

Bond Case Briefs

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S&P: California's Atmospheric River Brings Widespread Damage But Has Limited Credit Impact To Date

Key Takeaways

- A Presidential disaster declaration was issued for 58 counties, providing federal aid to recovery efforts and typically covering 75% of the cost of repairs. However, FEMA reimbursements typically cover only infrastructure repair and replacement costs and not related revenue stream disruptions.
- As of Jan. 20, 2023, California estimates \$533 million in governmental infrastructure damage incurred by local jurisdictions and an additional \$113 million incurred by the state itself, for a total of \$646 million.
- Issuers with available cash on hand to cover initial cleanup costs and that employ emergency and financial planning practices tend to fare best in the aftermath of major storms. FEMA reimbursements are also an important part of rebuilding but may take time to receive, so an issuer's liquidity and reserves are instrumental in the period following an event.
- Historically, many communities hit by storms see a temporary bump in sales taxes during rebuilding. While this provides revenue enhancement during a difficult time, rebuilding generally replaces what was lost rather than generating new economic growth.

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