

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 employs five 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. The Pole Line Road overcrossing, Mace Boulevard interchange improvements, and new police station are examples of projects funded partially through this source. In addition, the city created a Mello-Roos district encompassing the Mace Ranch subdivision, which paid for the internal subdivision improvements (e.g., streets, water & sewer lines, greenbelts, etc.).

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 has two COPs which currently use construction tax and Quimby Act (subdivision park in-lieu) fees to make such lease payments. One looming issue will be the repayment of these COPs if construction tax and Quimby Act fees are not adequate for the task in the future.

Redevelopment Tax Allocation Bonds

Redevelopment agencies (RDA) were created to be in debt. Through enabling legislation, RDA's pledge future property tax increment growth to the repayment of debt, which is issued to finance projects aimed at the elimination of blight within the Redevelopment project area.

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.

Department/Program	EXPENDITURES BY CATEGORY						FUNDING SOURCES				
	Salaries & Benefits w/ot	Salaries & Benefits	Overtime	Professional Services	Other Expenses	Program Total	General Fund	General Fund Fees & Charges	General Fund Grants/ Designated Revenue	Total General Fund Support	Other Funds
DEBT SERVICE											
8821 - ABAG Certificates	0	0	0	6,100	215,445	221,545	0	0	0	0	221,545
8824 - 2003 Public Finance Authority Bond	0	0	0	5,000	553,653	558,653	0	0	0	0	558,653
8825 - 2007 CFD Mace Ranch I	0	0	0	12,000	1,246,840	1,258,840	0	0	0	0	1,258,840
8826 - 2007-2 Mace Ranch II	0	0	0	10,000	369,834	379,834	0	0	0	0	379,834
8827 - 2009 PFFA Bond	0	0	0	10,000	432,267	442,267	0	0	0	0	442,267
8832 - SRF Loan #1 C-06-6006-110	0	0	0	0	308,302	308,302	0	0	0	0	308,302
8833 - SRF Loan #2 C-06-4360-110	0	0	0	0	713,477	713,477	0	0	0	0	713,477
8834 - WWTP Expansion - LaSalle	0	0	0	0	214,528	214,528	0	0	0	0	214,528
8835 - Water Meter Retrofit Loan	0	0	0	750	163,039	163,789	0	0	0	0	163,789
8836 - Water Storage Tank Loan	0	0	0	750	335,268	336,018	0	0	0	0	336,018
8838 - Cal I-Bank OIEB -B08-093	0	0	0	30,000	606,115	636,115	0	0	0	0	636,115
8840 - Wells Fargo - Water LOC	0	0	0	0	372,437	372,437	0	0	0	0	372,437
8858 - University Research Park Assmt Dist	0	0	0	1,500	81,219	82,719	0	0	0	0	82,719
8860 - Interfund Loan - Sewer Fund	0	0	0	0	63,528	63,528	0	0	0	0	63,528
8861 - Interfund Loan - Drainage Fund	0	0	0	0	66,534	66,534	0	0	0	0	66,534
8862 - Motorola Lease/Purchase	0	0	0	0	205,658	205,658	205,658	0	0	205,658	0
TOTAL DEBT SERVICE	0	0	0	76,100	5,948,144	6,024,244	205,658	0	0	205,658	5,818,586

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	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget
8820 Hunt-Boyer Certificate of Participation	183,380	-	-	-
8821 ABAG Certificates	209,199	211,798	216,460	221,545
8822 1999 Public Finance Authority Bond	562,725	562,743	4,267	-
8824 2003 Public Finance Authority Bond	572,783	555,833	558,904	558,653
8825 2007 CFD Mace Ranch I	1,050,843	1,220,900	1,227,553	1,258,840
8826 CFD 2007-2 Mace Ranch II	347,809	375,193	378,847	379,834
8827 2009 PFFA Bond	-	747,981	433,570	442,267
8832 SRF Loan #1	293,852	293,852	296,085	308,302
8833 SRF Loan #2	690,637	690,636	695,887	713,477
8834 WWTP Expansion - LaSalle	207,658	207,658	209,236	214,528
8835 Water Meter Retrofit	315,336	315,729	318,128	163,789
8836 Water Storage Tank	324,265	324,657	327,123	336,018
8837 Union Bank LOC	26,771	15,840	40,120	-
8838 Cal I-Bank CIEDB-B08-093	-	-	615,024	636,115
8840 Wells Fargo - Water Line of Credit	-	-	-	372,437
8841 County Healthy and Justice Building	30,968	-	-	-
8852 Parking Assessment District #3	203,948	202,448	1,539	-
8858 Univ. Research Park Assessment District	179,834	179,134	184,219	82,719
8860 Interfund Loan - Sewer Fund	73,699	75,659	73,864	63,528
8861 Interfund Loan - Drainage Fund	73,699	75,659	73,864	66,534
8862 Motorola Lease/Purchase	205,658	205,658	205,659	205,658
8881 2011 RDA TAB - Series A	-	-	-	924,700
8882 2011 RDA Taxable TAB - Series B	-	-	-	895,171
9191 RDA Interfund Loan	256,465	253,777	248,353	-
9192 RDA Debt Service	5,288	5,288	40	-
9196 2003 Tax Allocation Bond	566,228	566,009	570,763	570,733
9197 2007 Tax Allocation Bond	800,075	809,500	816,929	817,714
9198 2007 Taxable Housing Bond	577,290	587,790	589,984	596,724
TOTAL RESOURCES REQUIRED	7,758,410	8,483,742	8,086,418	9,829,286

**DEBT SERVICE
FINAL BUDGET 2011-2012
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
8821	ABAG COP	Certificates of Participation	875,000	211,225	2016	6.500%	4/7/2005	100	Construction tax & Quimby Act fees	Acquisition of land for Playfields and Walnut Parks
8824	City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2003	Mello-Roos	800,500	549,408	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	12,650,000	1,237,275	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	4,405,000	366,948	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	1,357,199	293,852	2015	2.700%	NA	NA	Drainage & Sewer funds	Wetlands acquisition and construction
8833	Wastewater treatment plant expansion loan	Loan	5,478,566	690,637	2019	2.600%	NA	NA	Sewer funds	Expansion and upgrade of wastewater treatment plant
8834	Installment sale with La Salle National Bank	Loan	1,262,215	207,657	2019	5.500%	NA	NA	Sewer funds	Design & engineering for wastewater treatment plant expansion project
8835	Water meter retrofit loan	Loan	155,523	157,489	2011	2.500%	NA	NA	Water fund surcharge	Installation of water meters citywide
8836	Water storage tank loan	Loan	3,138,433	323,965	2024	2.600%	NA	NA	Water fund surcharge	Construction of Wter Storage Tank
8838	State of CA Infrastructure (I-bank)	Loan	10,000,000	584,873	2038	4.000%	NA	NA	Water fund	Water storage tank
8840	Wells Fargo Line of Credit		3,000,000	360,000		Variable	N/A	N/A	Water fund	Surface water project
8858	University Research Park Assessment District	Assessmnt District	1,680,000	80,585	2017	6.400%	9/2/2005	103	Property owner assessmnts	University Research Park subdivision infrastructure
8862	Motorola Lease/Purchase	Loan	196,295	205,658	2011	5.000%	NA	NA	General Fund	Acquisition of Public Safety Radio Tower
9181	2011 TAB Series A	RDA tax allocation	13,310,000	917,725	2036	7.000%	N/A	N/A	RDA property tax increment	
9182	2011 Taxable TAB Series B	RDA taxable tax allocation	4,105,000	888,419	2022	8.000%	N/A	N/A	RDA property tax increment	
9196	Redevelopment Agency for the City of Davis 2003 Tax Allocation refunding bonds	Redevelopment tax allocation bond	8,315,000	556,396	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 bond	10,835,000	801,500	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 bond	7,970,000	574,040	2037	5.650%	9/1/2016	102	RDA housing set-aside	Increasing, improving, preserving the supply of low and moderate income housing