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Moody's upgrades City of Waukeee, IA's issuer and GO to Aa1; assigns Aa2 initial rating to stormwater revenue bonds

Waukeee, Iowa – The City of Waukeee recently received an upgrade to Aa1 from Aa2 for its issuer rating and outstanding general obligation unlimited tax (GOULT) bonds from Moody's Investors Service. Moody's also assigned an Aa1 rating to the city's General Obligation Bonds, Series 2023B with a proposed par amount of roughly \$38 million, as well as an initial Aa2 rating to the city's Stormwater Revenue Bonds, Series 2023C with a proposed par amount of roughly \$3.4 million. Post-issuance, the city will have around \$146.5 million of outstanding GOULT debt.

"Mayor Clarke, City Council and staff have demonstrated a long commitment to operating in a fiscally sound manner," said Brad Deets, City Administrator, "We're pleased to see those efforts embodied in this upgraded rating."

In a [statement](#) last week, Moody's noted the upgrade to Aa1 reflects the City's robust financial position and ample revenue raising flexibility. Waukeee's local economy is likely to remain strong because of its mix of commercial and industrial industries, growing population and steady tax base growth, supported by its ties to the Des Moines (Aa2 stable) metropolitan area. Leverage is moderate but expected to grow given rapid expansion of the city and outstanding capital needs.

Rating Assigned for Stormwater Revenue Bonds

Moody's assigned an initial Aa2 storm water revenue rating based on the system's small but growing customer base in the Des Moines (Aa2 stable) metropolitan area, solid unrestricted liquidity despite future planned spend downs and strong debt service coverage supported by the city council's unlimited rate-setting authority. They noted the rating incorporates the system's low leverage and sound governance reflects long-term financial capital planning and strong rate setting flexibility.

Purpose of Bonds

Series 2023B bonds will help finance the city's annual capital improvement projects and a portion of the construction of the City's new public safety facility.

Series 2023C bonds will contribute to the acquisition, construction, extension and remodeling of the Stormwater Management Utility, including costs associated with the Little Walnut Creek Regional Stormwater Wetlands and NW Sunrise projects.

Follows Upgraded Rating for Sewer Revenue Bonds

In April 2023, Moody's Investors Service upgraded the sewer revenue bonds to Aa2 from Aa3 for the City of Waukeee. 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). Moody's noted 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.

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The City of Waukee is recognized as the fastest growing (large) city in Iowa and is located in Dallas County—one of the fastest growing counties in the U.S. Waukee is home to 29,167 residents and offers a welcoming atmosphere, high quality schools, excellent municipal services and robust public amenities. The City is also dedicated to economic development and expanding business opportunities, including the creation of the mixed-use development, [Kettlestone](#). For more information, visit [Waukee.org](#).

Created in 2006, the [Waukee Stormwater Utility](#) is owned and operated by the City of Waukee. The utility proactively addresses flooding and ensures the City's compliance with the Clean Water Act. The City manages approximately 136.2 miles of storm sewer with 2,197 manholes, 5,045 intakes, 1,158 flared end sections and 580 subdrain cleanouts.