



Program #10026 - Capital Debt Retirement Fund 2/19/2015

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

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
Total GF/non-GF	\$0	\$19,886,987	\$0	\$18,705,360
Program Total:	\$19,886,987		\$18,705,360	
Program FTE	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
Total Revenue	\$0	\$19,886,987	\$0	\$18,705,360

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).