

## 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 Successor Agency Tax Allocation Bonds**

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.

## Fiscal Year 2020-21 Adopted Budget

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	-	960,733	-	-	-	960,733	-	960,733
8829 - Community Facilities District - Mace Ranch	-	305,921	-	-	-	305,921	-	305,921
8838 - Cal H-Bank Cledb-B08-093	-	21,202	-	-	-	21,202	-	21,202
8843 - Cannery	-	593,288	-	-	-	593,288	-	593,288
8844 - WDCWA 2015 Water Revenue Bond	-	1,323,526	-	-	-	1,323,526	-	1,323,526
8845 - SRF C-06-7873-110 WDCWA	-	3,827,091	-	-	-	3,827,091	-	3,827,091
8846 - 1991-2 2017 Tax Ref Bond	-	1,090,312	-	-	-	1,090,312	-	1,090,312
8847 - Street Light Conversion	-	214,021	-	-	-	214,021	214,021	214,021
8848 - 2018 Water Revenue Bond	-	1,498,429	-	-	-	1,498,429	-	1,498,429
8849 - SRF C-06-8010-110 (Sewer)	-	2,089,828	-	-	-	2,089,828	-	2,089,828
8853 - SRF Local C-06-8019-110	-	1,501,099	-	-	-	1,501,099	-	1,501,099
8861 - Interfund Loan - Drainage Fund	-	82,645	-	-	-	82,645	-	82,645
8867 - Interfund Loan 532 to 520 FY'18	-	45,600	-	-	-	45,600	-	45,600
8868 - Interfund Loan 532 to 542 FY 17	-	30,400	-	-	-	30,400	-	30,400
TOTAL DEBT SERVICE	-	13,584,095	-	-	-	13,584,095	214,021	13,370,744
								13,584,765

## 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.

Budget Descriptions	FY 2017/18 Actual	FY 2018/19 Actual	FY 2019/20 Estimate	FY 2020/21 Adopted
8825 - 2007 CFD Mace Ranch I	8,815,531	1,261	-	-
8826 - 2007-2 Mace Ranch II	101	101	-	-
8827 - 2009 Public Facility Finance Bond	946,151	1,230,422	939,169	960,733
8829 - Community Facilities District - Mace Ranch	293,679	304,839	306,039	305,921
8838 - Cal I-Bank Ciedb-B08-093	609,376	604,686	8,512,663	21,202
8842 - Wells Fargo Water Bond	1,578,322	356,651	-	-
8843 - Cannery	449,356	571,560	582,488	593,288
8844 - Wdcwa 2015 Water Revenue Bond	1,304,673	1,242,209	1,294,403	1,323,526
8845 - SRF C-06-7873-110 Wdcwa	3,800,000	3,827,092	3,377,839	3,827,091
8846 - 1991-2 2017 Tax Ref Bond	1,223,029	1,064,072	1,070,037	1,090,312
8847 - Street Light Conversion	214,021	214,021	214,021	214,021
8848 - 2018 Water Revenue Bond	-	1,084,400	1,479,381	1,498,429
8849 - SRF C-06-8010-110 (Sewer)	-	1,330,075	3,830,092	2,089,828
8853 - SRF Local C-06-8019-110	-	-	1,491,982	1,501,099
8860 - Internal Fund Loan	183,660	191,920		
8860 - Internal Fund Loan	399	-	-	-
8861 - Interfund Loan - Drainage Fund	67,148	68,183	65,226	82,645
8863 - Interfund loan - Sewer	1,258		-	-
8866 - Interfund Loan - Sewer	239,468	264,988		
8866 - Interfund Loan - Sewer		-	60,000	-
8867 - Interfund Loan - Sewer to Sanitation	11,100	81,300		45,600
8868 - - Interfund Loan - Sewer to Drainage	44,400	54,200		30,400
<b>TOTAL RESOURCES REQUIRED</b>	<b>19,781,672</b>	<b>12,491,980</b>	<b>23,223,340</b>	<b>13,584,095</b>

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

**DEBT SERVICE  
ADOPTED BUDGET 2020-2021  
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
8829	City of Davis Community Facilities District 2007-2	Mello-Roos	3,881,639	299,921	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	7,375,000	934,031	2029	5.000%	9/1/2019	102	Mello Roos special taxes	Refunding of Series 1999 local agency revenue bonds
8829	2007-2 East Davis Mace Ranch Area II Mello Roos (8829)	Mello-Roos	3,881,639	299,921	2037	4.950%	NA	NA	Mello Roos special taxes	Refunding of 2007-2 Series 2007 Special Tax Bonds
8843	City of Davis Community Facilities District 2015-1	Mello-Roos	9,400,000	590,288	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, Series A & B	Revenue Bond	19,977,445	1,318,350	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	5,832,041	1,066,110	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	2,224,037	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	18,799,114	1,474,227	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	48,781,847	2,086,828	2048	1.500%	NA	NA	Sewer Fund	Financing of construction of the Waste Water Treatment Plant, completed FY 2016
8853	Local Facilities Clean Water State Revolving Fund Project No C-06-8019-110 (SRF #4)	Loan	34,542,834	1,498,100	2048	1.600%	NA	NA	Water fund	Provide water pipelines within City limits, automated metering and other improvements