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San Francisco Public Utilities Commission to Issue Green Bonds.

San Francisco Public Utilities Commission next week will issue \$240 million in wastewater revenue “green” bonds, the first infrastructure municipal bonds to meet specific criteria under a new environmental standard for water projects.

The certification comes from the London-based Climate Bonds Initiative, which developed the standard using a technical working group of academics and experts in the sector.

The commission is planning a competitive sale of \$308 million of revenue bonds, of which \$240 million meets the green certification.

Green bonds are still relatively new in the \$3.7 trillion U.S. municipal bond market.

In February, the New York Metropolitan Transit Authority issued a \$500 million green bond, which was certified under the Climate Bonds Standard’s low carbon transportation criteria.

Terms and conditions, as well as disclosure practices, vary widely in the emerging green bond muni market, Moody’s Investors Service said in a report last week.

Moody’s surveyed 15 muni green bond transactions from 14 entities in 2013 and 2014. Timely reporting is not the norm, and issuers of seven of those transactions “have still not published reports that we could find,” Moody’s said.

Money from next week’s sale will be used to repair and rebuild the ocean-side city of San Francisco’s sewer system, protecting it from rising sea levels and intense rainfall that could result from global climate change.

Currently, more than 300 miles of San Francisco’s sewers are over 100 years old and were not constructed to withstand major earthquakes or the impacts of climate change, according to an analysis by Sustainalytics.

Last month, Standard & Poor’s Ratings Services upgraded the commission’s wastewater enterprise revenue bonds from AA-minus to AA.

“We’re upgrading our credit ratings, we’re upgrading our bond standards, and most importantly, we’re upgrading our aging wastewater infrastructure,” said Harlan L. Kelly, Jr., general manager of San Francisco’s sewer system.

“Our infrastructure was built to last a hundred years; it’s only fitting that we use the latest, most innovative financing techniques to ensure our city’s sewer system lasts for the next 100 years,” he said.

Overall, an estimated \$8.09 billion of debt will hit the U.S. municipal bond market next week,

according to preliminary Thomson Reuters data.

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LOS ANGELES | BY RORY CARROLL

(Reporting by Rory Carroll; Editing by James Dalglish)

Fri May 6, 2016 5:34pm EDT

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