



Program #10026 - Capital Debt Retirement Fund 3/7/2022

Department: Nondepartmental **Program Contact:** Eric Arellano
Program Offer Type: Existing Operating Program **Program Offer Stage:** As Requested
Related Programs:
Program Characteristics: In Target

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 2017 (\$164.1 million) - Full Faith & Credit
- Series 2019 (\$16.075 million) - Full Faith & Credit (Bank Placement)
- Series 2021 (\$89.58 million) - Full Faith & Credit (Refunding - Sellwood Bridge Bonds)

The outstanding debt issues have funded a number of capital improvements and acquisitions. These include the construction of the East County Courthouse and the new Multnomah County Courthouse, the Sellwood Bridge replacement project, the new Health Department Headquarters building, the implementation of a new ERP system, and the NEPA phase of the Burnside Bridge replacement project. All binding obligations were approved by the Board of County Commissioners. In FY23, Multnomah County is planning to finance 30% of the Design and Right of Way phase of the Burnside Bridge replacement project, currently estimated at \$25 million. The financing is expected to occur in the fall of 2022.

Multnomah County's credit is rated Aaa by Moody's Investors Services and AAA by Standard & Poor's - both represent the highest rating awarded for governmental debt. The firms cited Multnomah County's strong budget management, low debt, moderate pension burden, adequate reserves and large and growing tax base from a strong economy.

Performance Measures

Measure Type	Primary Measure	FY21 Actual	FY22 Budgeted	FY22 Estimate	FY23 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

	Adopted General Fund	Adopted Other Funds	Requested General Fund	Requested Other Funds
Program Expenses	2022	2022	2023	2023
Contractual Services	\$0	\$3,000	\$0	\$3,000
Debt Service	\$0	\$27,690,421	\$0	\$29,467,603
Unappropriated & Contingency	\$0	\$5,805,685	\$0	\$2,724,647
Total GF/non-GF	\$0	\$33,499,106	\$0	\$32,195,250
Program Total:	\$33,499,106		\$32,195,250	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Intergovernmental	\$0	\$276,733	\$0	\$237,730
Other / Miscellaneous	\$0	\$26,415,688	\$0	\$28,231,873
Interest	\$0	\$125,000	\$0	\$50,000
Beginning Working Capital	\$0	\$6,681,685	\$0	\$3,675,647
Total Revenue	\$0	\$33,499,106	\$0	\$32,195,250

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 2022: 10026 Capital Debt Retirement Fund

In January 2021, the County refunded a large portion of its FFC Series 2012 (Sellwood Bridge Project) bonds to take advantage of favorable market interest rates. In fiscal year 2022 unrefunded portions of FFC Series 2012 fully matured. The refunding will yield the County a net present value savings of approximately 11% (over \$10 million) over the remaining term of the bonds. Bonds fully mature in FY 2033. In the fall of 2022, the County will be financing a portion (30%) of the Design and Right of Way phase of the Burnside Bridge Replacement project, estimated at \$25m.