

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.

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	Type	Principal Amount	Average Annual Debt	Year of Final Payment	Source of Repayment	Use of Proceeds
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	Impact Fees	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
8824	City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2003	Mello-Roos	5,355,000	556,165	2015	Mello Roos special taxes	Refunding of Series 1995 local agency revenue bonds
8825	City of Davis Public Facilities Financing Authority special tax refunding bonds - Series 2007	Mello-Roos	14,115,000	1,212,292	2025	Mello Roos special taxes	Refunding of Series 2000 local agency revenue bonds
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
8836	Water storage tank loan	Loan	5,000,000	322,194	2024	Water fund surcharge	Construction of Water Storage Tank
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
8860	Interfund Loan-Sewer	Interfund Loan	1,069,491	71,132	2023	Sewer funds	Land Acquisition
8861	Interfund Loan-Drainage	Interfund Loan	1,069,491	71,132	2023	Drainage funds	Land Acquisition
8862	Motorola Equipment Lease-Purchase	Lease-purchase	1,200,000	205,659	2011	General Fund	Public Safety Radio Tower

Debt Service

Debt Service Summary Table - Continued

Program	Name	Type	Principal Amount	Average Annual Debt	Year of Final Payment	Source of Repayment	Use of Proceeds
9191	Interfund Loan-RDA	Interfund Loan	1,799,768	264,477	2023	RDA property tax increment	Operating Expense Advances
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
9196	Redevelopment Agency for the City of Davis 2003 Tax Allocation refunding bonds	Redevelopment tax allocation bond	9,265,000	618,370	2033	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 bond	12,140,000	795,144	2030	RDA property tax increment	Refunding of Series 2000 tax allocation bonds
9198	Redevelopment Agency for the City of Davis 2007 Taxable Housing Tax Allocation Bonds	Redevelopment tax allocation bond	8,675,000	582,718	2037	RDA 20% housing set-aside	Provision and improvement of low and moderate income housing

**DEBT SERVICE
FINAL BUDGET 2007-2008
SUMMARY OF EXPENDITURES**

Program	Name	2004-05 Actual	2005-06 Actual	2006-07 Budget	2007-08 Budget
8818	1990 Public Finance Authority Bond	2,525	-	-	-
8819	Community Facility District-Mace Ranch I	1,618,992	1,537,080	1,569,010	17,491,690
8820	Hunt-Boyer Certificate of Participation	37,550	36,250	35,600	39,138
8821	ABAG Certificates	213,951	209,989	217,215	215,558
8822	1999 Public Finance Authority Bond	564,605	561,851	560,243	562,743
8823	Community Facility District-Mace Ranch II	256,626	307,542	189,500	189,500
8824	2003 Public Finance Authority Bond	548,170	557,920	554,595	555,983
8825	2007 CFD Mace Ranch I	-	-	-	443,629
8832	SRF Loan #1	74,645	68,727	293,852	293,852
8833	SRF Loan #2	220,700	208,482	690,637	690,637
8834	WWTP Expansion - LaSalle	111,804	106,460	207,658	207,658
8835	Water Meter Retrofit	51,960	45,599	315,729	315,729
8836	Water Storage Tank	123,590	122,069	324,657	324,657
8841	County Healthy and Justice Building	61,690	61,690	61,691	61,691
8852	Parking Assessment District #3	203,941	204,791	200,235	205,018
8858	Univ. Research Park Assessment District	179,933	180,494	185,633	185,363
8860	Interfund Loan - Sewer Fund	26,034	24,942	76,341	76,197
8861	Interfund Loan - Drainage Fund	26,034	24,942	76,341	76,197
8862	Motorola Lease/Purchase	-	205,659	205,659	205,659
9191	RDA Interfund Loan	-	-	-	264,477
9192	RDA Debt Service	113,857	86,587	89,159	88,871
9194	2000 Tax Allocation Bond	78,219	732,735	918,791	12,756,274
9196	2003 Tax Allocation Bond	518,115	526,015	541,215	568,515
9197	2007 Tax Allocation Bond	-	-	-	1,024,806
9198	2007 Taxable Housing Bond	-	-	-	828,659
	TOTAL RESOURCES REQUIRED	5,032,941	5,809,824	7,313,761	37,672,501