

Program # 10023 - Capital Debt Retirement Fund

Version 2/23/2012 s

Lead Agency: Nondepartmental - All

Program Contact: Mark Campbell

Program Offer Type: Existing Operating

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, capital leases, and intergovernmental agreements that were entered into to finance various capital improvements or capital acquisitions.

Program Description

Multnomah County is currently making payments on the following obligations:

Series 2004 Advance Refunding (\$54.2 million) - Full Faith & Credit
 Series 2003 Refunding (\$9.6 million) - Full Faith & Credit
 Series 2010A (\$9.8 million) - Full Faith & Credit
 Series 2010B (\$15 million) - Full Faith & Credit
 Sellwood Library 2002 (\$1.1 million) - Capital Lease
 Sheriff's Office Warehouse 2010 (\$815,000) - Capital Lease

The outstanding debt issues have funded a number of capital improvements and acquisitions. These include, among others, purchase of the Multnomah, McCoy, and Mead buildings, health clinic equipment and improvements, deferred capital maintenance, construction of the East County Courthouse, 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.

Careful management of debt obligations contributes to sound financial management practices. Debt payments are recovered from departments who benefit from specific projects.

Performance Measures

| Measure Type | Primary Measure | Previous Year Actual (FY10-11) | Current Year Purchased (FY11-12) | Current Year Estimate (FY11-12) | Next Year Offer (FY12-13) |
|--------------|---|--------------------------------|----------------------------------|---------------------------------|---------------------------|
| Output | Moody's Rating of Aa3 or Better | 1 | 1 | 1 | 1 |
| Outcome | Debt Service Payments Made as Scheduled | 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. Multnomah County has never defaulted on a debt payment.

Legal/Contractual Obligation

Principal and interest on the full faith and credit obligations, capital leases 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 | 2012 | 2012 | 2013 | 2013 |
| Contracts | \$0 | \$20,000 | \$0 | \$4,000 |
| Debt Service | \$0 | \$21,923,822 | \$0 | \$18,330,905 |
| Unappropriated & Contingency | \$0 | \$8,525,413 | \$0 | \$4,397,204 |
| Total GF/non-GF: | \$0 | \$30,469,235 | \$0 | \$22,732,109 |
| Program Total: | \$30,469,235 | | \$22,732,109 | |
| Program FTE | 0.00 | 0.00 | 0.00 | 0.00 |
| Program Revenues | | | | |
| Fees, Permits & Charges | \$0 | \$18,292,399 | \$0 | \$14,734,042 |
| Intergovernmental | \$0 | \$150,000 | \$0 | \$0 |
| Other / Miscellaneous | \$0 | \$12,026,836 | \$0 | \$7,998,067 |
| Total Revenue: | \$0 | \$30,469,235 | \$0 | \$22,732,109 |

Explanation of Revenues

Debt service payments are collected from departments in their facilities charges and passed through to the Capital Lease Retirement Fund.

Significant Program Changes

Last year this program was: #10023, Capital Debt Retirement Fund