

Program #10026 - Capital Debt Retirement Fund

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Department: Nondepartmental

Program Offer Type: Existing Operating Program Program Offer Stage: As Proposed

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 (\$164.4 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, 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 issued debt in November of 2017 to fund the County Courthouse Capital Construction Project, Health Department Capital Construction Project, ERP Implementation Project, and the Department of Community Justice East County Campus.

In FY 2018, S&P Global Ratings and Moody's Investor Service gave Multnomah County the highest possible rating for its long-term credit. The firms cited Multnomah County's strong budget management, low debt, moderate pension burden, adequate reserves and large and growing tax base from a surging economy.

Performance Measures								
Measure Type	Primary Measure	FY17 Actual	FY18 Purchased	FY18 Estimate	FY19 Offer			
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. In 2017, Moody's and Standard & Poor's upgraded all Multnomah County full faith and credit debt to Aaa and AAA, respectively. (1)-indicates Moody's Aa1 (or better) rating, (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 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	2018	2018	2019	2019
Contractual Services	\$0	\$3,000	\$0	\$3,000
Debt Service	\$0	\$32,306,810	\$0	\$31,115,185
Cash Transfers	\$0	\$0	\$0	\$2,826,830
Unappropriated & Contingency	\$0	\$13,204	\$0	\$1,186,234
Total GF/non-GF	\$0	\$32,323,014	\$0	\$35,131,249
Program Total:	\$32,323,014		\$35,131,249	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues								
Intergovernmental	\$0	\$298,664	\$0	\$298,895				
Other / Miscellaneous	\$0	\$22,841,411	\$0	\$28,263,430				
Financing Sources	\$0	\$8,068,986	\$0	\$786,209				
Interest	\$0	\$10,000	\$0	\$20,000				
Beginning Working Capital	\$0	\$1,103,953	\$0	\$5,762,715				
Total Revenue	\$0	\$32,323,014	\$0	\$35,131,249				

Explanation of Revenues

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

Per House Bill 4093, a District Court surcharge on certain traffic and parking fines will support the Central Courthouse capital construction project.

Significant Program Changes

Last Year this program was: FY 2018: 10026 Capital Debt Retirement Fund

Debt service increased by \$15 million as a result of 2017 bond issue. Current annual debt payments are now 4.7% of General Fund budgeted revenues. County policy limits non voter-approved debt supported by the County General Fund to an annual debt payment amount that will not exceed 5% of General Fund budgeted revenues.