

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

An Ordinance Amending Section 94-164 of the Code of Ordinances Relative to Water 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 water 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% rate increase, effective in 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 bond attorneys from three Louisiana firms, we have an approach that will allow the increase to be only 10%, effective with the bills customers receive in April. The plan is to use prior-year utility revenues passed through the General Fund to a new special fund that can be counted toward the revenue needed to meet the coverage requirement. We still need to increase rates, but only to bring current-year revenues and current-year expenses into balance. This is important to rating agencies, bond holders and regulatory agencies, because it tells them that we are serious about maintaining a financially-solvent utility system. We currently cannot access State loan and grant programs because of our non-compliance. The attorney representing LDEQ and the Department of Health has been in on this process and advises us that the hold will be lifted, once we follow through on the rate increases and take the proper budgetary steps. The “hold” is currently about \$8 million. Being able to access these funds helps us do more projects with someone else’s money, which reduces further upward pressure on rates. The Council also asked that customers be notified that this rate proposal was being considered and why it was perceived to be needed. Mailouts will be sent to all customers, providing this information.

**TIMETABLE**

Introduction: 02/13/2024

Final Passage: 02/27/2024

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

None

**FINANCES**

\$ About \$2.8 million for the rest of 2024;  
About \$3.7 million annualized

**SOURCE OF FUNDS**

Customers of the water and sewer system

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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