

## FACT SHEET

## CITY OF SHREVEPORT, LOUISIANA

**TITLE**

An Ordinance adopting the 2024 Budget for the Water and Sewer Enterprise Fund, appropriating the funds authorized therein, and otherwise providing with respect thereto

**DATE**

10/9/2023

**ORIGINATING DEPARTMENT**

CAO

**COUNCIL DISTRICT**

N/A

**SPONSOR**

No Sponsor

**PURPOSE**

To adopt the 2024 Water and Sewer budget.

**BACKGROUND INFORMATION**

The proposed 2024 budget for Water and Sewer operations is \$184,163,600, an increase of 27% from the original 2023 budget. The reason for the increase is that for the past several years, the City has not met the “coverage” requirement we agreed to when we sold Utility Revenue bonds. That covenant says that the Water and Sewer Fund will have a revenue cushion to assure, even in a bad revenue year, that there will be sufficient revenue to repay our bonded debt. To meet the coverage requirement for 2024 requires about \$20 million in additional revenue. That equates to a 20% increase in water and sewer revenues, which the Council will be asked to approve. This amount would have been considerably smaller had the prior administration chosen to recommend an appropriate rate increase for 2022 and 2023, but that did not occur. Failing to meet the coverage requirement is a red flag to investor rating services, which in turn makes it more difficult for us to sell bonds in the future. To meet our obligations to EPA under the consent decree, additional utility-backed debt is going to be needed within the next three to five years, even if Water and Sewer is successful in getting a General Obligation bond authorization next spring. That is why this revenue increase is needed. In future years, once the coverage requirement has been met, some of this additional revenue will be available to address the overwhelming system maintenance needs that exist. The 2024 budget otherwise maintains existing services and has a large reserve, which grows mostly because of the additional revenue required to get system revenues to the coverage requirement.

**TIMETABLE**

Introduction: 10/10/2023

Final Passage: 12/12/2023

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

All budgets must be adopted by December 15, 2023. A public hearing will be required before passage.

**FINANCES**

\$ \$184,163,500

**SOURCE OF FUNDS**

Water and Sewer Revenues

**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.

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**FACT SHEET PREPARED BY:**

Tom Dark