



TOWN OF SUNSET WATER AND WASTE WATER SYSTEMS

Greetings from the Mayor,

As we embark on a new year, I extend my heartfelt wishes for a year overflowing with love, joy, and peace for you and your loved ones.

Status of the Water System and Sewer System Projects

Despite delays caused by supply chain inventory, contractor shortages, and processes that are beyond our control, we, with the aid of our engineers and consultants, have worked to meet the challenges that confront us with our water and sewer systems. We have secured nearly \$7,000,000.00 in state funding through grants and loans that will be used to improve our town's water quality and sewerage treatment.

The water well, water filtration plant and the much-needed upgrade to the sewer treatment facility represent our commitment to delivering to you the highest quality service possible. They are essential to the growth of our community. The sewer treatment upgrade is also a priority to drive our aging infrastructure to the level of continued compliance and efficiency.

I acknowledge the frustration caused by the incidents centered around our aging water system. As your neighbor, I share in that frustration; as your Mayor, I share your concerns about what the future holds and, together with the Town Council, take personal responsibility to resolve these issues. Even though these improvements are very expensive, we are committed to working to limit the financial impact on you. To that end, as previously stated, we have been blessed to receive several much sought-after grants and loans to help make our efforts possible. Together, we will make the necessary changes to provide the best service at the most reasonable costs possible.

The following is intended to highlight the Loan and Grant processes and the utility rate increase mandated by that process. Thanks to the town council and our town engineers' work, we reduced the mandated rate increases to the minimum.

The loans and grants we have received have state-mandated requirements. These mandates require a rate increase effective in the March 2024 billing cycle and periodic increases in the

future. These increases are necessary to implement and maintain our town's new water well, water filtration plant, and the new sewerage treatment facility. Listed below are the rate increases required by the state

**Rate Increases for Water and Waste Water
Effective with the March Billing Cycle**

<u>Water Residential</u>	
Base Rate:	\$18.00 (Rate for first 2000 gallons of water used) \$ 5.30 (Rate per 1000 Gallons After 2000 Gallons used)
<u>Waste Water Residential (Sewer)</u>	
Base Rate:	\$14.00 (Rate per 2000 Gallons) \$ 2.50 (Rate per 1000 Gallons After 2000 Gallons used)

<u>Water Commercial</u>	
Base Rate:	\$25.00 (Rate for the first 2000 gallons of water used) \$ 5.30 (Rate per 1000 Gallons After 20000 Gallons used)
<u>Waste Water Commercial (Sewer)</u>	
Base Rate:	\$20.00 (Rate for first 2000 Gallons of Water Used) \$ 2.50 (Rate for 1000 Gallons Used After 2000 Gallons Used)

Note: Residential water usage per household is between 4000 and 5000 Gallons per month

State of Louisiana Grant and Loan Requirements

Rate Study and Proposed Rate Increase

Why the need for a Rate Study?

- One of the requirements for receiving the grant funding from the Water Sector Program and the Bond Commission was that the Town abide by the results of a state-funded independent rate study:
 - Water Grant Amount:
\$2,743,206
 - Sewer Grant Amount:
\$3,416,947
 - Rates have been adjusted for maximum loan payback
- Required that the rates of each utility support its expenses with a minimum 15% contingency collected after all operating costs and expenses for an emergency fund based on significant infrastructure

Loan Payments

- Rates have been adjusted for “maximum” loan payback

- The town is continuing to seek additional grants to assist in minimizing the impact to our customers.

Rate Study and Proposed Rate Increase

The funding for these projects is part of a new grant and loan system that requires the recipient of the funds to maintain adequate income for the operations of their systems to generate funds that will ensure that they have the necessary capital to maintain and support the new or improved facilities. To that end, the state requires each recipient to do a rate study, which is paid for by the state. Rates are then adjusted to meet the necessary financial requirement or found to be adequate and do not require an adjustment. **We were also required to do a rate study on the sewer system, which determined that our rates were inadequate to meet the requirements of the grant or loan we received.**

Therefore, beginning with the March 2024 Billing Cycle, the town's sewer rates will be increased to satisfy state program requirements.

With much hope for the future, I extend my sincerest wishes for continued blessings for you, your families, and our community.

Mayor James