

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 six 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. 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.

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.

Revenue Bonds

Revenue bonds are municipal bonds that finance income-producing projects and are secured by a specified revenue source. Revenue bonds can be issued by any government or fund that is run in the manner of a business – those entities having both operating revenues and expenses.

Program	EXPENDITURES BY CATEGORY					FUNDING SOURCES					
	Salaries & Benefits	Operations & Maintenance	Inter-departmental Charges	Capital Outlay	Program Total	General Fund	General Fund Fees & Charges	General Fund Grants/Designated Revenue	Total General Fund Support	Other Funds	Program Total
8824 - 2003 Public Facility Finance Authority Bond	0	552,235	0	0	552,235	0	0	0	0	552,235	552,235
8825 - 2007 CFD Mace Ranch I	0	1,210,775	0	0	1,210,775	0	0	0	0	1,210,775	1,210,775
8826 - 2007-2 Mace Ranch i	0	366,220	0	0	366,220	0	0	0	0	366,220	366,220
8827 - 2009 Public Facility Finance Bond	0	435,431	0	0	435,431	0	0	0	0	435,431	435,431
8832 - SRF Loan #1 C-06-6006-110	0	293,667	1,843	0	295,510	0	0	0	0	295,510	295,510
8833 - SRF Loan #2 C-06-4360-110	0	690,636	1,843	0	692,479	0	0	0	0	692,479	692,479
8838 - Cal FBank Cledb-B08-093	0	614,205	1,843	0	616,048	0	0	0	0	616,048	616,048
8840 - Wells Fargo - Water Loc	0	0	1,843	0	1,843	0	0	0	0	1,843	1,843
8842 - Wells Fargo Water Bonds	0	1,293,000	0	0	1,293,000	0	0	0	0	1,293,000	1,293,000
8858 - University Research Park Assessment District	0	184,080	0	0	184,080	0	0	0	0	184,080	184,080
8860 - Interfund Loan - Sewer Fund	0	61,467	1,843	0	63,310	0	0	0	0	63,310	63,310
8861 - Interfund Loan - Drainage Fund	0	61,467	1,843	0	63,310	0	0	0	0	63,310	63,310
8863 - Interfund Loan From Sewer	0	193,178	1,842	0	195,020	0	0	0	0	195,020	195,020
8864 - Streetlight Conversion Financing	0	183,453	0	0	183,453	183,453	0	0	183,453	0	183,453
Total DEBT SERVICE/SPECIAL ASSESSMENT BUDGET	0	6,139,814	12,900	0	6,152,714	183,453	0	0	183,453	5,969,261	6,152,714

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	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2015-16 Proposed
CITY OF DAVIS DEBT				
8821 ABAG Certificates	(48)	-	-	-
8824 2003 Public Finance Authority Bond	554,532	554,183	554,088	552,235
8825 2007 CFD Mace Ranch I	1,209,906	1,206,020	1,211,150	1,210,775
8826 CFD 2007-2 Mace Ranch II	364,625	365,253	365,425	366,220
8827 2009 PFFA Bond	437,927	435,191	440,431	435,431
8832 SRF Loan #1	303,541	296,456	311,074	295,510
8833 SRF Loan #2	702,764	680,839	707,857	692,479
8834 WWTP Expansion - LaSalle	8,061	-	-	-
8836 Water Storage Tank	325,231	2,986,818	-	-
8838 Cal I-Bank CIEDB-B08-093	788,343	619,136	631,603	616,048
8840 Wells Fargo - Water Line of Credit	152,598	12,024,835	-	1,843
8842 Wells Fargo - Water Bonds	-	705,493	1,671,937	1,293,000
8858 Univ. Research Park Assessment District	185,596	181,382	183,040	184,080
8860 Interfund Loan - Fleet Fund to Sewer Fund	60,603	58,890	77,792	63,310
8861 Interfund Loan - Flee Fund to Drainage Fund	64,058	63,885	77,792	63,310
8862 Motorola Lease/Purchase	-	-	-	-
8863 Interfund Loan - Sewer Fund to Water Fund	-	40,452	210,399	195,020
8864 Streetlight Conversion Financing	-	-	-	183,453
TOTAL RESOURCES REQUIRED	5,157,737	20,218,833	6,442,588	6,152,714

*The amounts above include direct payments and fiscal agent fees.

Debt Service Highlights:

The significant fluctuation from FY 2013/14 compared to prior year actuals and the FY 14/15 and FY 15/16 proposed budget are due to final payoff of two water fund loans. The Water Storage Tank and the Wells Fargo Water Line of Credit represented over \$15 million dollars in final payments in FY 13/14.

**DEBT SERVICE
PROPOSED BUDGET 2015-2016
SUMMARY OF EXPENDITURES**

Program	Name	Type	Outstanding Principal	Annual Debt Service	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	535,000	546,235	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	10,085,000	1,205,775	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	4,845,000	363,220	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	285,946	293,667	2015	2.700%	NA	NA	Drainage & Sewer funds	Wetlands acquisition and construction
8833	Wastewater treatment plant expansion loan	Loan	3,198,780	690,636	2019	2.600%	NA	NA	Sewer funds	Expansion and upgrade of wastewater treatment plant
8838	State of CA Infrastructure (I-bank)	Loan	8,977,402	584,205	2038	4.000%	NA	NA	Water fund	Water storage tank
8842	City of Davis Public Facilities Financing Authority 2013 Water Revenue Bonds	Revenue Bond	29,155,000	845,000	2038	Variable	N/A	N/A	Water fund	Retire Wells Fargo Line of Credit and fund the surface water project construction
8858	University Research Park Assessment District	Assessmnt District	655,000	1,243,360	2017	6.400%	9/2/2005	103	Property owner assessments	University Research Park subdivision infrastructure
8864	Siemens Public, Inc	Capital Lease	2,931,054	183,453	2030	2.800%	NA	NA	Savings from reduced energy costs	LED lighting retrofit program for streetlights and parks/greenbelt lighting