

City Debt

2023 Budget Overview

Finance & Personnel Committee

September 29, 2022

Community Goals & Objectives

Community Goal

Increase investment and economic vitality throughout the City

Mission

Manage and control outstanding debt through equitable financing of capital improvements

Objective

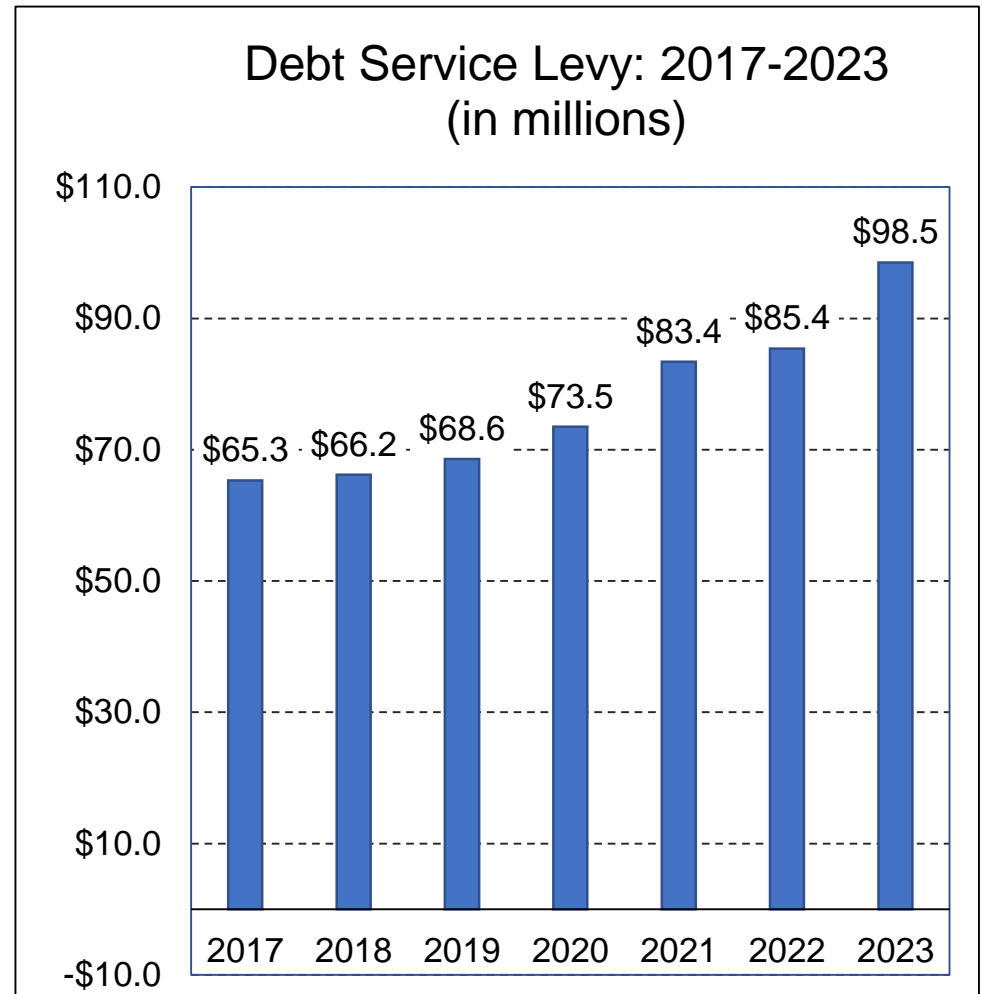
Limit annual growth in the debt service levy to sustainable levels

2023 Proposed Budget Summary

- 2023 Budget for City Debt: \$325.1 million
 - Increase of \$68.5 million from 2022 budget
- Withdrawal from PDAF lowered by \$2 million from 2022
 - 2023 PDAF withdrawal: \$3 million
- The City continues to aggressively repay debt
 - 90% of GO debt is repaid within 10 years
- 2023 Debt Service Levy: \$98.5 million
 - \$13.1 million increase from 2022 (+15.3%)

Debt Service Levy

- Much larger than usual increase in debt service levy (+15.3%)
- Factors contributing to debt levy increase:
 - Reduction in PDAF withdrawal
 - Reissuance of pension prepayment bond
 - Reduction in bond premium applied to debt service
 - Increasing interest rates
 - Timing of borrowing



City of Milwaukee Bond Rating

- Use of reserves, levels of debt, pension obligations, limited flexibility to raise revenues cited as major rating agency concerns
- ARPA funding has temporarily eased operating budget pressures, improved some financial metrics

Year	S&P	Moody's	Fitch
2012	AA	Aa2	AA
2013	AA	Aa2	AA
2014	AA	Aa3	AA
2015	AA	Aa3	AA
2016	AA	Aa3	AA
2017	AA	Aa3	AA
2018	AA	A1	AA
2019	AA-	A1	AA-
2020	A	A2	AA-
2021	A	A2	AA-
2022	A	A3	AA-