

**Department:** Nondepartmental

**Program Contact:** Eric Arellano

**Program Offer Type:** Operating

**Program Offer Stage:** Adopted

**Related Programs:**
**Program Characteristics:**
**Program Description**

The County passed Resolution No. 99-218 on November 4, 1999 authorizing the issuance of up to \$200,000,000 of bond proceeds to finance the estimated unfunded accrued actuarial liability (UAL) of the County to the Oregon Public Employees Retirement System (PERS).

Senate Bill 198-B, effective October 23, 1999, authorized the County to pledge taxes that the County may levy within the limitations of sections 11 and 11b, Article XI of the Oregon Constitution not subject to annual appropriation. On December 1, 1999 the County issued \$184,548,160 in Pension Obligation Bonds to fund its PERS unfunded liability. The bonds have a final maturity date in fiscal year 2030.

Debt service payments are supported by a surcharge against payroll. The surcharge rate has fluctuated, on average, between 6% and 9% of payroll. A reserve has been established to support future escalating debt payments in order to maintain the surcharge at a constant level.

To mitigate rising PERS rates, the County Board approved the establishment of five PERS side accounts (\$25 million each) from fiscal year 2017-2023. Side accounts totaled \$125 million. Side accounts increase an employer's actuarial assets, reducing the difference between actuarial assets and actuarial liabilities, the PERS UAL. Side accounts reduce employer contributions/rates over time by paying down pension obligation. The County participated in the State of Oregon's SB 1049 PERS Employer Incentive Fund (EIF) match program, which provided for a 25% match on two qualifying side account (\$12.5 million). Though rate of relief can vary, the relief is estimated to be between .6%-.7% of payroll.

**Performance Measures**

Measure Type	Performance Measure	FY24 Actual	FY25 Budgeted	FY25 Estimate	FY26 Target
Output	Moody's Rating of Aa1 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. (1)-indicates Moody's Aa1, (0)-represents a rating lower than Aa1. 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 PERS Pension Obligation Bond are a binding debt obligation. The County passed Resolution No. 99-218 on November 4, 1999 authorizing the issuance of up to \$200,000,000 of bonds as authorized by state statute.

## Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Adopted General Fund	Adopted Other Funds
Program Expenses	2025	2025	2026	2026
Contractual Services	\$0	\$450,700	\$0	\$450,700
Debt Service	\$0	\$33,060,000	\$0	\$34,885,000
Unappropriated & Contingency	\$0	\$50,178,465	\$0	\$45,625,591
<b>Total GF/non-GF</b>	<b>\$0</b>	<b>\$83,689,165</b>	<b>\$0</b>	<b>\$80,961,291</b>
<b>Program Total:</b>	<b>\$83,689,165</b>		<b>\$80,961,291</b>	
<b>Program FTE</b>	0.00	0.00	0.00	0.00

Program Revenues				
Other / Miscellaneous	\$0	\$37,296,177	\$0	\$27,820,781
Interest	\$0	\$1,200,000	\$0	\$1,400,000
Beginning Working Capital	\$0	\$45,192,988	\$0	\$51,740,510
<b>Total Revenue</b>	<b>\$0</b>	<b>\$83,689,165</b>	<b>\$0</b>	<b>\$80,961,291</b>

## Explanation of Revenues

Interest earnings on the fund balance and service charges are assessed to departments as a percentage of payroll. In FY 2026, departments will pay 4.85% of payroll costs toward the retirement of the Pension Obligation Bonds.

## Significant Program Changes

Last Year this program was: FY 2025: 10028 PERS Pension Bond Sinking Fund