

Program #10027 - Library GO Bond

3/2/2021

Department: Nondepartmental **Program Contact:** Eric Arellano
Program Offer Type: Innovative/New Program **Program Offer Stage:** As Requested
Related Programs:
Program Characteristics: In Target

Executive Summary

The Library GO Bond Fund program accounts for the payment of General Obligation Bond principal and interest approved by the voters in November 2020, ballot measure 26-211. The County Library Project will enlarge and modernize eight libraries. The Library General Obligation Bonds were issued in January 2021 in two series (2021A & 2021B) totaling \$387 million. The bonds were delivered on January 26th 2021 and will be fully matured in FY 2029. Revenue to pay the debt is derived from property taxes and interest earned on cash balances.

Program Summary

In November 2020 the voters of Multnomah County approved ballot measure 26-211 for a County Library Capital Construction Project. The measure authorized the County to issue General Obligation Bonds not to exceed \$387m and will be payable from taxes on property or property ownership that are not subject to the limits of section 11 and 11b, Article XI of the Oregon Constitution. The County Library Project will enlarge and modernize eight libraries. Build a flagship library in East County, expand/renovate/or construct seven branches including Albina, Belmont, Holgate, Midland, North Portland, Northwest, and St. Johns, create a central materials handling and distribution center, and provide high speed internet to all libraries.

The County issued debt in January 2021 in two series (2021A & 2021B) totaling \$387 million. The Bonds were delivered on January 26th 2021 and will be fully matured in FY 2029. Revenue to pay debt is derived from property taxes and interest income. Bonds are double rated (Moody's - Aaa and S&P - AAA) and annual debt service will begin in December of 2021. The County has established a dedicated debt service fund (2003) to account for debt payments (principal and interest), all taxes levied, and accrued interest. The capital project will be managed in a separate capital fund (2517) in the Department of County Assets that accounts for bond proceeds, interest accrued on bond proceeds, and all capital expenditures.

Performance Measures

Measure Type	Primary Measure	FY20 Actual	FY21 Budgeted	FY21 Estimate	FY22 Offer
Output	Moody's Rating of Aa1 or Better	N/A	N/A	N/A	1
Outcome	Debt Service Payments Made as Scheduled	N/A	N/A	N/A	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 2021, Moody's and Standard & Poor's rated Library GO debt at 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

The County is authorized by ORS 287A.100 to issue general obligation bonds to finance capital costs if such financing is approved by a majority of the governing body. Principal and interest on the voter approved General Obligation Bonds are a binding debt that the County must pay. The property tax levy used to pay the debt is outside of the property tax constitution limits imposed by State Ballot Measure #5 approved in 1990 and State Ballot Measure #50 approved in 1997.

Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Requested General Fund	Requested Other Funds
Program Expenses	2021	2021	2022	2022
Contractual Services	\$0	\$0	\$0	\$1,000
Debt Service	\$0	\$0	\$0	\$49,935,797
Unappropriated & Contingency	\$0	\$0	\$0	\$499,000
Total GF/non-GF	\$0	\$0	\$0	\$50,435,797
Program Total:	\$0		\$50,435,797	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Taxes	\$0	\$0	\$0	\$50,235,797
Interest	\$0	\$0	\$0	\$200,000
Total Revenue	\$0	\$0	\$0	\$50,435,797

Explanation of Revenues

Revenues to pay the debt service is derived from property taxes and interest earned on the cash balances.

Significant Program Changes

Last Year this program was: