

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 eight 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
8827 - 2009 Public Facility Finance Bond	-	935,352	905	-	936,257	-	-	-	-	936,257	936,257
8829 - Community Facilities District - Mace Ranch	-	306,134	-	-	306,134	-	-	-	-	306,134	306,134
8838 - Cal I-Bank Cledb-B08-093	-	613,632	580	-	614,212	-	-	-	-	614,212	614,212
8842 - Wells Fargo Water Bonds	-	1,498,000	1,285	-	1,499,285	-	-	-	-	1,499,285	1,499,285
8843 - Cannery	-	567,488	-	-	567,488	-	-	-	-	567,488	567,488
8844 - Widewa 2015 Water Revenue Bond	-	1,143,994	-	-	1,143,994	-	-	-	-	1,143,994	1,143,994
8845 - SRF C-06-7873-110 Wdcw a	-	3,827,092	-	-	3,827,092	-	-	-	-	3,827,092	3,827,092
8846 - 1991-2 2017 Tax Ref Bond	-	1,065,322	-	-	1,065,322	-	-	-	-	1,065,322	1,065,322
8858 - University Research Park Assessment District	-	191,920	-	-	191,920	-	-	-	-	191,920	191,920
8861 - Interfund Loan - Drainage Fund	-	65,022	63	-	65,085	-	-	-	-	65,085	65,085
8864 - Streetlight Conversion Financing	-	264,988	-	-	264,988	264,988	-	-	264,988	-	264,988
Total DEBT SERVICE/SPECIAL ASSESSMENT BUDGET	-	10,478,944	2,833	-	10,481,777	264,988	-	-	264,988	10,216,789	10,481,777

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	2015-16 Actual	2016-17 Actual	2017-18 Adopted	2018-19 Proposed
CITY OF DAVIS DEBT				
8821 ABAG Cert of Participation	1,700	-	-	-
8824 2003 Public Finance Authority Bond	549,635	-	550,735	-
8825 2007 CFD Mace Ranch I	1,209,022	1,211,059	1,208,850	-
8826 CFD 2007-2 Mace Ranch II	367,016	4,856,474	301,114	-
8827 2009 PFFA Bond	435,465	948,705	945,332	936,257
8829 Community Facilites District - Mace Ranch	-	259,000	-	306,134
8832 SRF Loan #1	287,789	-	-	-
8833 SRF Loan #2	3,207,922	-	-	-
8838 Cal I-Bank CIEDB-B08-093	609,152	608,415	617,990	614,212
8840 Wells Fargo - Water Line of Credit	1,843	-	-	-
8842 Wells Fargo - Water Bonds	1,278,372	1,346,584	1,295,734	1,499,285
8843 Cannery CFD	8,535,633	446,383	441,988	567,488
8844 WDCWA 2015 Water Revenue Bond	-	1,473,390	1,126,944	1,143,994
8845 SRF C-06-7973-110 WDCWA	-	-	-	3,827,092
8846 1991-2 2017 Tax Refinance Bond	-	-	-	1,065,322
8858 Univ. Research Park Assessment District	183,402	189,412	183,920	191,920
8860 Interfund Loan - Fleet Fund to Sewer Fund	62,556	402,398	65,222	-
8861 Interfund Loan - Fleet Fund to Drainage Fund	62,556	65,704	65,222	65,085
8863 Interfund Loan - Sewer Fund to Water Fund	192,997	2,605,676	189,042	-
8864 Streetlight Conversion Financing	183,983	245,101	244,605	264,988
8865 Inter Fund Loan from Sewer 2015	25,000	5,022,917	-	-
TOTAL RESOURCES REQUIRED	17,194,043	19,681,218	7,236,698	10,481,777

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

**DEBT SERVICE
PROPOSED BUDGET 2018-2019
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
8829	City of Davis Community Facilities District 2007-2	Mello-Roos	4,201,241	300,134	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	8,510,000	930,432	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	8,260,360	583,632	2038	4.000%	7/1/2019	NA	Water fund	Water storage tank
8842	City of Davis Public Facilities Financing Authority 2013 Water Revenue Bonds	Revenue Bond	26,470,000	1,495,000	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	564,488	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	18,995,000	1,142,994	2039	5.000%	3/1/2026	N/A	Water fund	Refinance the loan related to the acquisition of water
8845	City of Davis Water Quality Improvement Project - Local Facilities SRF C-06-7873-110 - Clean Water	Loan	21,337,341	3,827,092	2048	1.600%	NA	N/A	Water fund	Provide water pipelines within City limits, automated metering and other
8846	City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2017	Mello-Roos	7,671,822	1,062,322	2025	2.130%	NA	NA	Mello Roos special taxes	Refunding of Series 2009 local agency revenue bonds
8858	University Research Park Assessment District	Assessment District	185,000	190,920	2017	6.400%	9/2/2005	103	Property owner assessments	University Research Park subdivision infrastructure
8864	Siemens Public, Inc	Capital Lease	2,931,054	264,988	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	917,726	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	2,180,000	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	7,025,000	554,477	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	7,950,000	793,900	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	6,890,000	572,943	2037	5.650%	9/1/2016	102	RDA housing set-aside	Increasing, improving, preserving the supply of low and moderate