



**Program #10026 - Capital Debt Retirement Fund** 7/21/2015

**Department:** Nondepartmental **Program Contact:** Mark Campbell  
**Program Offer Type:** Existing Operating Program **Program Offer Stage:** As Adopted  
**Related Programs:**  
**Program Characteristics:**

**Executive Summary**

This program offer accounts for principal and interest payments on various full faith and credit obligation bonds, capital leases, and intergovernmental agreements that were entered into in order to finance various capital improvements or capital acquisitions.

**Program Summary**

Multnomah County is currently making payments on the following obligations:

- Series 2010A (\$9.8 million) - Full Faith & Credit
- Series 2010B (\$15 million) - Full Faith & Credit
- Oregon Investment Transportation Bank (OTIB) (\$3.2 million)
- Sellwood Library 2002 (\$1.1 million)
- Capital Lease Sheriff's Office Warehouse 2010 (\$815,000) - Capital Lease
- Series 2012 (\$128 million) - Full Faith & Credit
- Series 2014 Refunding (\$22.5 million) - Full Faith & Credit

The outstanding debt issues have funded a number of capital improvements and acquisitions. These include, among others, purchase of the Multnomah, McCoy, and Mead buildings, health clinic equipment and improvements, deferred capital maintenance, construction of the East County Courthouse, road improvements to 223rd Street, Sellwood Bridge replacement project and various computer applications. All binding obligations were approved by the Board of County Commissioners. The facilities and equipment purchased with these bond issues support many of the County's direct service programs. Careful management of debt obligations contributes to sound financial management practices. Debt payments are recovered from departments who benefit from specific projects via internal service reimbursements.

**Performance Measures**

| Measure Type | Primary Measure                         | FY14 Actual | FY15 Purchased | FY15 Estimate | FY16 Offer |
|--------------|---|-------------|----------------|---------------|------------|
| Output       | Moody's Rating of Aa2 or Better         | 1           | 1              | 1             | 1          |
| Outcome      | Debt Service Payments Made as Scheduled | 100%        | 100%           | 100%          | 100%       |

**Performance Measures Descriptions**

Maintaining an investment grade bond rating limits the amount the County might otherwise have to pay towards annual debt service. In 2013, Moody's upgraded all Multnomah County full faith and credit debt to Aa1. (1)-indicates Moody's Aa1, or Aa2 rating, (0)-represents a rating lower than Aa2.

All principal and interest payments are made on time in order to maintain an investment grade rating on the bond issue. Multnomah County has never defaulted on a debt payment.

## Legal / Contractual Obligation

Principal and interest on the full faith and credit obligations, capital leases and intergovernmental agreements are a binding debt obligation of the County. All debt issues and refundings were approved by various resolutions adopted by the Board of County Commissioners.

## Revenue/Expense Detail

|                              | Proposed General Fund | Proposed Other Funds | Proposed General Fund | Proposed Other Funds |
|------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Program Expenses             | 2015                  | 2015                 | 2016                  | 2016                 |
| Contractual Services         | \$0                   | \$4,000              | \$0                   | \$3,000              |
| Debt Service                 | \$0                   | \$19,525,590         | \$0                   | \$17,009,090         |
| Cash Transfers               | \$0                   | \$250,000            | \$0                   | \$0                  |
| Unappropriated & Contingency | \$0                   | \$107,397            | \$0                   | \$1,693,270          |
| <b>Total GF/non-GF</b>       | <b>\$0</b>            | <b>\$19,886,987</b>  | <b>\$0</b>            | <b>\$18,705,360</b>  |
| <b>Program Total:</b>        | <b>\$19,886,987</b>   |                      | <b>\$18,705,360</b>   |                      |
| <b>Program FTE</b>           | 0.00                  | 0.00                 | 0.00                  | 0.00                 |

| Program Revenues          |            |                     |            |                     |
|---------------------------|------------|---------------------|------------|---------------------|
| Intergovernmental         | \$0        | \$320,800           | \$0        | \$297,702           |
| Other / Miscellaneous     | \$0        | \$16,670,465        | \$0        | \$16,691,963        |
| Financing Sources         | \$0        | \$1,800,000         | \$0        | \$1,400,000         |
| Interest                  | \$0        | \$10,000            | \$0        | \$10,000            |
| Beginning Working Capital | \$0        | \$1,085,722         | \$0        | \$305,695           |
| <b>Total Revenue</b>      | <b>\$0</b> | <b>\$19,886,987</b> | <b>\$0</b> | <b>\$18,705,360</b> |

## Explanation of Revenues

Debt service payments are collected from departments in their facilities charges and passed through to the Capital Lease Retirement Fund.

## Significant Program Changes

**Last Year this program was:** FY 2015: 10026 Capital Debt Retirement Fund

In June of 2014 the County issued \$22.5 million in Full Faith and Credit Refunding Obligations Series 2014 at a premium of \$2.5 million (interest rate from 3.00% to 5.00%). Proceeds from the Series 2014 obligation were used to refund future debt service on Full Faith Credit Series 2004 (matured 8/1/14).