

Priority: Accountability
Program Offer Type: Existing Operating

Lead Agency: Non-Departmental - All
Program Contact: Mindy Harris

Related Programs:

Program Characteristics:

Executive Summary

This program offer accounts for principal and interest payments on various full faith and credit obligation bonds, capital leases, intergovernmental agreements and certificates of participation that were entered into to finance various capital improvements or capital acquisitions.

The Chair's executive budget uses \$24,200,000 to buy down debt obligations related to the County's Juvenile Detention Hall, Mead & McCoy buildings, Certificates of Participation for deferred maintenance, and several small state energy loans. This set-aside accounts for the large unappropriated balance seen in this program offer.

Program Description

The full faith and credit obligations consist of the \$54,235,000 Refunding Series 2004, \$9,615,000 Refunding Series 2003, \$61,215,000 Series 2000A and \$36,125,000 Series 1999A. The certificate of participation is the \$48,615,000 series 1998. The energy loan agreements are various intergovernmental agreements entered into with the state. There is also a 2002 capital lease for \$1,093,000 for the Sellwood Library.

The debt buy-down contained in this program offer will reduce General Fund debt payments by about \$4 million for the next six years. The balance will smooth the remaining payments at about \$5.3 million per year for the remainder of the current debt schedules.

Program Justification

Managing debt carefully contributes to accountable, sound financial management. The full faith and credit obligations and certificates of participation have funded the following capital improvements/acquisitions: McCoy Building purchase and improvements, Mead Building Purchase and improvements, Multnomah Building purchase and improvements, Library Administrative Office improvement, Mid County Health Clinic, North Portland Health Clinic, South East County Health Clinic, Yeon Building, East County Health Building, Blanchard Building improvements, Justice Center Records Office improvements, Juvenile Justice Complex Building, Walnut Park Health Facility, Hooper Detox parking lot, North Portland Parole and Probation Building, 257th and Orient Dr road improvement and various computer applications. 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 programs.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY06-07)	Current Year Purchased (FY07-08)	Current Year Estimate (FY07-08)	Next Year Offer (FY08-09)
Output	Full Faith & Credit Moody's Rating Aa2	1	1	1	1
Outcome	Certificates of Participation Moody's Rating Aa3	1	1	1	1

Performance Measure - Description

Maintaining an investment grade bond rating limits the amount the County might otherwise have to pay towards annual debt service; (1)-indicates Moody's Aa2 or Aa3 rating, (0)-represents a rating lower than Aa2 or Aa3.

All principal and interest payments are made on time in order to maintain an investment grade rating on the bond issue. This program offer contributes to sound financial management as outlined in the Accountability priority. The full faith and credit obligations not insured are rated Aa2 by Moody's and the Ambac insured obligation is rated Aaa by Moody's. The certificate of participation is rated Aa3. Multnomah County has never defaulted on a debt payment.

Legal/Contractual Obligation

Principal and interest on the full faith and credit obligations, certificates of participation, capital lease 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	2008	2008	2009	2009
Contracts	\$0	\$220,589	\$0	\$75,000
Debt Service	\$0	\$13,767,064	\$0	\$12,084,016
Unappropriated & Contingency	\$0	\$5,217,645	\$0	\$4,296,232
Subtotal: Direct Exps:	\$0	\$19,205,298	\$0	\$16,455,248
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$0	\$0
Total GF/non-GF:	\$0	\$19,205,298	\$0	\$16,455,248
Program Total:	\$19,205,298		\$16,455,248	
Program FTE	0.00	0.00	0.00	0.00
Program Revenues				
Fees, Permits & Charges	\$0	\$11,330,930	\$0	\$6,856,636
Other / Miscellaneous	\$0	\$7,874,368	\$0	\$29,640,207
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$19,205,298	\$0	\$36,496,843

Explanation of Revenues

Revenues consist of service reimbursements from the Facilities Management Fund and other funds and cash transfers from various County funds.

Significant Program Changes

Last year this program was: #10024, Capital Debt Retirement Fund

An intergovernmental agreement with the City of Portland (Portland Building) expired in FY 2008 and the debt was retired. This relieved \$332,000 of annual debt service expense.