



Debt Overview

[Presented to the Board of
County Commissioners]

Multnomah County
April 27, 2016

Located at: www.multco.us/budget

What I Want to Cover

- Financing Options Available to County
 - “Pay Go” vs. “Pay Use”
 - Issuance of Debt Authorized in Statute
 - Other Financing Tools
- Conduit Debt
- County Debt Issuance Policy
 - Statutory and Policy Limits
- Review Current and Anticipated Debt
 - Impact of Policy on Use of One-Time-Only Revenue
 - Debt Capacity Calculation



Project Financing

- “Pay Go” For Routine Maintenance and Repairs
 - Fees Charged to Building Occupants (Facilities)
 - Gas Tax and State Revenue Sharing (Transportation)
 - One-Time-Only General Fund Revenue (Facilities/IT)
- “Pay Use” For Major Capital Construction or Renovation
 - Long-Term in Nature
 - Can Include “Soft” Costs (i.e., Planning/Design)
 - Financing Proceeds Do Not Support Operations



Statutory Citations

- ORS, 287A.100

“ . . . a county may issue general obligation bonds to finance capital construction or capital improvements upon approval of the electors of the county.”

- ORS, 287A.150

“ . . . a public body may authorize revenue bonds by resolution or nonemergency ordinance pursuant to this section for a public purpose.”

- ORS, 287A.315

“ . . . when a public body pledges its full faith and credit and taxing power to pay an obligation, the pledge constitutes an enforceable promise or contract by the public body to pay the obligation out of lawfully available funds of the public body . . . ”

- Statutory Debt Capacity a % of Real Market Value



Types of Debt Available to County

- General Obligation Bonds
 - Require Voter Approval
 - Property Tax Levy Outside of Measures 5 and 50 Limits
- Revenue Bonds
 - Have Dedicated Funding Source(s)
 - Slightly Higher Risk; Rating Based on Revenue Source
- Full Faith & Credit Obligations
 - Authorized by Board Resolution
 - Subject to Limits in *Financial & Budget Policies*
- Other Options
 - Capital Leases
 - Bank Placements
 - Internal Loans

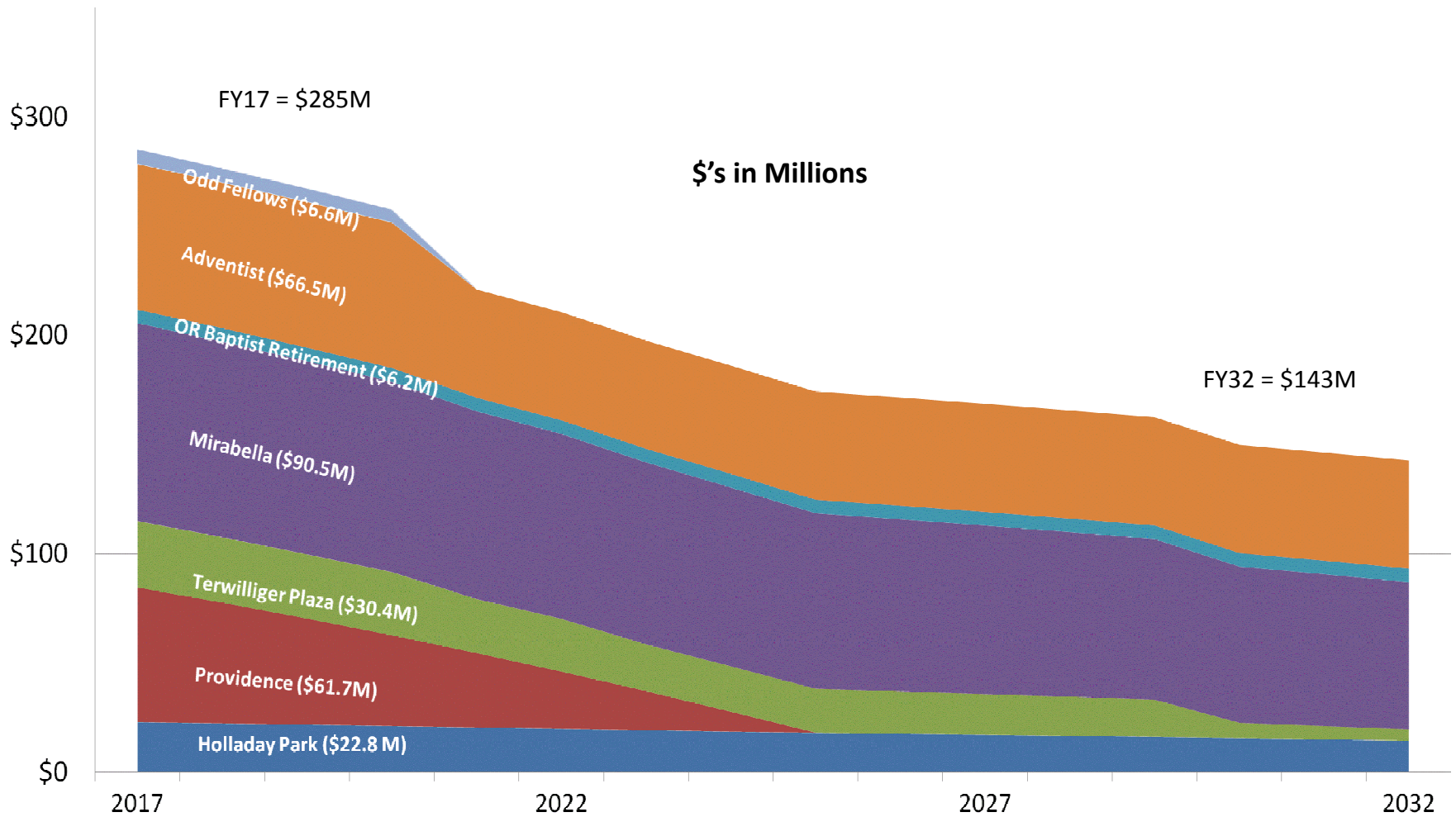


Conduit Debt

- County Can Act as “Conduit” Financier for Projects Specified in State Statute
 - Hospital Authority
 - County Created Multnomah HFA in 1998
 - Higher Education Facilities
 - Solid Waste Facilities
- Conduit Debt **Not** an Obligation of Multnomah County
 - Does Not Count Against County Debt Capacity
 - County Not Responsible for Continuing Disclosure
 - County Receives an Issuer Fee (10 bps)
- HB 3132
 - Expanded Definition of What Constitutes a Hospital



Outstanding Hospital Authority Debt



Capital and Debt Policies

County Financial and Budget Policies Address the Following Infrastructure Related Topics:

- Facilities and Property Management
- Transportation (Roads and Bridges)
- Information Technology
- ***Short-Term and Long-Term Debt Financing***



Debt Limits and County Policy

- Statutory Limits
 - GO Bonds = 2% of Real Market Value = \$2.4 Billion
 - Revenue and FFC Bonds = 1% of Real Market Value = \$1.2 Billion
- County Policy
 - Direct General Fund Debt Service No More Than 5% of Ongoing “Corporate” Revenue
 - Debt Issued in Support of Projects That Have Extended Useful Life
 - Preferred Maximum Term 20 Years But Policy Provides Flexibility
 - FY 2015 Policy Revision on Use of One-Time-Only Revenues
- County Debt Low Compared to Similar Jurisdictions
 - Noted by Moody’s and S&P in Recent Credit Rating Upgrades



Outstanding County Bond Issues

County Debt Issues	Issued For	Credit Rating	Maturity Date	Outstanding Principal
Series 2010 General Obligation Bonds	Libraries and Public Safety	Aaa	10/1/2016	\$ 5,905,000
Series 1999 Pension Obligation Bonds	Unfunded PERS Liability	Aa2	6/1/2030	111,248,000
Series 2010A Full Faith & Credit Obligations	Facilities Capital, IT Projects, Library	AA	6/1/2017	1,485,000
Series 2010B Full Faith & Credit Obligatons	East County Courthouse	Aa1	6/1/2030	15,000,000
Series 2012 Full Faith & Credit Obligatons	Sellwood Bridge Replacement	Aa1	6/1/2030	115,460,000
Series 2014 Full Faith & Credit Obligations	Refunding-Varioues Uses	Aa1	8/1/2019	22,530,000
Total Outstanding Principal @ 6/30/16				\$ 271,628,000



Debt Maturing in FY 2017

- General Obligation Bonds
 - Originally Issued in 1996 for Public Safety and Library Projects
 - **No** Property Tax Levy in FY 2017
 - Tax Savings = \$25 for “Average” Residential Property Owner
- Series 2010A Full Faith & Credit
 - Proceeds Supported Facilities, IT, and Library
 - Reduce Internal Service Rates in FY 2018 (Facilities and IT)
- Most Other General Fund Supported Debt Retired in FY 2020
 - East County Courthouse = \$1.9 Million per Year to FY 2030



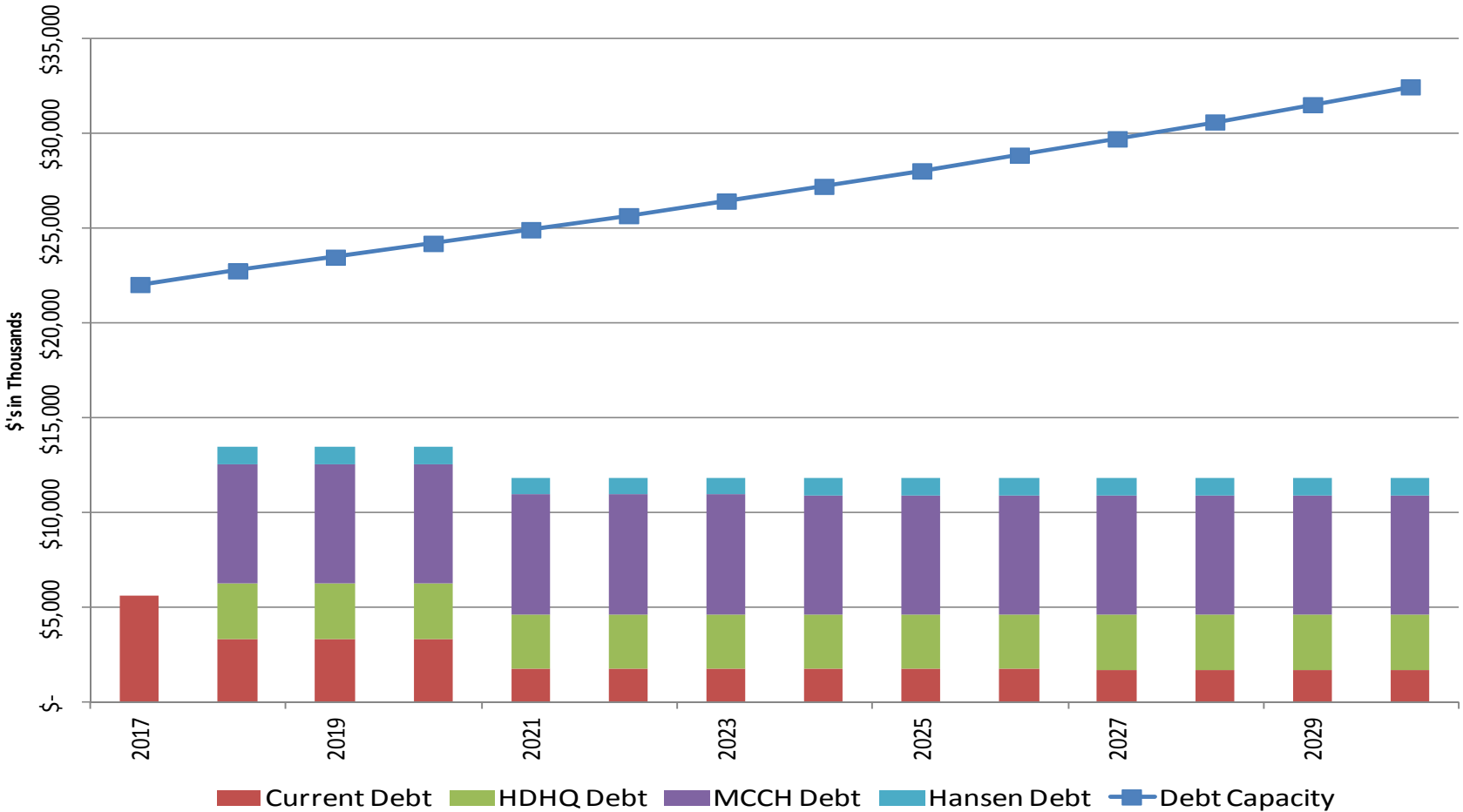
Financing Proceeds in FY 2017 Budget

<u>PO #</u>	<u>Program Offer Name</u>	<u>FY 2017 Proposed</u>
78212	Facilities Downtown Courthouse	\$14,350,000
78214	Health Headquarters Construction	\$36,851,540
91013A	Road Services	\$3,950,512

- Courthouse and Health Headquarters
 - Provide Sufficient Cash if Projects Progress Faster Than Anticipated
 - Possible March, 2017 Bond Sale
 - Actual Cash Flow Will Dictate Timing of Debt Issues
- Road Services Related to Levy Ready Columbia Project
 - County Serving as Fiscal Agent for Project



Current and Proposed Debt



Calculation of Policy Limit

	Principal and Interest	Paid by GF
Series 2010A - Full Faith and Credit	\$ 1,530	\$ 751
Series 2010B - Full Faith and Credit	713	392
Series 2012 - Full Faith and Credit	9,473	-
Series 2014 - Full Faith and Credit	5,301	4,608
OTIB Loan - DCS/Transportation	312	-
Sellwood Lofts - Capital Lease	118	-
Sheriff's Office Warehouse - Capital Lease	134	134
Totals	\$ 17,581	\$ 5,885
(Less) Debt Service Paid From BWC		(588)
Net General Fund Obligation		\$ 5,297
 FY 2017 General Fund Revenues		 \$ 458,166
 5% Policy Limit on Debt Service		 \$ 22,908
(Less) Net General Fund Obligation		(5,297)
Net Revenue Available for New Debt Issuance		\$ 17,611
 Estimated Principal Available Under Policy Limit		 \$ 238,000

Note - \$'s in \$1,000's



Comparison to Neighboring Jurisdictions

	Multnomah County	Portland	Gresham	Metro	Clackamas County	Washington County
GO Bonds	\$ 11,570,000	\$ 83,625,000	\$ -	\$ 182,305,000	\$ -	\$ -
Full Faith & Credit	282,263,084	548,418,779	86,307,192	41,320,000	117,310,684	96,605,000
Revenue	0	2,838,874,000	2,850,000	0	130,820,589	244,732,000
Total	\$ 293,833,084	\$ 3,470,917,779	\$ 89,157,192	\$ 223,625,000	\$ 248,131,273	\$ 341,337,000
Population	777,490	613,355	107,065	1,600,000	397,385	561,000
Debt per capita	\$378	\$5,659	\$833	\$140	\$624	\$608
RMV (\$B)	\$119.58	\$102.63	\$9.98	\$232.70	\$51.02	\$84.76
Debt as % of RMV	0.25%	3.38%	0.89%	0.10%	0.49%	0.40%



Summary

- Capital Financing
 - Match Financing Tool to Nature of Project
 - Long-Term Debt When Warranted
 - One-Time-Only Revenues Reduce Amount of Borrowing
- Discussion of Financing Tools Available to County
 - Conduit Debt as a Tool to Support Community Assets
- County Debt Load is Low
 - Most Debt Subject to Policy Paid Off by FY 2020
 - Approximately **\$238 Million** in Current Debt Capacity
- County Debt Limits More Restrictive Than ORS Limits
 - Ultimately, Debt Capacity Limited by Ability to Pay

