



Rating Action: Moody's upgrades Waukee, IA's sewer revenue bonds to Aa2

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New York, April 11, 2023 -- Moody's Investors Service has upgraded City of Waukee, IA's sewer revenue bonds to Aa2 from Aa3. As of June 30, 2022, the city had about \$5.5 million in rated senior lien revenue debt and \$10.2 million in parity state revolving fund (SRF) loans. The sewer utility is also responsible for around \$2 million annually in revenue debt issued by the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) (Aa3).

RATINGS RATIONALE

The upgrade to Aa2 reflects the system's growing customer base in the Des Moines (Aa2 stable) metropolitan area, solid unrestricted liquidity, and strong debt service coverage supported by the city council's unlimited rate-setting authority. The rating also incorporates projected growth in the system's debt ratio given the city's future SRF borrowing plans as well the WRA's capital needs.

RATING OUTLOOK

Moody's does not typically assign outlooks to credits with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Continued expansion of the customer base and system size

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Significant declines in debt service coverage or available liquidity
- Material growth in the system's debt levels

LEGAL SECURITY

Debt service on the system's revenue debt is backed by a senior lien pledge on the net revenues of the sewer utility.

PROFILE

The utility provides wastewater collection and treatment for the City of Waukee (Aa2), a quickly growing suburb of Des Moines. The system serves a customer base of around 7,000.

METHODOLOGY

The principal methodology used in these ratings was US Municipal Utility Revenue Debt Methodology published in April 2022 and available at <https://ratings.moody.com/api/rmc->

[documents/386721](#). Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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