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## **Sugar Land, Texas: Fitch New Issue Report**

The 'AA' revenue bond rating and 'aa' SCP assessment reflect the Sugar Land, TX waterworks and sewer system's very strong revenue defensibility and operating risk profiles, both assessed at 'aa', as well as a financial profile that is rebounding after several years of weak results. The system's revenue defensibility assessment is supported by its monopolistic provision of water and sewer services to a growing service area with strong income levels. The city has independent legal ability to raise rates, and rates are affordable for the vast majority of the population. Despite cost pressures associated with water supply conversion to surface from ground sources, the system's operating cost burden is very low. The system's age of plant is rising as annual capex has been well below annual depreciation expenses and is reflected in a life cycle ratio that approximates 48%, signaling growing needs for capital reinvestment.

### **[ACCESS REPORT](#)**

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