

**FACT SHEET****CITY OF SHREVEPORT, LOUISIANA****TITLE**

An Ordinance Amending Section 94-165 of the Code of Ordinances Relative to Sewer Rates and to Otherwise Provide With Respect Thereto

**DATE**

2/12/2024

**ORIGINATING DEPARTMENT**

CAO

**COUNCIL DISTRICT**

N/A

**SPONSOR**

No Sponsor

**PURPOSE**

To increase sewer rates by 10%, effective with the bills customers receive in April.

**BACKGROUND INFORMATION**

The City has for several years failed to meet the coverage requirements established in the covenants we agreed to when we sold Utility Revenue Bonds. Although we have paid principal and interest on time, coverage requirements exist to assure that bond holders will be paid, even in times of fiscal distress. The Administration originally proposed a 20% increase in rates, effective on January, to allow us to meet those requirements. The Council asked us to try to find a way to meet the requirements with a smaller increase. Through the efforts of City staff, our external auditor and Louisiana bond attorneys representing three separate firms, we have an approach that will allow the increase for 2024 to be only 10%, effective with the bills customers receive in April. This approach involves using transfers between funds to allow the General Fund make a payment into a Revenue Fund that then can be counted for coverage calculation. The initial amount, which will ultimately come from prior-year water and sewer revenues, will likely be \$20 million. The City still needs to increase rates, but only to bring current-year revenues and expenses into balance. This is important to rating agencies, bond holders and regulatory agencies, because it signals that we are serious about maintaining a financially-sound utility system. Bond attorneys who represent DEQ and the State Department of Health have been consulted on this approach and they have assured us that we will be able to access State loan and grant programs that we cannot currently access because of our non-compliance. Currently, we have at least \$8 million held in abeyance. Being able to access these grants and loans means more work can be done within our existing rate structure and reduces the size of future increases. The Council asked the Administration to communicate the reason for these increases to our customers. That is being done by a mailer to all customers. That mailer also references the existing SWAP payment assistance program, so that persons most affected by any increase in rates will be aware that there is a program that can help them.

**TIMETABLE**

Introduction: 02/13/2024

Final Passage: 02/27/2024

**ATTACHMENTS****SPECIAL PROCEDURAL REQUIREMENTS**

None

**FINANCES**

\$ About \$4.5 million in the remainder of

**SOURCE OF FUNDS**

Water and Sewer System customers

2024; about \$6  
million  
annualized.

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**ALTERNATIVES**

(1) Adopt the ordinance as submitted, or (2) amend the ordinance, or (3) reject the ordinance.

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**RECOMMENDATION**

It is recommended the City Council adopt the ordinance.

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**FACT SHEET PREPARED BY:**

Tom Dark