City of Windsor

June 16, 2025

This report does not constitute a rating action.

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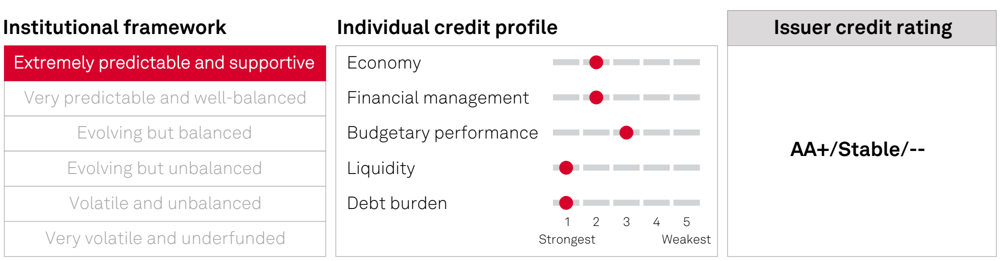
Ratings Score Snapshot



Credit Highlights

Overview

Credit context and assumptions	Base-case expectations
Supportive institutions and long-term financial management practices will continue to allow the city of Windsor to preserve its strong budgetary performance and modest debt burden.	We expect that the city of Windsor will continue to generate strong operating surpluses, although the city's investment plan will pressure after-capital results in the next two years.
Despite Windsor's exposure to a tariff-sensitive auto industry, we expect the its overall economic profile to remain stable.	Reserves will be the main funding source for the city's capital plan, with modest reliance on new debt.
We expect the city's relationship with the Province of Ontario will remain supportive and stable.	The city's strong liquidity position will continue to support its creditworthiness.

S&P Global Ratings expects the City of Windsor's strong financial management will allow the city to generate strong operating surpluses while posting after-capital deficits of less than 5% of total adjusted revenues in the forecast horizon despite a higher capital investment plan. The city will issue new debt to support repairs and renewals of social housing but we expect the debt burden will remain well below 30% of operating revenues through 2027. We view the city's exceptional liquidity position as a key credit strength. Despite the current trade headwinds and Windsor's higher exposure to manufacturing than peers, with concentration in the auto industry, we see Windsor's economic profile as strong and stable.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that, in the next two years, Windsor's prudent and forward-looking financial management practices will continue supporting the city's typically strong budgetary results. We also expect that after some debt issuance, the debt burden will remain well below 30% of operating revenues and the city will maintain robust liquidity.

Downside scenario

We could lower the rating if budgetary results deteriorate, leading to after-capital deficits averaging more than 5% of total revenues on a sustained basis, internal liquidity declining, and reliance on debt for capital funding increasing with the debt burden approaching 30% of operating revenues.

Upside scenario

Although unlikely, we could raise the rating in the next two years if the local economy diversifies sufficiently to mitigate the city's concentration in the manufacturing sector.

Rationale

The local economy will remain resilient despite exposure to the manufacturing sector and concentration in the auto industry; strong management will continue to support Windsor's creditworthiness.

While Windsor has long reaped benefits from its strategic location on the Canada-U.S. border and proximity to central markets in the Greater Toronto Area and in Detroit, the deterioration of trade relations between the two countries has become a headwind for Windsor's local economy. We view Windsor's economy as less diversified than its peers, and as concentrated in the automotive industry, which has become an inflexion point of recent trade discussions.

Nonetheless, we expect the local economy of Windsor will remain resilient, with the recent opening of the battery plant and the Gordie Howe Bridge expected to open by fall of 2025. Our base-case assumption is that the local economy will largely remain stable in the face of increased uncertainty associated with international trade disputes (for further information, see "Canadian Municipalities Are Well Positioned To Weather Temporary Trade Disruption," published June 2, 2025, "Global Macro Update: Seismic Shift In U.S. Trade Policy Will Slow World Growth," published May 1, 2025, and "Global Credit Conditions Special Update: U.S.-China Tariff De-Escalation Brings Some Temporary Relief," published May 15, 2025).

Although municipal GDP data are unavailable, we believe GDP per capita would be largely in line with the national level, which we estimate to be about US$54,800 in 2025. Windsor benefits from Ontario's ambitious plan to develop "shovel-ready" areas with a business park located on the land near Windsor International Airport. The start of the construction of the acute care hospital in 2026 will further support that growth. We estimate that the manufacturing sector represents about 25% of local GDP and 20% of the region's employment, with key labor force metrics indicating higher unemployment figures than the province of Ontario. According to Statistics Canada, the unemployment rate for the Windsor census metropolitan area rose to 10.8% in May 2025 from 7.8% in the same period in 2024.

We expect that Windsor will continue to exhibit strong financial management in the next two years, with a stable and highly experienced management team. The operating and multiyear capital budgets, which we view as realistic, are timely and reflect the goals of the city's long-term financial plan. Prudent and risk-averse debt and liquidity policies have allowed the city to reduce debt and build reserves for several years. We expect the government is dedicated to maintaining a strong financial standing and has the flexibility to manage budgetary pressures.

As do other Canadian municipalities, Windsor benefits from an extremely predictable and supportive local and regional government framework that has demonstrated high institutional stability and evidence of systemic extraordinary support in times of financial distress. Most recently through the pandemic, senior levels of government provided operating and transit-related grants to municipalities, in addition to direct support to individuals and businesses.

Although provincial governments mandate a significant proportion of municipal spending, they also provide operating fund transfers and impose fiscal restraint through legislative requirements to pass balanced operating budgets. Municipalities generally have the ability to match expenditures well with revenues, except for capital spending, which can be intensive. Operating surpluses typically fund capital expenditures and future liabilities (such as postemployment obligations) through reserve contributions. Municipalities have demonstrated a track record of strong budgetary results and, therefore, debt burdens, on average, are low relative to those of global peers and growth over time has been modest.

Strong budgetary performance will keep debt levels low despite a large capital plan.

We believe Windsor will continue to generate strong operating surpluses through 2027. In the 2025 budget, council approved property tax increases of 2.98% and is committed to keeping increases in property taxes well-aligned to its needs. As a result, we expect an average operating surplus of about 14.5% of operating revenues from 2023-2027.

Windsor’s 10-year capital plan increased to C$2.24 billion in this year’s budget. Consequently, we expect capital expenditures for 2025-2027 will be elevated, averaging about C$240 million annually, leading to after-capital deficits of close to 5% of total revenues this year. On average, we expect after-capital deficits will remain modest at 0.7% of total revenues, for 2023-2027. Most of the investment plan focuses on roads and sewer infrastructure, representing 38% and 22%, respectively, of the total.

Obligations for future benefits continue to constrain overall budgetary performance and stand out compared with peers, although the city has addressed them prospectively for all employee groups. Total postemployment obligations represented about 80% of S&P Global Ratings-adjusted operating revenues at year-end 2023.

Windsor has been increasing its capital reserves as part of its financial strategy, especially related to funding its asset management plan (AMP). These reserves, estimated at C$452 million as of year-end 2023, have accumulated enough to fund most of its capital projects. The use of reserves for AMP spending limited new debt issuance, keeping the debt burden modest.

The city issued C$12.9M in 2024 to support its housing portfolio and we expect additional issuance of about C$35 million in the next two years to fund this program. Tax-supported debt, which includes 50% of Essex-Windsor Solid Waste Authority's debt, should be about C$133 million by the end of 2027 and represent 13.7% of operating revenues, which is low compared with that of peers.

We expect interest costs will remain minimal at less than 1% of operating revenues on average from 2024-2027. In addition, although Windsor has some exposure to the obligations of its major government-related entities, Windsor Canada Utilities Ltd. and Windsor Utilities Commission, these are not material enough to affect our view of the debt burden.

We expect Windsor will maintain robust liquidity levels, with average free cash and liquid assets totaling about C$572 million in the next 12 months and representing more than 50x estimated debt service. Like that of domestic peers, Windsor's access to external liquidity is satisfactory, in our view.

City of Windsor Selected Indicators

Mil. C$	2022	2023	2024bc	2025bc	2026bc	2027bc
Operating revenue	792	887	897	924	948	977
Operating expenditure	686	721	775	798	822	846
Operating balance	106	166	122	126	126	131
Operating balance (% of operating revenue)	13.4	18.8	13.6	13.6	13.3	13.4
Capital revenue	53	54	66	99	85	73
Capital expenditure	186	171	186	281	240	208
Balance after capital accounts	(27)	49	1	(57)	(30)	(4)
Balance after capital accounts (% of total revenue)	(3.2)	5.2	0.1	(5.6)	(2.9)	(0.4)
Debt repaid	4	3	7	6	6	6
Gross borrowings	4	55	13	20	14	4
Balance after borrowings	(26)	101	8	(43)	(22)	(6)
Direct debt (outstanding at year-end)	55	107	114	128	135	133
Direct debt (% of operating revenue)	6.9	12.1	12.7	13.8	14.3	13.7
Tax-supported debt (outstanding at year-end)	55	107	114	128	135	133
Tax-supported debt (% of consolidated operating revenue)	6.9	12.1	12.7	13.8	14.3	13.7
Interest (% of operating revenue)	0.3	0.4	0.6	0.6	0.6	0.6
Local GDP per capita ($)	--	--	--	--	--	--
National GDP per capita ($)	56,256.8	54,220.3	54,282.6	54,835.8	57,988.6	62,446.4

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. C$--Canadian dollar. $--U.S. dollar.

Rating Component Scores

Key rating factors	Scores
Institutional framework	1
Economy	2
Financial management	2
Budgetary performance	3
Liquidity	1

Debt burden	1
Stand-alone credit profile	aa+
Issuer credit rating	AA+

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "**Methodology For Rating Local And Regional Governments Outside Of The U.S.**," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

Key Sovereign Statistics

Sovereign Risk Indicators, April 10, 2025. Interactive version available at http://www.spratings.com/sri.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Canadian Municipalities Are Well Positioned To Weather Temporary Trade Disruption, June 2, 2025
- Global Credit Conditions Special Update: U.S.-China Tariff De-Escalation Brings Some Temporary Relief, May 15, 2025
- Global Macro Update: Seismic Shift In U.S. Trade Policy Will Slow World Growth, May 1, 2025
- Economic Outlook Canada Q2 2025: Trade Tensions Disrupt Growth Improvement, March 25, 2025
- Subnational Government Outlook 2025: Canadian LRG Revenues Will Play Catchup To Meet Higher Operating Costs And Stabilize Debt Growth, Jan. 16, 2025
- S&P Global Ratings Definitions, Dec. 2, 2024
- Risk Indicators For Canadian Local And Regional Governments: Strong Fiscal Management Is Key To Withstand Population Pressures, Sept. 19, 2024
- Institutional Framework Assessment: Canadian Municipalities Employ Flexibilities Within Fiscal Framework To Temper Cost Pressures, April 2, 2024

Ratings Detail (as of June 16, 2025)*

Windsor (City of)	
Issuer Credit Rating	AA+/Stable/--
Senior Unsecured	AA+

Ratings Detail (as of June 16, 2025)*	
Issuer Credit Ratings History	
01-Jun-2022	AA+/Stable/--
19-Nov-2007	AA/Stable/--
29-Nov-2006	AA-/Positive/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.