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Thursday, February 4, 2021

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San Diego – Global creditors have boosted the San Diego Metropolitan Transit System's (MTS) long-term rating and underlying rating for series 2004A pension obligation bonds to 'AA' from 'A+'. The full announcement can be accessed [here](#).

"Achieving this rating upgrade is a testament to the fiscal responsibility and sound management at MTS," said Nathan Fletcher, MTS Board Chair and Chair, San Diego County Board of Supervisors. "MTS is being responsible and judicious with the public's tax dollars and this rating upgrade validates that our financial strategy is heading in the right direction."

The S&P Global Ratings announcement said, "The 'AA' long-term rating reflects our opinion of MTS's very strong enterprise risk and financial risk profiles, as well as its significant sales tax revenues. Sales tax revenues, which totaled \$203 million or 42% of total revenues in fiscal 2020, and other operating grants fund most of MTS' operations. Consequently, the bulk of MTS's revenues are not sensitive to ridership declines, partially mitigating the effects of COVID-19."

The S&P Global Ratings assessment highlights also included (in part):

- Very strong management and governance, evidenced by a fiscally conservative management team that has considerable expertise and a record of success in routinely meeting or exceeding its fiscal targets, mitigating risk, and successfully managing the system.
- Extremely strong financial performance, which reflects DSC, per our calculations, above 20x in fiscal 2020 due in part to revenue stability from sales tax revenues significantly supporting operations;
- Strong liquidity and financial flexibility based on our expectation that management will maintain unrestricted reserves (\$104 million at fiscal year-end 2020) near 120 days' cash on hand and well above 100% of debt outstanding, further supported by CARES Act funds;
- Very strong market position, reflective of an essential public transit system with varied offerings (bus and trolleys) that plays a vital role within its service area, tempered by exposure to potentially prolonged weak or unpredictable ridership as a result of the ongoing pandemic and lingering ancillary effects that are outside of management's control;
- Extremely strong service area economic fundamentals due to favorable levels of economic activity as measured by GDP per capita, and unemployment comparable with the national average but elevated because of the effects of COVID-19;
- Very strong debt and liabilities capacity, with a very low debt burden of \$10.4 million of debt outstanding.

MTS operates 95 bus routes and three Trolley lines across 10 cities and unincorporated areas of San Diego county. Frequencies and spans have been restored to near-pre-COVID-19 levels. Updated schedules can be accessed on the MTS website. MTS requires people to wear face coverings at all times, and practice physical distancing when possible.

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