

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

An Ordinance to Establish Procedures to Stabilize Water and Sewer Rate Increases and to Otherwise Provide With Respect Thereto.

DATE

2/12/2024

ORIGINATING DEPARTMENT

CAO

COUNCIL DISTRICT

N/A

SPONSOR

No Sponsor

PURPOSE

To set forth a means of meeting the City's Utility Revenue Bond coverage requirements with the smallest possible rate increases.

BACKGROUND INFORMATION

The City has not met the mandated coverage requirements on its Utility Revenue Bonds since at least 2020. Efforts to bring the City back into compliance without the need for as large a rate increase have been ongoing for some time. The approach presented in this ordinance has been developed and vetted by bond attorneys representing three major firms doing business in Louisiana, one of which represents the Louisiana DEQ and Department of Health, both of whom offer loan and grant programs that the City cannot currently access because it does not meet the coverage requirements. The proposal uses the "Revenue Fund" as defined in the bond ordinance (the Water and Sewer fund) whose assets can be used annually to assist in meeting the bond coverage requirements. The Revenue Fund will get those assets in a transfer where the General Fund is the pass-through agent to receive prior-year funds. The amount required to be transferred will be the greater of \$20 million or the amount actually needed to meet coverage. The City will continue to budget the actual amount needed to make the bond principal an interest payments, so the assets in the Revenue Fund will not actually be spent, except in situations of significant financial crisis for the Water and Sewer Fund.

TIMETABLE

Introduction: 02/13/2024
Final Passage: 02/27/2024

ATTACHMENTS**SPECIAL PROCEDURAL REQUIREMENTS**

None

FINANCES

\$ Requires a shift of funds from the General Fund into a Revenue Fund that can then be used to satisfy the utility revenue bond coverage requirements. Although the

SOURCE OF FUNDS

General Fund, via a transfer from the Water and Sewer Fund

funds will be transferred from the General Fund, those funds will only pass through the General Fund, with their actual source being from the Water and Sewer Fund. (At the request of the bond attorneys, this will be spelled out in more detail in subsequent legislation). The initial amount of the transfer will be the larger of \$20 million or the actual amount needed to establish the mandated coverage figure.

ALTERNATIVES

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

RECOMMENDATION

It is recommended the City Council adopt the ordinance.

FACT SHEET PREPARED BY:

Tom Dark