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Parking System That Rescued Pennsylvania Capital Cut to Junk.

Bonds that financed the lease of the parking system for Harrisburg, which helped solve the fiscal crisis in the Pennsylvania capital, were cut to junk by S&P Global Ratings because of lower than expected revenue.

The ratings company Thursday lowered the grade on the Pennsylvania Economic Development Financing Authority's parking bonds two steps to BB+, the first level into speculative grade.

Although the system hasn't yet drawn on reserves, it has failed to make the required amount of revenue in excess of debt payments the past two years and will likely do so again this year, S&P said. The parking operations also provided Harrisburg less than half of its \$2.5 million annual payment for fiscal 2015.

A consultant is preparing an updated financial forecast that "will provide clarity regarding the reasonableness of future parking rate increases and if the parking system can afford the city payments," S&P said.

The downgrade shows the difficulty in maintaining a long-term fiscal recovery plan for Harrisburg, which veered into insolvency from an ill-fated incinerator project. Under a court-approved blueprint, the Pennsylvania Economic Development Financing Authority took over Harrisburg's 9,100-space parking system in a long-term lease. Proceeds from the 2013 sale of about \$285 million in bonds backed by parking revenue helped pay off creditors. While no longer under receivership, Harrisburg remains in a Pennsylvania program for distressed municipalities.

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