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Moody's: Flood Risk in Coastal Virginia Supports Need for Proactive Planning, Capital Investments.

New York, June 18, 2015 — Coastal cities in southeastern Virginia's Hampton Roads region are becoming more vulnerable to flooding risk caused by weather-related and tidal flooding, and will require continued capital investment and effective planning to mitigate negative credit effects on the municipalities, Moody's Investors Service says in a new report.

The region includes notable cities like Virginia Beach (Aaa stable) and Norfolk (Aa2), whose significant urbanization and military development has exacerbated flooding risks and stormwater drainage issues. Hampton Roads is home to the world's largest naval base and second-largest US east coast port.

"Annual planning and spending for stormwater management in the near term reduces the need for Hampton Roads municipalities to spend larger amounts later. However, cost forecasts indicate a potential need for greater investment in this area by local governments across the region," Moody's Analyst Tiphany Lee-Allen says in "Virginia's Hampton Roads Region Responds to Flood Risk."

Hampton Roads' municipalities have relatively high credit ratings and conservative fiscal management, owing to the region's economic strength, which is buttressed by its concentrated military and government presence, port activity and tourism, Moody's says. These cities therefore possess the financial flexibility to manage fixed costs and support day-to-day operations.

In the last three years, Hampton (Aa1) has spent \$28.7 million on flood mitigation and has set aside funds in its 2016 budget for additional consultancy preparation.

Other cities, such as Virginia Beach have completed \$43 million in flood control projects in the last five years and plans to spend \$135 million in the next decade on multiple stormwater management projects.

Norfolk's annual capital investments of \$7 million for flood resiliency projects have helped minimize long-term costs and allowed the city to manage increases related to storm events without significantly impacting its debt profile.

The report is available to Moody's subscribers [here](#).