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Santa Margarita Water District, CA Revenue Bond Rating Raised To 'AA+' On Significant Taxable AV Growth

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CENTENNIAL (S&P Global Ratings) Dec. 1, 2017--S&P Global Ratings raised its long term rating to 'AA+' from 'AA' on Santa Margarita-Dana Point Authority, Calif.'s existing 2009B and 2014A revenue bonds, issued as general obligation (GO) bonds, for the Santa Margarita Water District (SMWD). At the same time, S&P Global Ratings affirmed its 'AA+' rating on the district's series 2017A GO refunding bonds. The outlook on all ratings is stable.

"The raised rating reflects the maturities of payments from two underlying improvement districts, as well as affluent tax bases, significant taxable assessed value growth, and improved delinquency rates," said S&P Global Ratings credit analyst David Mares.

The bonds are special revenue obligations of the Santa Margarita/Dana Point Authority, payable from local obligations of the SMWD.

In order to supply the service area's demands, we understand that SMWD imports about 76% of its water from Metropolitan Water District of Southern California through the Municipal Water District of Orange County. The remaining supply comes from recycled water produced by SMWD. The entire district serves approximately 160,000 customers through 50,285 residential connections, 2,244 commercial connections, and 2,879 irrigation connections. SMWD is located in southern Orange County 50 miles southeast of Los Angeles, and serves the communities of Mission Viejo, Rancho Santa Margarita, San Clemente, Las Flores, Coto de Caza, and Ladera Ranch.

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