

# Fresno City Hall cheers as Moody's raises city's credit ratings outlook

By George  
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City officials were all smiles Tuesday on news that Moody's Investors Services has boosted Fresno's long-term credit ratings outlook from stable to positive.

That may not sound like much to trumpet. To a City Hall worried only 18 months ago about bankruptcy, it's cause for tempered satisfaction.

"This reflects the smart choices we've made in recent years to discipline ourselves to focus on managing the fiscal crisis at hand while at the same time keeping an eye on the responsibilities of tomorrow," Mayor Ashley Swearengin said.

Moody's maintained the status quo on Fresno's issuer rating and the ratings on various bond deals. The former is at the bottom of the investment grade scale. The latter, reflecting deals made during Fresno's borrowing spree about a decade ago, are at the top end of the speculative (junk) scale.

"The change in outlook fundamentally reflects the recent positive changes in the city's tax base and local economy, contributing to increases in property and sales taxes, the city's most important revenue sources," Moody's wrote. "The positive outlook also reflects our expectation that the city's steps to rein in expenditures and rebuild depleted reserves will pay off in the near- to medium-term with help from the improving economy."

Moody's praised the commitment among City Hall executives to get a handle on operational costs.

Moody's worried about the weak nature of Fresno's economic recovery and reserve balances that, while on the upturn, remain modest in size.

Moody's and the other two major credit-rating agencies, Standard & Poor's and Fitch, were once skeptical about Fresno's future. They seemed to issue credit downgrades with every change of season. National business writers consistently lumped Fresno's outlook with the high-profile money woes of cities such as Stockton and Detroit.

Then the Great Recession eased here, boosting general fund revenues. The City Council and Swearengin made the repayment of internal debts a priority. City leaders chose to begin restoring city services incrementally rather than in a rush. "Reserve" ceased to be a dirty word. Swearengin and most of the city's union leaders slowly, and sometimes grudgingly, came to terms on budget-boosting contracts.

Such policy wasn't always popular. But, Swearengin said, it was "the right strategy."

The city's continued recovery, the mayor added, "depends on our continued vigilance."

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