,204,775	1,209,775	0	0	0	0	1,209,775	
8826 - 2007-2 Mace Ranch II	0	0	0	2,000	363,238	365,238	0	0	0	0	365,238	
8827 - 2009 PFFA Bond	0	0	0	6,500	428,931	435,431	0	0	0	0	435,431	
8832 - SRF Loan #1 C-06-6006-110	0	0	0	0	303,780	303,780	0	0	0	0	303,780	
8833 - SRF Loan #2 C-06-4360-110	0	0	0	0	695,785	695,785	0	0	0	0	695,785	
8834 - WWTP Expansion - LaSalle	0	0	0	0	58	58	0	0	0	0	58	
8836 - Water Storage Tank Loan	0	0	0	0	329,177	329,177	0	0	0	0	329,177	
8838 - Cal I-Bank CIEDB -B08-093	0	0	0	30,000	594,443	624,443	0	0	0	0	624,443	
8840 - Wells Fargo - Water LOC	0	0	0	0	127,012	127,012	0	0	0	0	127,012	
8858 - University Research Park Assmt Dist	0	0	0	1,800	179,560	181,360	0	0	0	0	181,360	
8860 - Interfund Loan - Sewer Fund	0	0	0	0	60,811	60,811	0	0	0	0	60,811	
8861 - Interfund Loan - Drainage Fund	0	0	0	0	65,806	65,806	0	0	0	0	65,806	
9181 - 2011 RDA TAB Series A	0	0	0	3,000	917,725	920,725	0	0	0	0	920,725	
9182 - 2011 RDA Taxable TAB Series B	0	0	0	3,000	573,750	576,750	0	0	0	0	576,750	
9196 - 2003 Tax Allocation Bond	0	0	0	21,096	565,619	586,715	0	0	0	0	586,715	
9197 - 2007 Tax Allocation Bond	0	0	0	3,000	791,300	794,300	0	0	0	0	794,300	
9198 - 2007 Taxable Housing Bond	0	0	0	3,000	573,778	576,778	0	0	0	0	576,778	
<b>TOTAL DEBT SERVICE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89,496</b>	<b>8,323,956</b>	<b>8,413,452</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,413,452</b>	

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	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget
8821 ABAG Certificates	217,028	956,465	-	-
8822 1999 Public Finance Authority Bond	32	-	-	-
8824 2003 Public Finance Authority Bond	557,012	556,728	556,657	559,508
8825 2007 CFD Mace Ranch I	1,220,544	1,246,130	1,218,775	1,209,775
8826 CFD 2007-2 Mace Ranch II	370,544	371,939	372,698	365,238
8827 2009 PFFA Bond	438,364	438,639	357,518	435,431
8832 SRF Loan #1	309,827	338,002	310,674	303,780
8833 SRF Loan #2	717,904	841,666	717,388	695,785
8834 WWTP Expansion - LaSalle	215,856	1,347,828	215,719	58
8835 Water Meter Retrofit	325,247	163,518	-	-
8836 Water Storage Tank	334,456	363,173	334,143	329,177
8837 Union Bank LOC	33,655	-	-	-
8838 Cal I-Bank CIEDB-B08-093	634,184	740,061	631,499	624,443
8840 Wells Fargo - Water Line of Credit	2,688	86,953	128,666	127,012
8852 Parking Assessment District #3	12	-	-	-
8858 Univ. Research Park Assessment District	184,510	181,971	189,124	181,360
8860 Interfund Loan - Sewer Fund	60,820	59,597	63,968	60,811
8861 Interfund Loan - Drainage Fund	64,127	62,603	67,423	65,806
8862 Motorola Lease/Purchase	205,658	205,658	-	-
9181 2011 RDA TAB - Series A	1,001,978	1,003,015	920,725	920,725
9182 2011 RDA Taxable TAB - Series B	309,095	921,502	577,281	576,750
9191 RDA Interfund Loan	884,680	-	-	-
9192 RDA Debt Service	-	-	-	-
9196 2003 Tax Allocation Bond	563,316	692,805	568,730	586,715
9197 2007 Tax Allocation Bond	809,484	953,326	804,600	794,300
9198 2007 Taxable Housing Bond	596,754	736,092	579,615	576,778
<b>TOTAL RESOURCES REQUIRED</b>	<b>10,057,775</b>	<b>12,267,671</b>	<b>8,615,203</b>	<b>8,413,452</b>

**DEBT SERVICE  
ADOPTED BUDGET 2013-2014  
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
8821	ABAG COP	Certificates of Participation	0	0	2013	6.500%	4/7/2005	100	Construction tax & Quimby Act fees	Acquisition of land for Playfields and Walnut Parks
8824	City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2003	Mello-Roos	1,540,000	548,408	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	11,430,000	1,204,775	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	5,060,000	363,238	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	428,931	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	835,839	293,852	2015	2.700%	NA	NA	Drainage & Sewer funds	Wetlands acquisition and construction
8833	Wastewater treatment plant expansion loan	Loan	4,367,925	690,637	2019	2.600%	NA	NA	Sewer funds	Expansion and upgrade of wastewater treatment plant
8836	Water storage tank loan	Loan	2,960,053	323,965	2024	2.600%	NA	NA	Water fund surcharge	Construction of W/ter Storage Tank
8838	State of CA Infrastructure (I-bank)	Loan	9,410,644	584,552	2038	4.000%	NA	NA	Water fund	Water storage tank
8840	Wells Fargo Line of Credit		13,728,900	125,000		Variable	N/A	N/A	Water fund	Surface water project
8858	University Research Park Assessment District	Assessmnt District	915,000	179,560	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	3,820,000	573,750	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	7,980,000	565,619	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	10,090,000	791,300	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	7,700,000	573,778	2037	5.650%	9/1/2016	102	RDA housing set-aside	Increasing, improving, preserving the supply of low and moderate income housing