



SHELLY HORTON JR  
MAYOR

STEPHANIE SULLIVANT-COLLIER  
CAO/ TOWN CLERK

## TOWN OF BENTON LOUISIANA

### WORKSHOP MINUTES MAYOR AND BOARD OF ALDERMAN TOWN OF BENTON 105 SIBLEY STREET, BENTON, BOSSIER PARISH, LOUISIANA THURSDAY, SEPTEMBER 21, 2023, 6:00 PM

Mayor Shelly Horton called the meeting to order. Stephanie Collier called the roll and the following Council members were recorded:

PRESENT: Alderman Carr, Alderman Manning, Alderman Jones, and Alderman Friday  
ABSENT: Alderman Cathcart

Mayor Horton introduced Jimmy Hagan, Owner of Balar Engineering Firm.

Mr. Hagan:

Presented the council with rate study presentation and stated that all the data for this study was provided by the Town and the 2022 Audit. The information indicated that the sewer and solid waste fund has an operating profit in 2022 and the water had a loss of (81,697.00). Information from the 2022 Audit suggested the water system loss was (90,000.00).

The Town's utility systems are only profitable because of the 1998 sales tax funds (dedicated to sewer) and the 1978 sales tax fund that can be used for capital projects and capital purchases. The newly passed legislation, the Community Water System Accountability Rule required all systems to submit a Water Rate Analysis every two years and the systems are required to adopt rates recommended by the Commission. In addition to Accountability reporting, each system who applies for state and federal grants must provide an independent third-party Water Rate Analysis be completed and adopted as a condition of receiving loan and or grant funds. The Town received a \$730,000.00 LCDBG grant in early 2023 and the LRWA provided a Sewer Rate Study.

Water and sewer sales and sales taxes have grown in the past decade since the last water rate adjustment in 2013, however the net cash flow from operating activities has decreased. To maintain sustainability in each fund and the entire fund, increases are needed in both water and wastewater

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funds. Based on results, Balar recommends a \$3.00/month increase to achieve break even in the water fund. LRWA's sewer rate analysis has a recommendation of \$2.25/month in sewer rates, however, the Town has not officially adopted/adjusted those rates as required by Louisiana Office of Community Development (LCDBG)

Once both rate increases have been implemented it will improve the Town's financial stability the water sewer fund. However, it will not completely address the net cash flow from operating activities, and it will not create a situation where the entire fund has an acceptable sustainability factor of (10-15% more revenues than expenses) per LRWA/LDH/ etc.

A \$5/month rate adjustment is a 6.7% increase in overall water/sewer/trash monthly bill for both inside and outside customers. All customers (5,000 gallons per month) pay essentially the same utility bills but don't pay for trash and must get that service elsewhere (outside \$17/month higher). With significant number of customers outside town, Town has some latitude on how to adjust rates to its inside and outside utility customers. Rate adjustments can be prorated into base/flat rate (\$/month) and user charge (\$/1000 gallons) can be considered.

A \$5 rate increase will keep the Town in reasonably good financial condition for a couple of years, but the Town will likely begin to fall behind again due to increased operation costs. Many utility systems have adopted an annual CPI increase so that they do not have to keep adjusting rates each year to keep up with inflation. An annual CPI adjustment increases all components of utility bills each year equal to the documented CPI increase (Blanchard and Homer). If CPI was 2.5% and revenues were \$2.3M/year, then the Town would theoretically receive \$57,000 more in revenue each year. It would get ahead financially with those revenues since its spending power (value of the dollar) will have been reduced to impacts of inflation.

After various questions from the council and discussion of the inside and outside impact the rates will have on customers the mayor suggested that the meeting be concluded, and a final decision be made at the November council meeting on November 13. It will be an ordinance that will be introduced and set for public hearing. Mayor Horton asked that each council member review the information provided tonight so a decision can be made in November.

Mayor Horton adjourned the workshop meeting.

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