

# 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	-	550,735	-	-	550,735	-	-	-	-	550,735	550,735
8825 - 2007 CFD Mace Ranch I	-	1,208,850	-	-	1,208,850	-	-	-	-	1,208,850	1,208,850
8826 - 2007-2 Mace Ranch II	-	301,114	-	-	301,114	-	-	-	-	301,114	301,114
8827 - 2009 Public Facility Finance Bond	-	945,332	-	-	945,332	-	-	-	-	945,332	945,332
8838 - Cal I-Bank Cledb-B08-093	-	613,830	4,160	-	617,990	-	-	-	-	617,990	617,990
8842 - Wells Fargo Water Bonds	-	1,287,322	8,412	-	1,295,734	-	-	-	-	1,295,734	1,295,734
8843 - Cannery	-	441,988	-	-	441,988	-	-	-	-	441,988	441,988
8844 - Widow a 2015 Water Revenue Bond	-	1,126,944	-	-	1,126,944	-	-	-	-	1,126,944	1,126,944
8858 - University Research Park Assessment District	-	183,920	-	-	183,920	-	-	-	-	183,920	183,920
8860 - Interfund Loan - Sewer Fund	-	64,823	399	-	65,222	-	-	-	-	65,222	65,222
8861 - Interfund Loan - Drainage Fund	-	187,784	1,258	-	189,042	-	-	-	-	189,042	189,042
8863 - Interfund Loan From Sewer	-	244,605	-	-	244,605	244,605	-	-	244,605	-	244,605
8864 - Streetlight Conversion Financing	-	7,222,070	14,628	-	7,236,698	244,605	-	-	244,605	6,992,093	7,236,698
<b>Total DEBT SERVICE/SPECIAL ASSESS BUDGET</b>	-	<b>7,222,070</b>	<b>14,628</b>	-	<b>7,236,698</b>	<b>244,605</b>	-	-	<b>244,605</b>	<b>6,992,093</b>	<b>7,236,698</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	2014-15 Actual	2015-16 Actual	2016-17 Adopted	2017-18 Adopted
<b>CITY OF DAVIS DEBT</b>				
8821 ABAG Cert of Participation	-	1,700	-	-
8824 2003 Public Finance Authority Bond	546,634	549,635	550,735	550,735
8825 2007 CFD Mace Ranch I	1,209,280	1,209,022	1,213,350	1,208,850
8826 CFD 2007-2 Mace Ranch II	365,411	367,016	373,138	301,114
8827 2009 PFFA Bond	438,158	435,465	947,032	945,332
8832 SRF Loan #1	303,552	287,789	-	-
8833 SRF Loan #2	692,464	3,207,922	-	-
8838 Cal I-Bank CIEDB-B08-093	625,517	609,152	616,154	617,990
8840 Wells Fargo - Water Line of Credit	-	1,843	-	-
8842 Wells Fargo - Water Bonds	1,253,316	1,278,372	1,295,131	1,295,734
8843 Cannery CFD	-	8,535,633	446,488	441,988
8844 WDCWA 2015 Water Revenue Bond	-	-	1,106,577	1,126,944
8858 Univ. Research Park Assessment District	182,362	183,402	189,320	183,920
8860 Interfund Loan - Fleet Fund to Sewer Fund	76,427	62,556	66,699	65,222
8861 Interfund Loan - Fleeer Fund to Drainage Fund	76,427	62,556	66,699	65,222
8863 Interfund Loan - Sewer Fund to Water Fund	211,074	192,997	194,747	189,042
8864 Streetlight Conversion Financing	-	183,983	244,604	244,605
8865 Inter Fund Loan from Sewer 2015	2,083	25,000	-	-
<b>TOTAL RESOURCES REQUIRED</b>	<b>5,982,705</b>	<b>17,194,043</b>	<b>7,310,674</b>	<b>7,236,698</b>

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

**DEBT SERVICE  
ADOPTED BUDGET 2017-2018  
SUMMARY OF EXPENDITURES**

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
8825	City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2007	Mello-Roos	10,085,000	1,203,650	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	4,342,128	289,114	2037	3.470%	9/1/2026	103	Mello Roos special taxes	Refunding of Series 2007 Special Tax
8827	City of Davis Public Facilities Financing Authority local agency refunding bonds -- Series 2009	Mello-Roos	9,570,000	938,532	2029	5.000%	9/1/2019	102	Mello Roos special taxes	Refunding of Series 1999 local agency revenue bonds
8838	State of CA Infrastructure (I-bank)	Loan	8,977,402	584,021	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	1,292,131	2038	Variable	N/A	N/A	Water fund	Retire Wells Fargo Line of Credit and fund the surface water project construction
8843	City of Davis Community Facilities District 2015-1	Mello-Roos	9,665,000	443,988	2045	5.000%	3/1/2016	103	Mello Roos special taxes	The acquisition and constructions of public facilities in the district
8844	Woodland-Davis Clean Water Agency 2015 Refunding Water Revenue Bonds,	Revenue Bond	19,495,000	1,102,077	2039	5.000%	3/1/2026	N/A	Water fund	Refinance the loan related to the acquisition of water
8858	University Research Park Assessment District	Assessmnt District	1,243,360	187,520	2017	6.400%	9/2/2005	103	Property owner assessmnts	University Research Park subdivision infrastructure
8864	Siemens Public, Inc	Capital Lease	2,931,054	244,604	2030	2.800%	NA	NA	Savings from reduced energy costs	LED lighting retrofit program for streetlights and parks/greenbelt lighting
9181	2011 TAB Series A	RDA tax allocation	13,310,000	917,725	2036	7.000%	12/1/2021	N/A	RDA property tax increment	Projects in the Redevelopment Area
9182	2011 Taxable TAB Series B	RDA taxable tax allocation	3,220,000	563,200	2022	8.000%	12/1/2021	N/A	RDA property tax increment	Projects in the Redevelopment Area
9196	Redevelopment Agency for the City of Davis 2003 Tax Allocation refunding bonds	Redevelopment tax allocation	7,615,000	540,780	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	9,295,000	806,000	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	7,400,000	572,791	2037	5.650%	9/1/2016	102	RDA housing set-aside	Increasing, improving, preserving the supply of low and moderate