

Debt Management Overview

Presentation to Board of Estimates

August 29, 2011

Debt Management Considerations

- Legal constraints -- state constitution and statutes; federal tax law; municipal ordinances.
- Long-term assets – sharing costs and benefits of current investments with future generations.
- Public good – investments in support of safety, efficiency, effectiveness and economy.
- Sustainability – impact of debt repayment on overall budget and revenue capacity.

Bond Ratings and Debt Structure

- City's GO Debt rated Aaa by Moody's
- Rapid repayment of principal over 10 years (most communities use 20 year bonds, but have lower bond ratings).
- 15% reserves (average of Aaa municipal issuers is 25%).
- Strong financial, debt and budget management.
- Strong economic base.

Overall Debt

- Primary Government Debt = \$467.1 million
- General Obligation Debt = \$319.9 million
- Share of Personal Income:
 - 2001 = 2.93%
 - 2010 = 4.56%
- Per Capita:
 - 2001 = \$1,012
 - 2010 = \$2,047

Total Debt Comparisons

City	Personal Income	Per Capita	Year
Milwaukee	2.31%	\$1,374	2008
Waukesha	3.23%	\$1,832	2008
Green Bay	6.97%	\$2,381	2007
Eau Claire	4.40%	\$1,496	2010
MADISON	4.56%	\$2,047	2010

From Comprehensive Annual Financial Reports

Per Capita Comparisons

	2009 Per Capita						<u>INCOME*</u>
	<u>Gen. Gov't.</u>	<u>Law Enf.</u>	<u>Fire/Amb.</u>	<u>Debt. Svc.</u>	<u>Total Exp.</u>		
All Cities/Villages	\$118	\$245	\$148	\$274	\$1,295		
Milwaukee	\$ 209	\$ 414	\$ 188	\$ 415	\$ 2,005	\$18,290	
Madison	95	263	177	180	1,569	28,129	
Green Bay	61	223	187	180	1,160	22,729	
Kenosha	66	261	216	279	1,180	21,616	
Racine	74	368	235	150	1,335	18,696	
Appleton	96	208	137	127	1,051	26,361	
Waukesha	80	208	168	197	1,110	28,049	
Eau Claire	85	195	153	119	1,139	20,475	
Oshkosh	86	172	170	115	1,039	20,913	
Janesville	67	197	164	219	1,214	22,631	
West Allis	112	324	219	239	1,268	22,828	
La Crosse	116	234	210	283	2,241	19,375	
Sheboygan	118	222	169	181	1,081	20,966	
Wauwatosa	112	312	292	141	1,253	33,706	
Fond du Lac	55	197	192	127	1,018	22,854	
Wausau	79	206	159	342	1,503	23,462	
Brookfield	103	220	209	206	1,142	44,020	
New Berlin	128	260	97	132	866	36,609	
Beloit	135	303	191	343	1,506	17,339	
Greenfield	84	220	178	63	787	27,508	

Per Capita Rankings

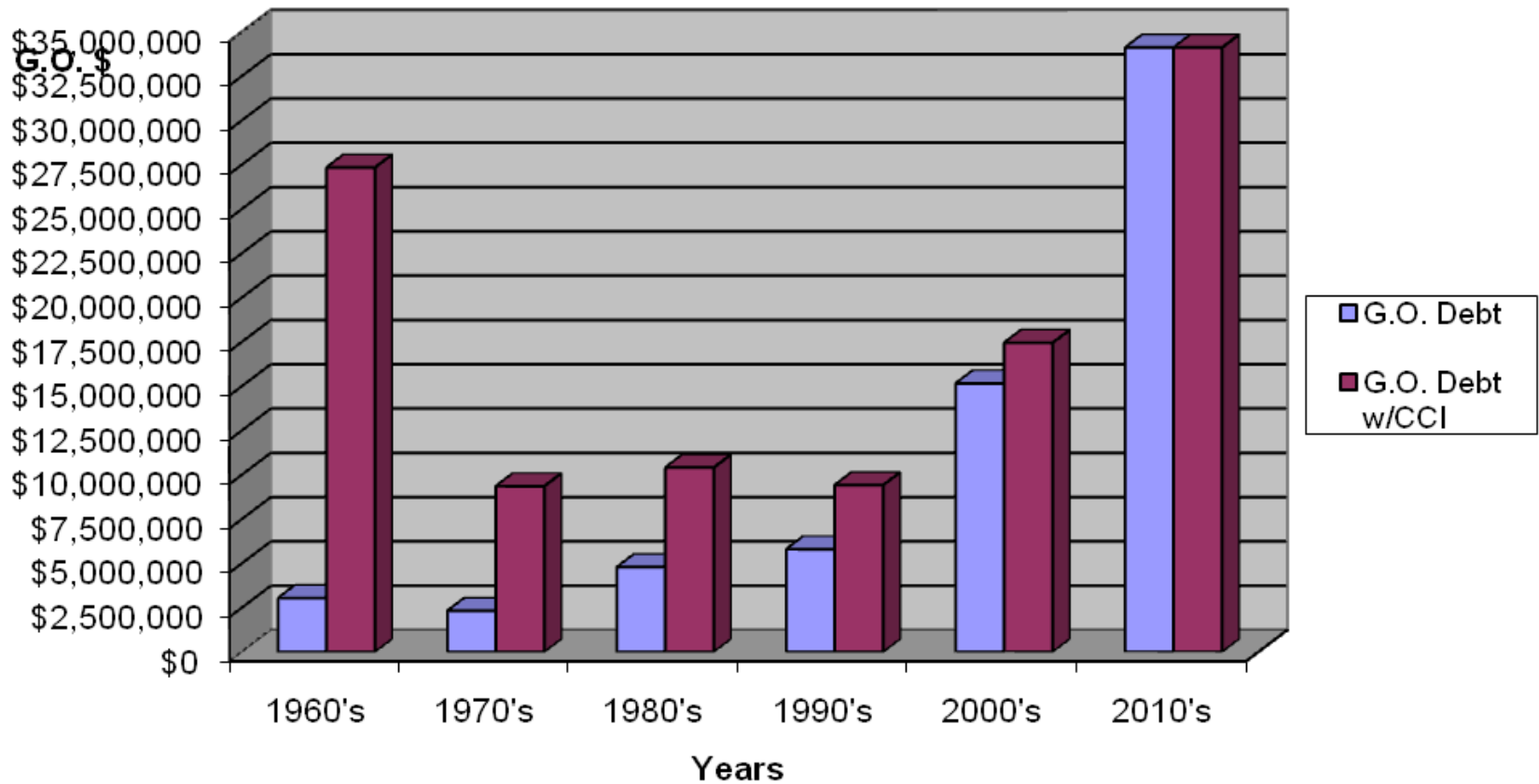
								2002-2009 Average Annual % Change in Debt Service	Debt Service Grown Faster than Overall Spending?
		2009 Per Capita					Per Capita Income		
	Gen. Gov't.	Law Enf.	Fire/Amb.	Debt. Svc.	Total Exp.				
All Cities/Villages	\$118	\$245	\$148	\$274	\$1,295			4.5%	Yes
Milwaukee	1	1	9	1	2	19		2	Yes
Madison	10	6	12	11	3	4		6	Yes
Green Bay	19	10	10	12	11	11		5	Yes
Kenosha	18	7	4	5	10	13		10	Yes
Racine	16	2	2	13	6	18		17	No
Appleton	9	15	19	17	16	7		15	No
Waukesha	14	14	15	9	14	5		7	Yes
Eau Claire	12	19	18	18	13	16		18	No
Oshkosh	11	20	13	19	17	15		12	No
Janesville	17	17	16	7	9	12		13	No
West Allis	6	3	3	6	7	10		4	Yes
La Crosse	5	9	5	4	1	17		8	No
Sheboygan	4	11	14	10	15	14		11	Yes
Wauwatosa	7	4	1	14	8	3		14	No
Fond du Lac	20	18	7	16	18	9		19	No
Wausau	15	16	17	3	5	8		1	Yes
Brookfield	8	12	6	8	12	1		9	Yes
New Berlin	3	8	20	15	19	2		16	No
Beloit	2	5	8	2	4	20		3	Yes
Greenfield	13	13	11	20	20	6		20	No

Key Capital Budget Issues

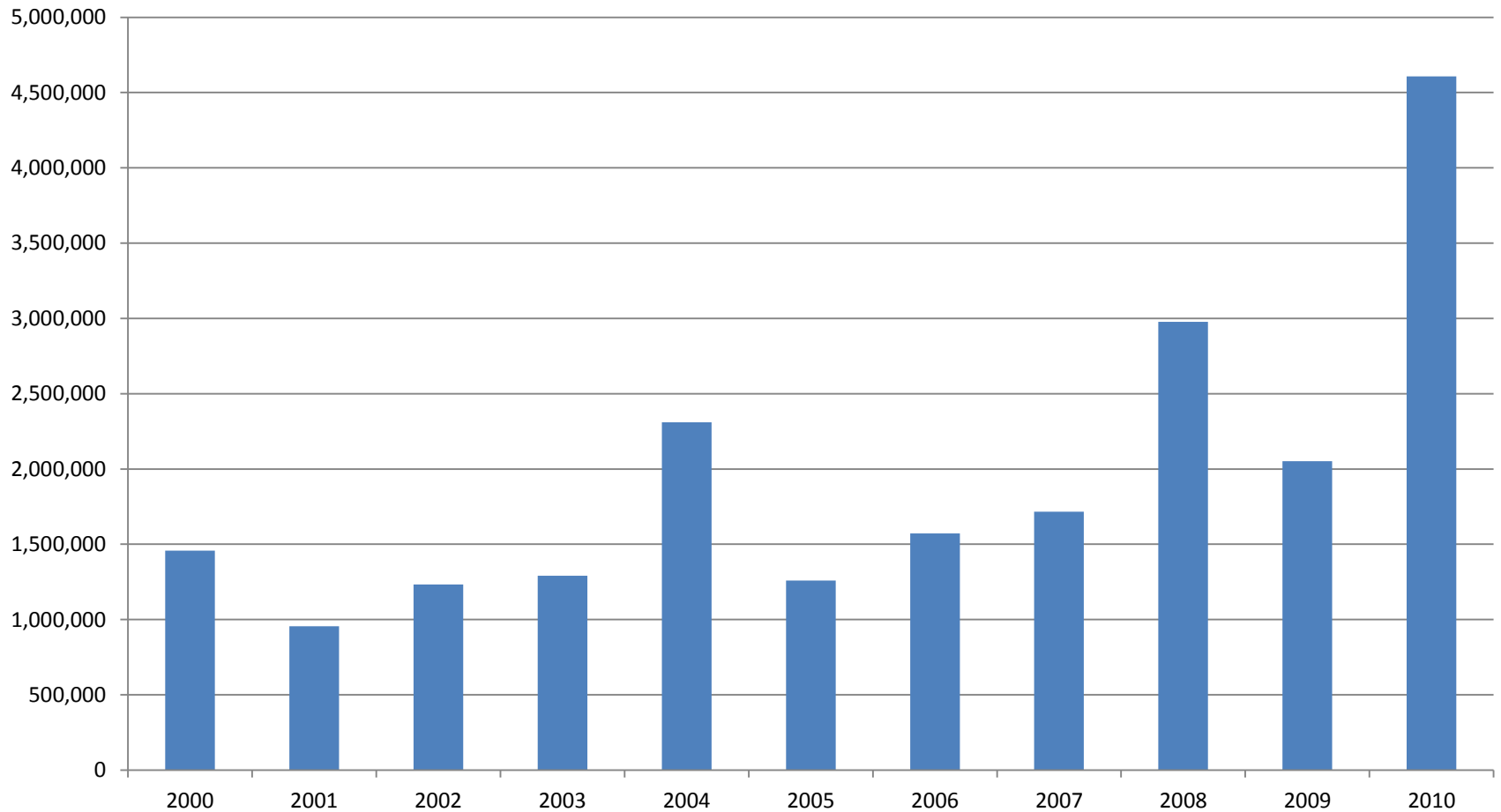
- Continuous replacement and refurbishment of city's infrastructure.
- Reconstruction of major streets and other facilities first built in 1960's and early 1970's as city's population and area expanded.
- Services to more recent peripheral development.
- Expanded use of information technology and efficient equipment.
- Economic development investments.

Replacing 1960's Infrastructure

Major Streets G.O. History

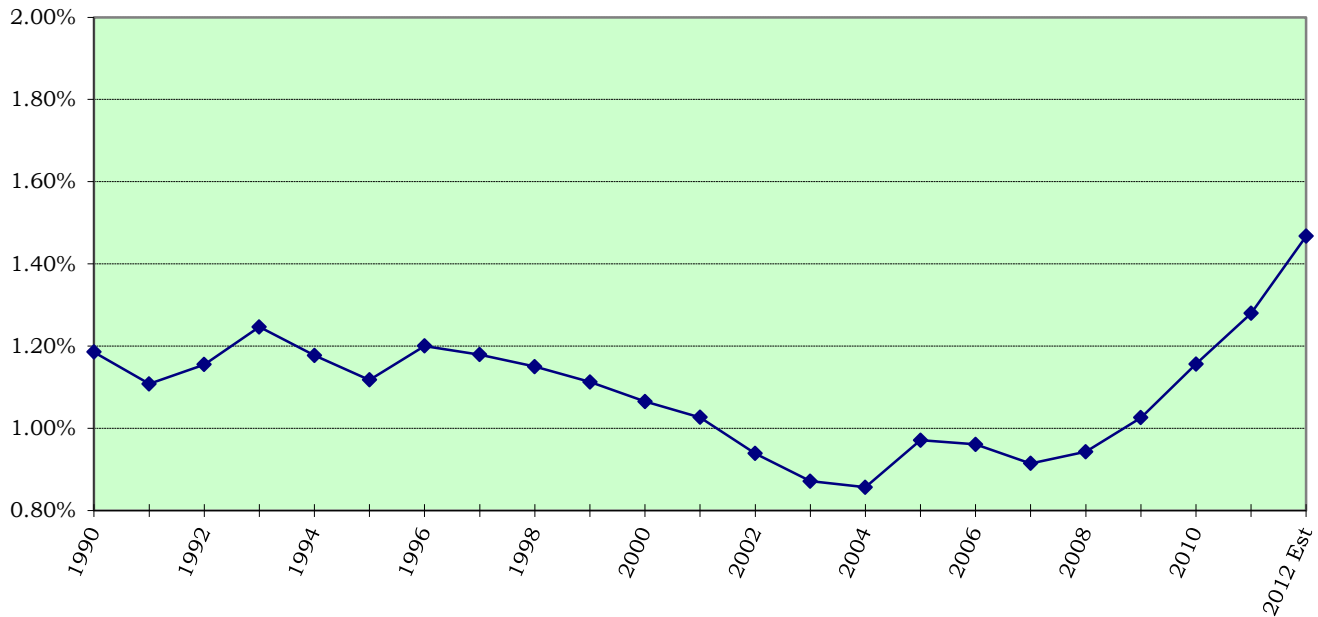


Increased Investments in IT



Hardware and software only; excludes consulting costs

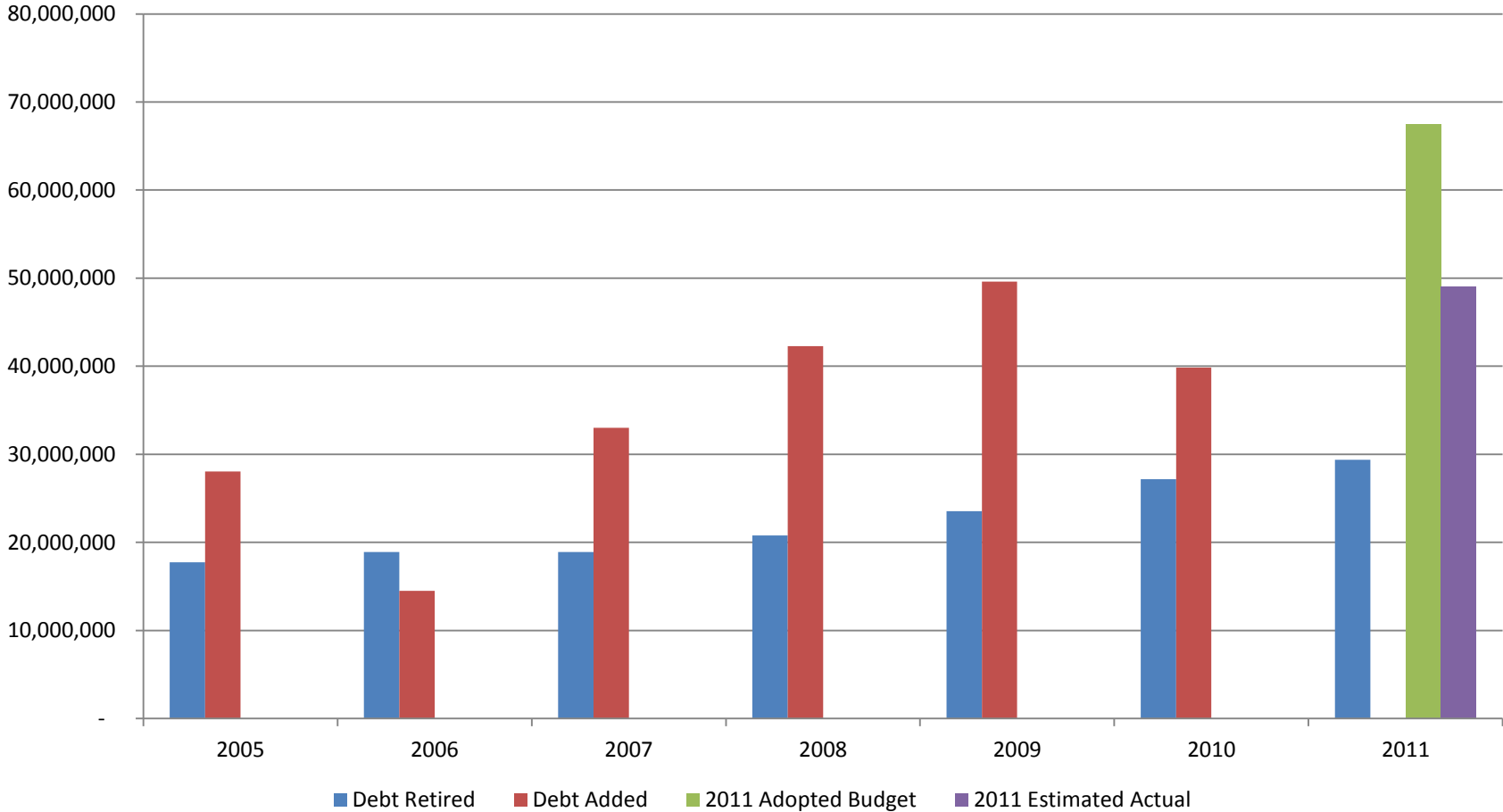
General Obligation Debt as Share of Equalized Value



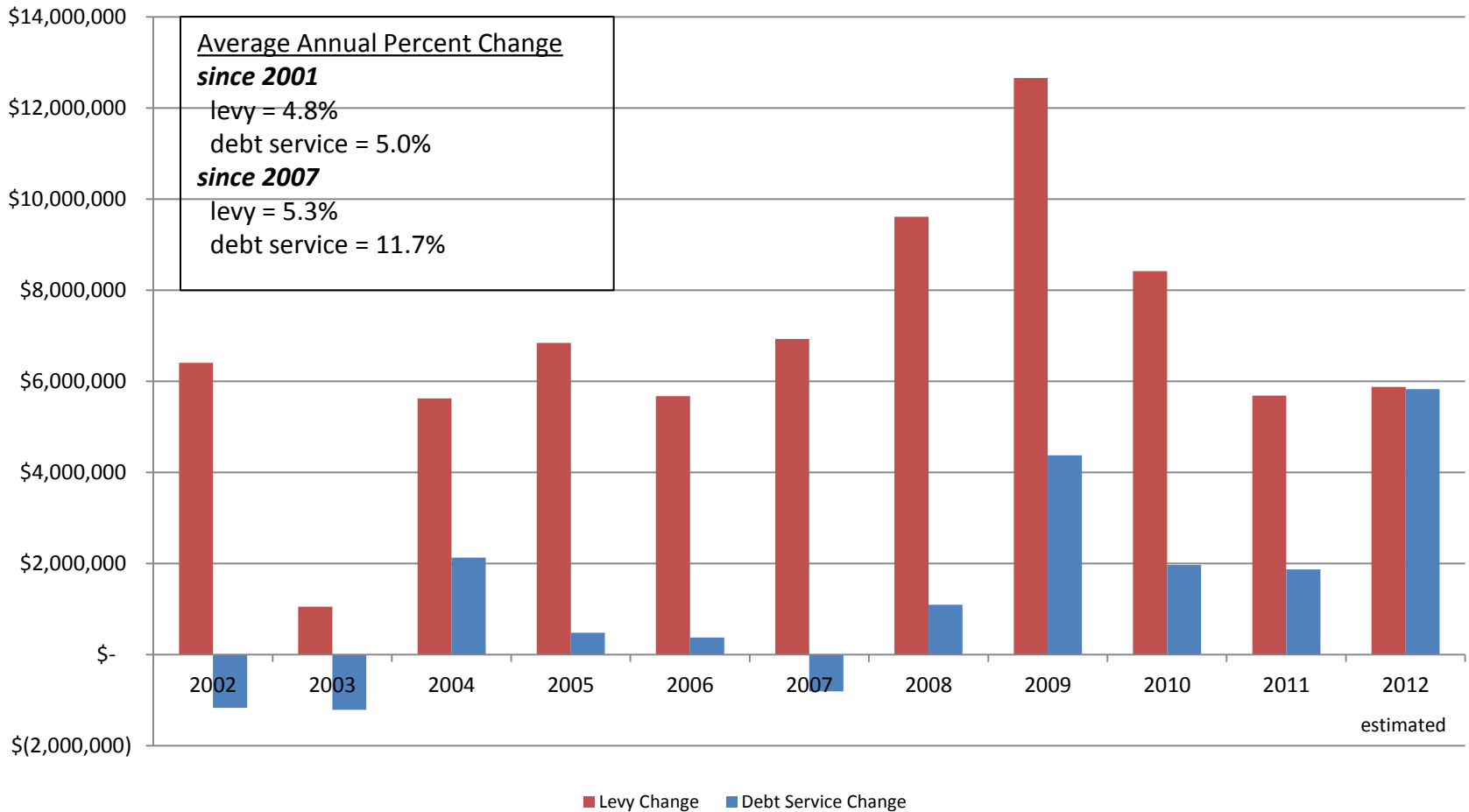
New Debt Compared to Retired Debt

2005 through 2011

[General Fund Supported Borrowing]



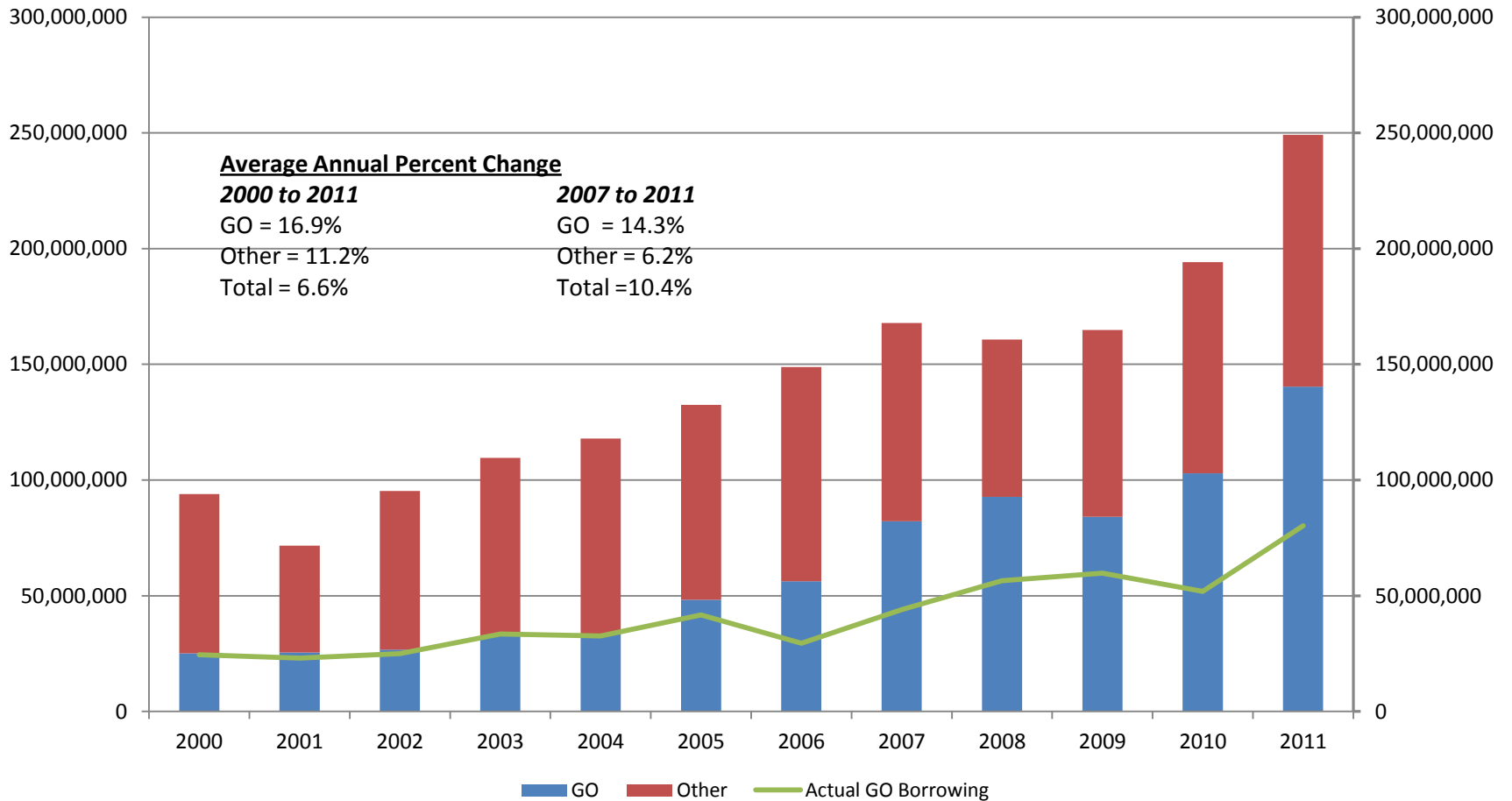
General Fund Debt Service Share of Levy Increase 2002 to 2012



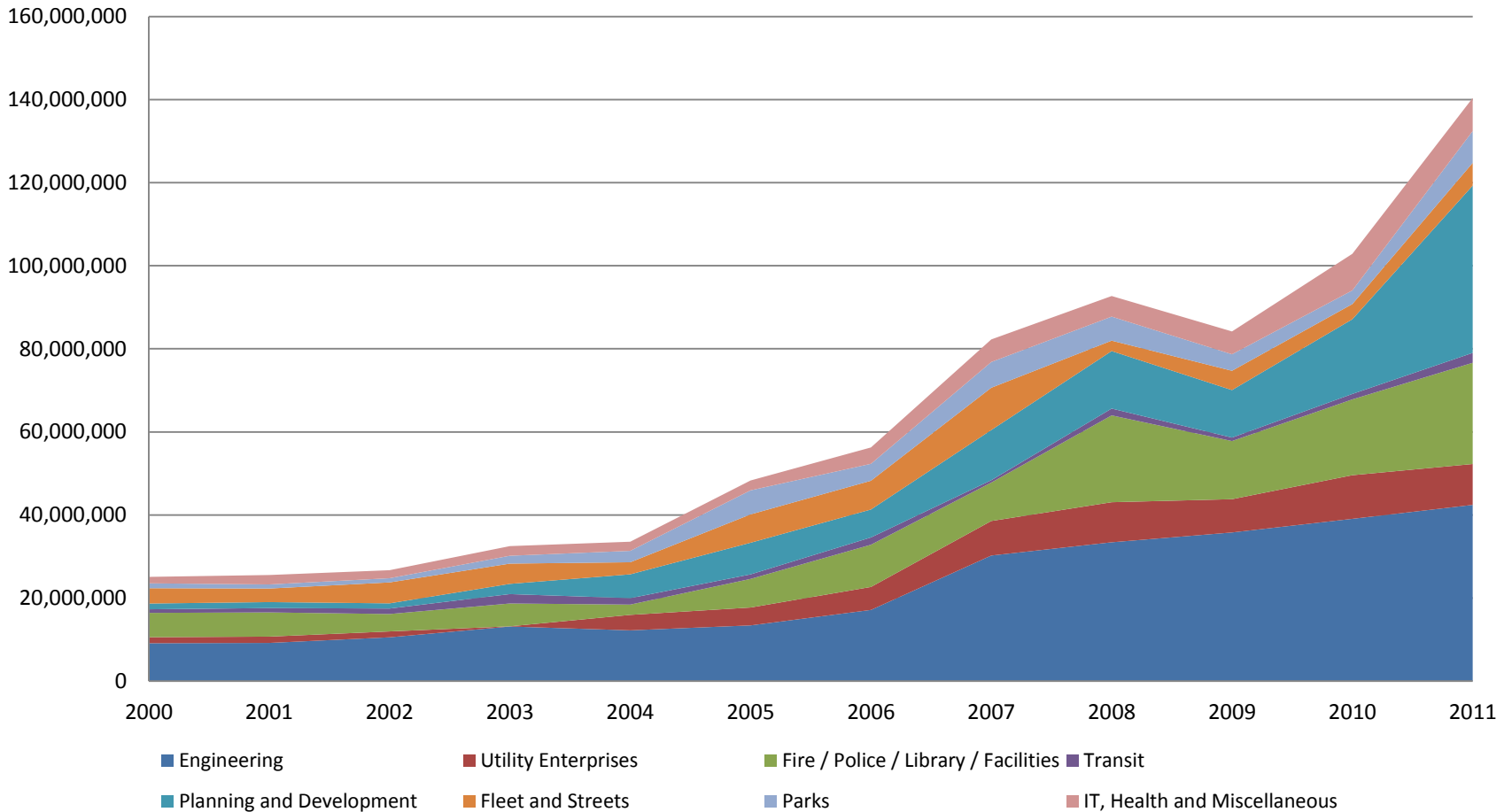
Since 2001, levy estimated to increase 68% (from \$110.6 million to \$185.4 million) and debt service estimated to increase 72% (from \$20.7 million to \$35.6 million).

Adopted Capital Budgets

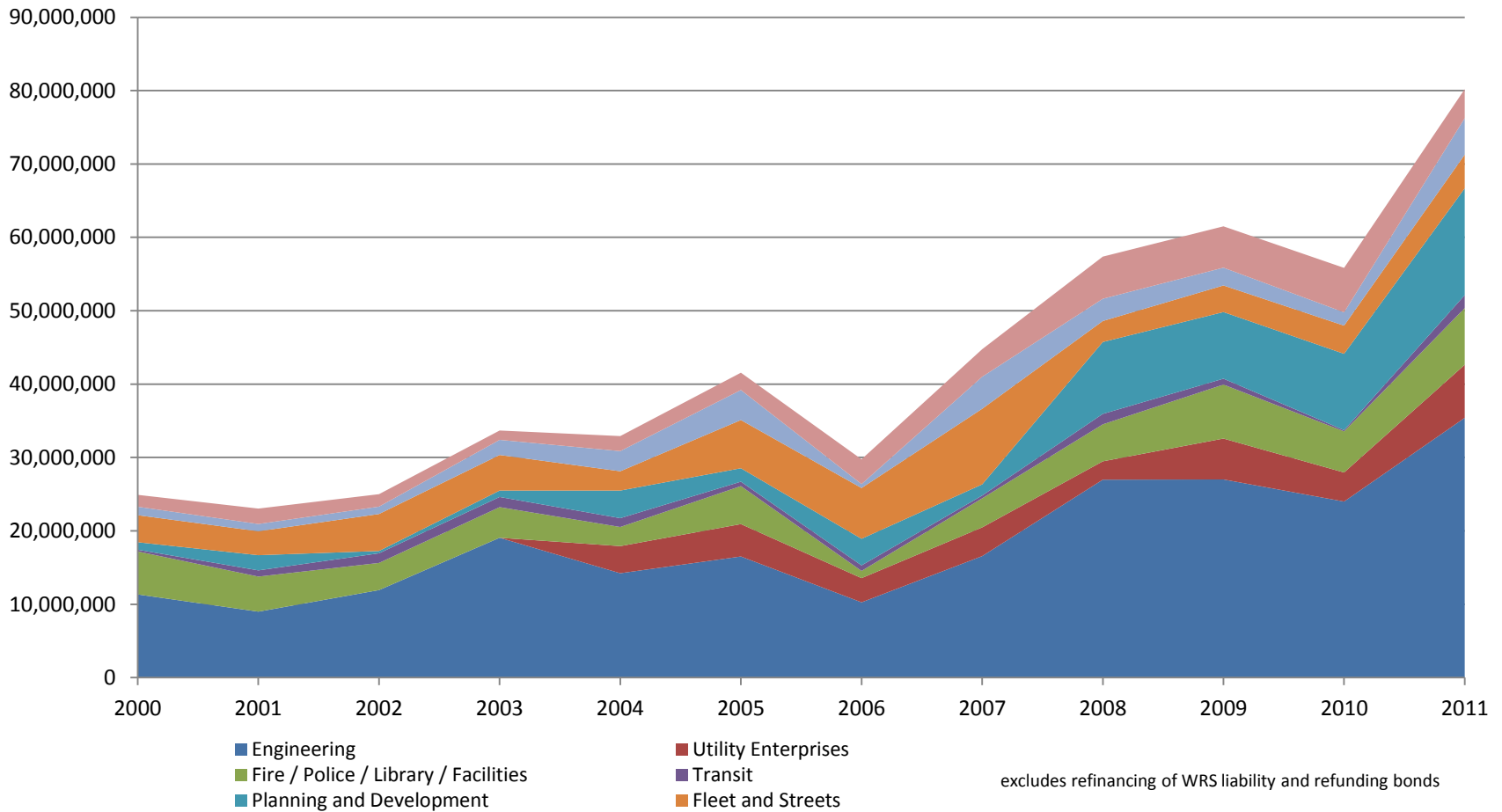
2000 to 2011



Change in Authorized GO Debt 2000 to 2011



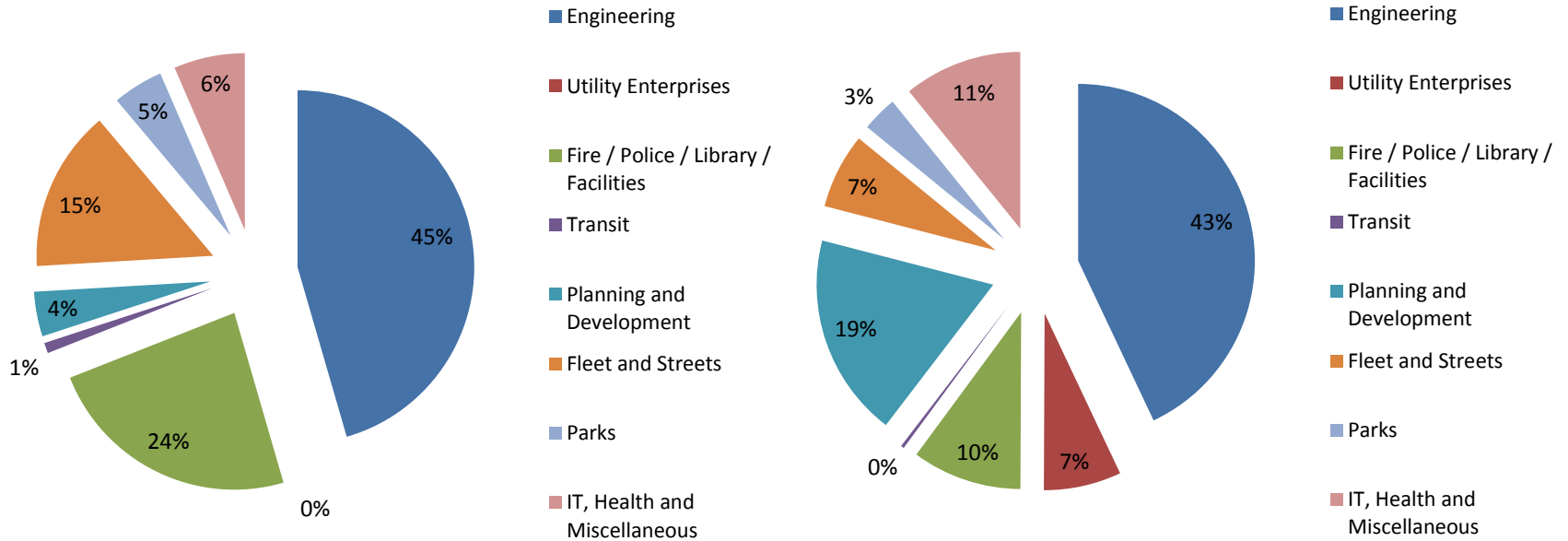
Change in Actual GO Debt 2000 to 2011



Allocation of GO Debt

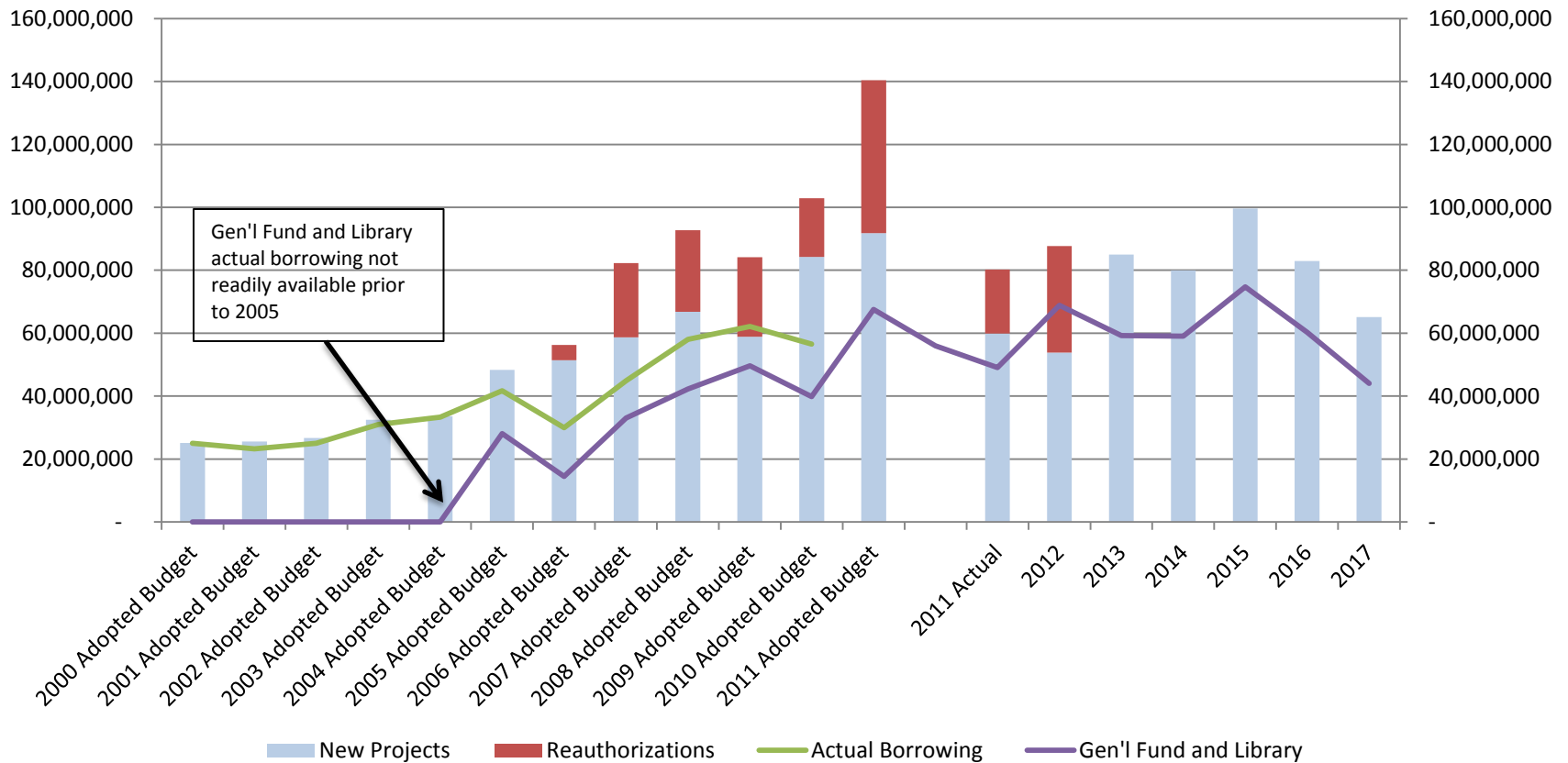
2000

2010



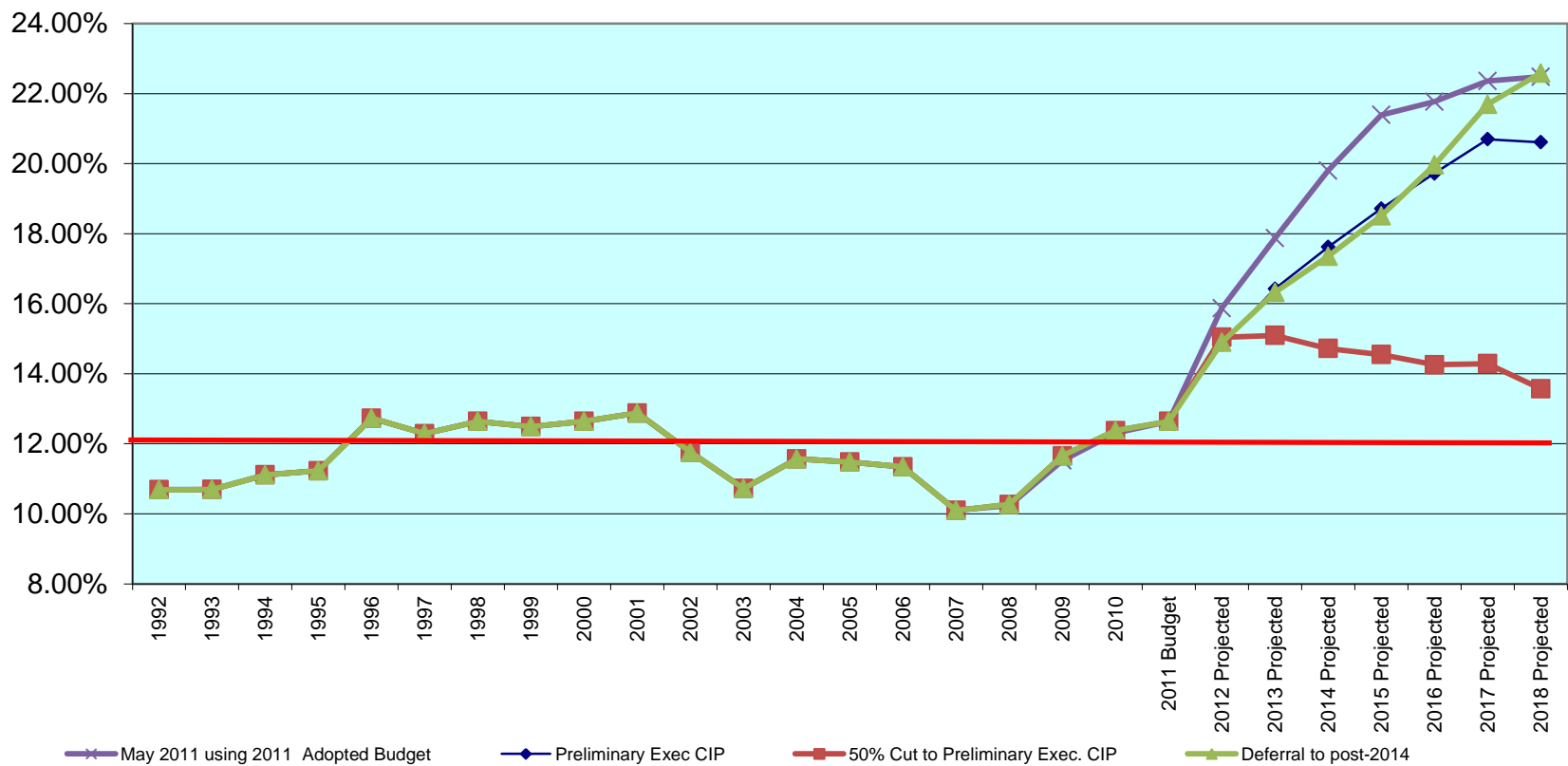
2000-2017 General Obligation Borrowing

2000 - 2017 General Obligation Borrowing



Future Trends

Ratio of Debt Service to Total General Fund Expenditures



Points to Consider

- Use of debt has increased over the past several years.
 - Infrastructure pressures
 - Greater use of technology
 - Low interest rates
- Pressure on city revenues due to debt repayment will increase.
- Future debt authorization will need to be carefully managed in the context of:
 - Other city services
 - Level of intergovernmental revenues
 - Growth in the city's economic base.