

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings upgrades Alameda County Water District, CA to Aaa; assigns Aaa to revenue bonds Series 2025**

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12 Mar 2025

New York, March 12, 2025 -- Moody's Ratings (Moody's) has upgraded Alameda County Water District, CA's revenue bond rating to Aaa from Aa1. We have also assigned a Aaa rating to the district's Water System Revenue Bonds, Series 2025 that will be issued through the Alameda County Water District Financing Authority. The expected par amount is about \$51.2 million. Following the sale, the district will have about \$91 million in outstanding revenue debt.

The upgrade is driven by our expectation that the district will continue to maintain robust debt service coverage and liquidity, above its formal targets, reflecting proactive rate setting, a vibrant local economy and ample, diverse water supply. Strong governance is a key driver of the upgrade. The district benefits from very strong and proactive management with comprehensive plans in place to mitigate the impact of environmental risks, including drought.

#### **RATINGS RATIONALE**

The Aaa rating on the district's revenue bonds reflects the district's exceptionally strong operations and financial position, as demonstrated by coverage of 4.8x and 511 days cash on hand as of fiscal 2024. These results are supported by timely rate increases, adherence to adopted financial policies that exceed legal requirements and sophisticated multi-year capital planning. The rating also incorporates the district's diverse water supply and history of resilience during periods of drought. The district's large customer base with above-average resident incomes and vibrant Bay Area economy are additional credit strengths. The revenue bonds do not have a debt service reserve fund, though this is largely offset by strong internal policies and practices.

#### **RATING OUTLOOK**

We do not assign outlooks to local governments with this amount of debt outstanding.

## FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- N/A

## FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in debt service coverage below adopted target of 2.0x
- Sustained deterioration of cash position below \$150 million

## PROFILE

Alameda County Water District provides, stores, treats and distributes water for approximately 342,000 people in southern Alameda County, including the cities of Fremont, Newark and Union City. The district covers approximately 105 square miles and provides water service through over 87,000 connections.

## METHODOLOGY

The principal methodology used in these ratings was US Municipal Utility Revenue Debt published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/416489>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at <https://ratings.moodys.com/rmc-documents/435880>.

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