

## Program #10026 - Capital Debt Retirement Fund

**Program Contact:** Mark Campbell

**Department:** Nondepartmental

**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 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 2010B (\$15 million) - Full Faith & Credit

Oregon Investment Transportation Bank (OTIB) (\$3.2 million) - Intergovernmental Loan

Series 2012 (\$128 million) - Full Faith & Credit

Series 2014 Refunding (\$22.5 million) - Full Faith & Credit

Series 2017 (\$210 million) - Full Faith & Credit (estimated) - NEW

The outstanding debt issues have funded a number of capital improvements and acquisitions. These include, among others, purchase of the Multnomah, McCov, and Mead buildings, health clinic equipment and improvements, deferred capital maintenance, construction of the East County Courthouse, road improvements to 223rd Street, and the Sellwood Bridge replacement project. 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.

The County expects to issue debt in September of 2017 to fund the County Courthouse Capital Construction Project, Health Department Capital Construction Project, ERP Implementation Project, and the Department of Community Justice Mid-County Property. The total debt issue is estimated to be \$210 million. The debt service for fiscal year 2018 is estimated to be \$16.5 million.

Performance Measures								
Measure Type	Primary Measure	FY16 Actual	FY17 Purchased	FY17 Estimate	FY18 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.

6/19/2017

## **Legal / Contractual Obligation**

Principal and interest on the full faith and credit obligations 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	2017	2017	2018	2018
Contractual Services	\$0	\$3,000	\$0	\$3,000
Debt Service	\$0	\$17,580,217	\$0	\$32,306,810
Unappropriated & Contingency	\$0	\$1,107,376	\$0	\$13,204
Total GF/non-GF	\$0	\$18,690,593	\$0	\$32,323,014
Program Total:	\$18,690,593		\$32,323,014	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues								
Intergovernmental	\$0	\$298,985	\$0	\$298,664				
Other / Miscellaneous	\$0	\$16,694,182	\$0	\$22,841,411				
Financing Sources	\$0	\$0	\$0	\$8,068,986				
Interest	\$0	\$10,000	\$0	\$10,000				
Beginning Working Capital	\$0	\$1,687,426	\$0	\$1,103,953				
Total Revenue	\$0	\$18,690,593	\$0	\$32,323,014				

## **Explanation of Revenues**

Debt service payments are collected from departments through internal service reimbursements and passed through to the Capital Debt Retirement Fund.

- County Court surcharge on certain civil court fees will support County Courthouse Capital Construction Project.

## Significant Program Changes

Last Year this program was: FY 2017: 10026 Capital Debt Retirement Fund

- -Full Faith and Credit Series 2010A (\$9.8 million) debt obligation will fully mature on 6/1/2017
- -GO Refunding Bond Series 2010 (\$45 million) fully matured on 10/1/2016
- -\$16.5 million was added for principal and interest for the new debt issue expected for early fiscal year 2018