

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.

DEBT SERVICE

Fiscal Year 2019-20

Program	EXPENDITURES BY CATEGORY					FUNDING SOURCES		
	Salaries & Benefits	Operations & Maintenance	Contracts & Professional Services	Inter-departmental Charges	Capital Outlay	Program Total	General Fund	Other Funds
8827 - 2009 Public Facility Finance Bond	-	937,651	-	1,518	-	939,169	-	939,169
8829 - Community Facilities District - Mace Ranch	-	306,039	-	-	-	306,039	-	306,039
8838 - Cal I-Bank Ciedb-B08-093	-	8,511,680	-	983	-	8,512,663	-	8,512,663
8843 - Cannery	-	582,488	-	-	-	582,488	-	582,488
8844 - WDCWA 2015 Water Revenue Bond	-	1,294,403	-	-	-	1,294,403	-	1,294,403
8845 - SRF C-06-7873-110 WDCWA	-	3,373,669	-	4,170	-	3,377,839	-	3,377,839
8846 - 1991-2 2017 Tax Ref Bond	-	1,068,332	-	1,705	-	1,070,037	-	1,070,037
8847 - Street Light Conversion	-	214,021	-	-	-	214,021	214,021	-
8848 - 2018 Water Revenue Bond	-	1,477,226	-	2,155	-	1,479,381	-	1,479,381
8849 - SRF C-06-8010-110 (Sewer)	-	3,830,092	-	-	-	3,830,092	-	3,830,092
8853 - SRF Local C-06-8019-110	-	1,491,982	-	-	-	1,491,982	-	1,491,982
8861 - Interfund Loan - Drainage Fund	-	65,121	-	105	-	65,226	-	65,226
8866 - Interfund Loan - Sewer	-	60,000	-	-	-	60,000	-	60,000
TOTAL DEBT SERVICE	-	23,212,704	-	10,636	-	23,223,340	214,021	23,009,319

Fiscal Year 2020-21

Program	EXPENDITURES BY CATEGORY					FUNDING SOURCES		
	Salaries & Benefits	Operations & Maintenance	Contracts & Professional Services	Inter-departmental Charges	Capital Outlay	Program Total	General Fund	Other Funds
8827 - 2009 Public Facility Finance Bond	-	937,651	-	1,579	-	939,230	-	939,230
8829 - Community Facilities District - Mace Ranch	-	306,039	-	-	-	306,039	-	306,039
8838 - Cal I-Bank Ciedb-B08-093	-	613,425	-	1,022	-	614,447	-	614,447
8843 - Cannery	-	582,488	-	-	-	582,488	-	582,488
8844 - WDCWA 2015 Water Revenue Bond	-	1,294,403	-	-	-	1,294,403	-	1,294,403
8845 - SRF C-06-7873-110 WDCWA	-	3,373,669	-	-	-	3,373,669	-	3,373,669
8846 - 1991-2 2017 Tax Ref Bond	-	1,068,332	-	1,773	-	1,070,105	-	1,070,105
8847 - Street Light Conversion	-	214,021	-	-	-	214,021	214,021	-
8848 - 2018 Water Revenue Bond	-	1,477,226	-	2,241	-	1,479,467	-	1,479,467
8849 - SRF C-06-8010-110 (Sewer)	-	3,830,092	-	-	-	3,830,092	-	3,830,092
8853 - SRF Local C-06-8019-110	-	1,491,982	-	-	-	1,491,982	-	1,491,982
8861 - Interfund Loan - Drainage Fund	-	65,121	-	109	-	65,230	-	65,230
8866 - Interfund Loan - Sewer	-	60,000	-	-	-	60,000	-	60,000
TOTAL DEBT SERVICE	-	15,314,449	-	11,731	-	15,326,180	214,021	15,112,159

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The following table summarizes the current outstanding debt issues that the City manages. Immediately following is the budget detail for these debt service funds.

Budget Descriptions	FY 2017/18 Actual	FY 2018/19 Projected	FY 2019/20 Adopted Budget	FY 2020/21 Financial Plan
8825 - 2007 CFD Mace Ranch I	8,815,531	-	-	-
8826 - 2007-2 Mace Ranch II	101	-	-	-
8827 - 2009 Public Facility Finance Bond	946,151	936,257	939,169	939,230
8829 - Community Facilities District - Mace Ranch	293,679	306,134	306,039	306,039
8838 - Cal I-Bank Ciedb-B08-093	609,376	614,212	8,512,663	614,447
8842 - Wells Fargo Water Bond	1,578,322	1,499,285	-	-
8843 - Cannery	449,356	567,488	582,488	582,488
8844 - Wdcwa 2015 Water Revenue Bond	1,304,673	1,143,994	1,294,403	1,294,403
8845 - SRF C-06-7873-110 Wdcwa	3,800,000	3,827,092	3,377,839	3,373,669
8846 - 1991-2 2017 Tax Ref Bond	1,223,029	1,065,322	1,070,037	1,070,105
8847 - Street Light Conversion	214,021	-	214,021	214,021
8848 - 2018 Water Revenue Bond	-	-	1,479,381	1,479,467
8849 - SRF C-06-8010-110 (Sewer)	-	-	3,830,092	3,830,092
8853 - SRF Local C-06-8019-110	-	-	1,491,982	1,491,982
8860 - Internal Fund Loan	183,660	191,920	-	-
8861 - Interfund Loan - Drainage Fund	67,148	65,085	65,226	65,230
8866 - Interfund Loan - Sewer	239,468	264,988	-	-
8866 - Interfund Loan - Sewer	-	60,000	60,000	60,000
8867 - Interfund Loan - Sewer to Sanitation	11,100	-	-	-
8868 - - Interfund Loan - Sewer to Drainage	44,400	-	-	-
TOTAL RESOURCES REQUIRED	19,781,672	10,541,777	23,223,340	15,326,180

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

**DEBT SERVICE
ADOPTED BUDGET 2019-2020
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	4,044,165	300,039	2037	3.470%	9/1/2026	103	Mello Roos special taxes	Refunding of Series 2007 Special Tax Bonds
8827	City of Davis Public Facilities Financing Authority local agency refunding bonds -- Series 2009	Mello-Roos	7,955,000	945,231	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	8,001,975	583,425	2038	4.000%	7/1/2019	NA	Water fund	Water storage tank
8843	City of Davis Community Facilities District 2015-1	Mello-Roos	9,540,000	579,488	2045	5.000%	3/1/2016	103	Mello Roos special taxes	The acquisition and constructions of public facilities in the district
8844 / 8845	Woodland-Davis Clean Water Agency 2015 Refunding Water Revenue Bonds, Series A & B	Revenue Bond	20,429,239	1,292,403	2039	5.000%	3/1/2026	N/A	Water fund	Refinance the loan related to the acquisition of water rights
8846	City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2017	Mello-Roos	6,763,233	1,065,332	2025	2.130%	NA	NA	Mello Roos special taxes	Refunding of Series 2009 local agency revenue bonds
8847	State of California Energy Conservation (SRF #5)	Loan	2,414,325	214,021	2031	1.000%	NA	NA	Energy savings	Financing of the retrofit of energy efficient street lights
8848	2018 Refund Water Bonds	Revenue Bond	19,653,162	1,474,226	2036	3.190%	10/1/2028	NA	Water fund	Refunding of the 2013 Wells Fargo Revenue Bonds
8849	Clean Water State Revolving Fund Project No C-06-8010-110 (SRF #3)	Loan	81,057,000	3,827,092	2048	1.500%	NA	NA	Sewer Fund	Financing of construction of the Waste Water Treatment Plant, completed FY 2014
8853	Local Facilities Clean Water State Revolving Fund Project No C-06-8019-110 (SRF #4)		23,553,434	1,488,982	2048	1.600%	NA	NA	Water fund	Provide water pipelines within City limits, automated metering and other