

Research Update:

# Travis County Water Control & Improvement District No. 17, TX Various Unlimited-Tax Bond Ratings Raised To 'AA'

April 2, 2026

## Overview

- S&P Global Ratings raised its rating to 'AA' from 'A+' on the unlimited-tax bonds outstanding issued by [Travis County Water Control & Improvement District No. 17](#), Texas, for the [Flintrock Ranch Estates Defined Area](#).
- We also raised our rating to 'AA' from 'AA-' on the unlimited-tax bonds issued by the district for the [Steiner Ranch Defined Area](#).
- At the same time, we assigned our 'AA' long-term rating to [Travis County Water Control & Improvement District No. 17](#), Texas' approximately \$16.1 million series 2026 water and sewer system revenue bonds.
- In addition, we assigned our 'AA' long term rating to Travis County Water Control & Improvement District No. 17, Texas' approximately \$1.39 million series 2026 unlimited-tax bonds issued for the Flintrock Ranch Estates Defined Area.
- Finally, we affirmed our 'AA' long-term rating on the district's existing water and sewer system bonds.
- The outlook is stable.
- The upgrade on the unlimited-tax bonds reflects our view of the district's sound and experienced management team that has demonstrated the ability to successfully fund a demand-driven capital program while maintaining strong financial metrics and keeping rates affordable. The upgrade also reflects that we will rate the district's unlimited-tax bonds under our "[U.S. Municipal Water, Sewer, And Solid Waste Utilities: Methodology And Assumptions](#)," based on the district operating as a fully distinct utility.

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## Rationale

## Security

The district's waterworks and sewer system net revenue pledge secures the water and sewer revenue bonds. Although the system levies water capital recovery fees for the Mansfield water treatment plant and pledges this revenue stream to its series 2012 bonds, we focus on debt service coverage (DSC), excluding nonrecurring revenue, to show true operational strength. With our view of nonrecurring revenue as being one time in nature and growth dependent, we do not distinguish between the strength in pledges. We view bond provisions as credit neutral, including a rate covenant equal to 1.00x annual DSC and an additional bonds test equal to 1.25x average annual DSC. A debt service reserve fund equal to average annual debt service provides additional liquidity.

Flintrock Ranch's unlimited-tax bonds are payable from the proceeds of a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property within the Flintrock Ranch Estates Defined Area within the district.

Steiner Ranch's unlimited-tax bonds are payable from the proceeds of a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property within the Steiner Ranch Estates Defined Area within the district.

The defined area ratings are also based on the application of our "[Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness](#)" criteria (Nov. 20, 2019). Travis County Water Control & Improvement District 17 is the governing and operating authority for both defined areas, which represent a portion of the district's boundaries and exist as taxing entities including for the issuance and repayment of bonds. We view the individual defined areas as having very similar credit quality, differing slightly in certain economic and debt ratios. In addition, management and associated operations for the defined areas are identical. While the ad valorem taxes from each defined area are derived from a subset of the district's tax base, we do not view the tax bases of the defined areas as being exposed to disproportionate risks relative to the district as a whole. Therefore, we rate the bonds on par with our view of the district's general creditworthiness.

The series 2026 bond proceeds will fund capital improvements. Most of the district's projects focus on meeting growth demands on the water and sewer systems. With the series 2026 issuance, the district will have approximately \$127 million of debt outstanding, with more than \$75 million supported by property taxes and \$47 million secured by revenues of the systems.

## Credit highlights

The rating reflects Travis County Water Control & Improvement District No. 17's strong economic metrics, robust financial metrics, and affordable bill based on well-above-average income levels. These strengths are offset by continuing growth pressures on both systems, and while we view management as conservative, higher-rated peers have more codified policies and long-term financial planning.

The district is a 15,743-acre development about 20 miles west of downtown Austin, where it includes the 4,075-acre Steiner Ranch defined area, which is a primarily residential, mixed-use development. The district continues to experience growth, with about 75% of land developed, a 7% increase since 2012. The area's median household effective buying income (MHHEBI) is above average, in our view, at 122% of the national level.

Credit highlights include our view of the following factors:

- The service area participates in the broad and diverse Austin metropolitan statistical area (MSA).

- Utility rates are affordable, based on strong incomes and low poverty rates. For residential customers, as of fiscal 2026, a standard water and sewer bill is \$203 based on average monthly consumption of 17,000 gallons. As a percentage of MHHEBI, the 17,000-gallon water and sewer bill is about 2.95%, which we consider to be slightly below average. The county poverty rate is 10.2%.
- The district provides water to more than 12,800 accounts and wastewater to about 7,600 accounts, giving stability to the rating. The district purchases raw water from the Lower Colorado River Authority under an agreement that runs through 2051; it can purchase up to 10,300 acre-feet annually, which allows it to manage future growth.
- The district has strong unrestricted cash and investments for unexpected capital needs. The district ended fiscal 2025 with \$44 million in unrestricted cash and investments; this provided more than 641 days' cash on hand. The minimum unrestricted cash reserve target is six months' historical operating expenditures.
- The system is moderately leveraged with a debt-to-capitalization ratio of 34%, excluding tax-supported debt. The district plans to issue another \$70 million later in 2026 to fund a significant water project.

## **Environmental, social, and governance**

Overall, we believe that management has mitigated most of its environmental, social, and governance-related risk by adopting, adhering to, and adjusting operating and financial policies and procedures. In our view, environmental risks facing the utility are in line with those of other similarly rated utilities in the region, with drought and future water supply being the biggest risk in Texas. The wastewater system has no environmental or regulatory risks or actions pending with the state or the Environmental Protection Agency. In addition, the February 2021 winter storm affected the district's operations and the severe weather affected about 23% of the utility's customers, resulting in a 24-hour service outage, with 7% of customers experiencing three-five days without service and a boil-water notice. The weather-related repairs were minimal when compared with unrestricted cash on hand. While these extreme weather events seem to be becoming more common, we will continue to monitor their impact on utilities.

The utility's governance factors are highlighted by its credit-supportive financial practices and planning and comprehensive management policies. We believe the utility's governance factors are in line with those of peers at the rating level.

## **Outlook**

The stable outlook reflects S&P Global Ratings' view of the district's sound financial metrics and access to the Austin MSA. Although officials have significant capital expenditures planned, we view the likelihood of deteriorating margins as low due to support from capital recovery reserves and fees.

### **Downside scenario**

We could lower the rating if growth pressures exceed historical trends and cause unplanned debt issuance that lead cash and coverage to decrease materially.

### **Upside scenario**

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With the district's growth pressures and lack of detailed financial forecasting, we view upside as limited during the outlook period.

### Travis County Water Control & Improvement District No 17, Texas--economic and financial data

	Most recent	Fiscal year-end			
		2025	2024	2023	Median (AA)
<b>Economic data</b>					
MHHEBI of the service area as % of the U.S.	122.0				110.0
Unemployment rate (%)	3.2				3.6
Poverty rate (%)	10.2				10.0
Water rate (6,000 gallons or actual) (\$)	64.3				36.5
Sewer rate (6,000 gallons or actual) (\$)	139.4				41.0
Annual utility bill as % of MHHEBI	3.0				1.1
Operational management assessment	Standard				Good
<b>Financial data</b>					
Total operating revenues (\$000s)		39,724	37,364	39,720	24,286
Total operating expenses less depreciation (\$000s)		25,466	23,008	22,450	17,090
Net revenues available for debt service (\$000s)		21,427	22,645	28,427	--
Debt service (\$000s)		12,038	12,572	12,560	--
S&P Global Ratings-adjusted all-in DSC (x)		1.8	1.8	2.3	2.2
Unrestricted cash (\$000s)		44,704	46,984	61,178	24,667
Days' cash of operating expenses		641	745	995	631
Total on-balance-sheet debt (\$000s)		125,158	118,185	127,600	39,844
Debt-to-capitalization ratio (%)		34.7	34.3	37.2	27.0
Financial management assessment	Standard	--	--	--	Good

Note: Most recent economic data available from our vendors. MHHEBI--Median household effective buying income. DSC--Debt service coverage.

#### Ratings List

##### New Issue Ratings

US\$1,390,000 Travis County Water Control and Improvement District No.17, A political subdivision of the State of Texas located within Travis County, Texas, Flintrock Ranch Estates Defined Area Unlimited Tax Bonds, Series 2026, dated: May 14, 2026, due: May 1, 2050

Long Term Rating AA/Stable

US\$16,100,000 Travis County Water Control and Improvement District No.17, A political subdivision of the State of Texas located within Travis County, Texas, Water and Sewer System Revenue Bonds, Series 2026, dated: May 14, 2026, due: November 1, 2050

Long Term Rating AA/Stable

##### Upgraded

	To	From
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##### Local Government

Travis Cnty Wtr Cntl & Imp Dist #17-Steiner Ranch, TX Unlimited Tax General Obligation	AA/Stable	AA-/Stable
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Travis Cnty Wtr Ctl & Imp Dist #17-Flintrock Ranch, TX Unlimited Tax General Obligation	AA/Stable	A+/Stable
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##### Ratings Affirmed

## Travis County Water Control & Improvement District No. 17, TX Various Unlimited-Tax Bond Ratings Raised To 'AA'

### Ratings List

#### Water & Sewer

Travis Cnty Wtr Cntl and Imp Dist No 17, TX Water and Sewer System	AA/Stable
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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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