

Cape Coral, FL Water And Sewer System Revenue Debt Rating Raised To 'A' On Good Finances

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NEW YORK (Standard & Poor's) June 25, 2014--Standard & Poor's Ratings Services raised its long-term rating and underlying rating (SPUR) on Cape Coral, Fla.'s water and sewer system revenue debt one notch to 'A' from 'A-'. The outlook is stable.

The upgrade reflects Standard & Poor's opinion of the system's continued good financial performance, evidenced by its consistent maintenance of good senior-lien debt service coverage and adequate total debt service coverage, which Standard & Poor's considers sustainable due to a lack of additional water and sewer revenue debt plans.

"We believe Cape Coral will likely maintain, what we consider, its improved finances, evidenced by the city's consistent maintenance of good senior-lien debt service coverage following regular rate adjustments. Despite planned cash drawdowns, we also believe system liquidity will likely remain, what we consider, good while management cash funds the capital plan," said Standard & Poor's credit analyst Scott Sagen. "If the pace of customer growth is slower than expected, and if debt service coverage is pressured absent rate increases, we will review the rating accordingly. Due to the system's lack of additional debt plans and, what we consider, stable finances, we do not expect to change the rating over the outlook's two-year period."

The city's net water and sewer system revenue pledge secures the series 2011, 2011A, and 2006 water and sewer revenue bonds. The bonds are on parity with the city's series 2013 bonds and senior to the city's subordinate state revolving fund loans outstanding.

RELATED CRITERIA AND RESEARCH

Related Criteria

- USPF Criteria: [Key Water And Sewer Utility Credit Ratio Ranges](#), Sept. 15, 2008
- USPF Criteria: [Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds](#), Sept. 15, 2008

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