

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.

Debt Service

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.

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	Type	Principal Amount	Average Annual Debt Service	Year of Final Payment	Source of Repayment	Use of Proceeds
8818	City of Davis Public Facilities Financing Authority local agency refunding bonds -- Series 1995	Mello-Roos	7,195,000	595,000	2016	Mello Roos special taxes	Pole Line Overcrossing Municipal Golf Course land
8819	City of Davis Public Facilities Financing Authority local agency revenue bonds -- Series 1997 A	Mello-Roos	19,980,000	1,540,000	2025	Mello Roos special taxes	Original Mace Ranch subdivision infrastructure
8820	Hunt-Boyer COP	Certificates of Participation	405,000	38,000	2015	Construction tax	Acquisition of Dresbach-Hunt-Boyer Mansion
8821	ABAG COP	Certificates of Participation	2,410,000	210,000	2016	Construction tax & Quimby Act fees	Acquisition of land for Playfields and Walnut Parks
8822	City of Davis Public Facilities Financing Authority local agency revenue bonds -- Series 1999	Mello-Roos	9,785,000	555,200	2030	Mello Roos special taxes	Mace Blvd. Interchange Police Facility Covell widening - Baywood to Monarch Dave Pelz Bike Overcrossing
8823	City of Davis Public Facilities Financing Authority local agency revenue bonds -- Series 2000	Mello-Roos	9,640,000	variable	2024	Mello Roos special taxes	Refunding of RAMCO-owned portion of original Mace Ranch infrastructure
8832	State Revolving Fund Loan	Loan	4,900,000	352,500	2015	Drainage & Sewer funds	Wetlands acquisition and construction
8833	Wastewater treatment plant expansion loan	Loan	10,603,000	692,900	2019	Sewer funds	Expansion and upgrade of wastewater treatment plant
8834	Installment sale with La Salle National Bank	Loan	2,500,000	103,800	2019	Sewer funds	Design & engineering for wastewater treatment plant expansion project
8835	Water meter retrofit loan	Loan	4,485,000	378,400	2011	Water fund surcharge	Installation of water meters citywide
8841	Health & Justice Building	Lease payment	NA	61,700	2009	Construction tax	Lease of space at County building on A Street
8852	Parking Assessment District #3	Assessment District	2,080,000	205,000	2009	Property owner assessments	Construction of F Street parking garage
8858	University Research Park Assessment District	Assessment District	2,265,000	187,000	2017	Property owner assessments	University Research Park subdivision infrastructure
9190	5th & G Short-term note	Redevelopment tax allocation bond	2,500,000	125,000	2002	RDA property tax increment	Partial financing for 5th & G parking structure
9192	Redevelopment Agency for the City of Davis Tax Allocation refunding bonds 1994	Redevelopment tax allocation bond	7,975,000	625,000	2024	RDA property tax increment	Pole Line Overcrossing Richards Boulevard undercrossing design Various street & signal improvements
9192	RDA payment to Parking Assessment District #3	Assessment District	1,377,000	135,000	2009	RDA property tax increment	RDA's share of parking assessment district #3 payments
9194	Redevelopment Agency for the City of Davis 2000 Tax Allocation refunding bonds	Redevelopment tax allocation bond	13,000,000	890,384	2030	RDA property tax increment	Mace Blvd. Interchange Dave Pelz Bike Overcrossing Various redevelopment improvements

DEBT SERVICE
PRELIMINARY BUDGET 2002-2003
SUMMARY OF EXPENDITURES

Program	Name	2000-01 Actual	2001-02 Budget	2001-02 Estimate	2002-03 Budget
8818	1990 Public Finance Authority Bond	597,489	593,389	593,389	593,676
8819	Community Facilities Dist-Mace Ranch I	1,768,849	1,600,615	1,600,615	1,496,905
8820	Hunt-Boyer Certification of Participation	36,775	36,288	36,288	35,313
8821	ABAG Certificates of Participation	210,722	211,665	211,665	211,905
8822	1999 Public Finance Authority Bond	555,243	560,243	560,243	560,243
8823	Community Facilities Dist-Mace Ranch II	735,920	361,500	216,500	251,500
8832	SRF #1	96,805	356,758	293,855	360,416
8833	SRF #2	266,555	696,281	690,338	696,524
8834	LaSalle	223,073	207,658	207,658	207,658
8835	Water Meter Retrofit	76,946	315,729	315,729	315,729
8841	County Health & Justice Building	61,690	61,691	61,691	61,691
8852	Parking Assessment District #3	204,858	209,378	209,378	202,003
8858	University Research Park Assessment District	180,248	181,955	181,955	183,268
9190	5th & G Project- Debt Service	2,604,167	-	-	-
9192	1990 RDA Debt Service	718,715	1,076,947	1,076,947	1,074,062
9194	2000 RDA Tax Allocation Bond	715,840	668,910	668,910	737,291
	TOTAL RESOURCES REQUIRED	9,053,895	7,139,007	6,925,161	6,988,184

