



TOWN OF ABITA SPRINGS RATE STUDY 2025

Adopted by Town Council by Resolution on March 11, 2025

RATE STUDY

The Rate Study, funded by the State of Louisiana Water Sector Program, was **required** for the Abita Springs WWTP project.

The State Water Sector Program chose Waggoner Engineering to complete the study, which aimed to assess whether current rates provide sufficient revenue for ongoing operations, maintenance, and debt service.

BASIS OF RATE STUDY

Financial Planning includes historical revenue and expense data from FY 2023 and 2024, with a current Debt Service Ratio of 1.25, meeting regulatory requirements.

Projections for the next 10 years account for a 3% annual increase in expenditures due to the Consumer Price Index.

Key considerations include adding 390 new water & sewer connections (Abita Meadows) over 4 years, a 1% growth factor for the Town, and the elimination of a \$382,000 General Fund transfer in 2024, which is not allowed under the Water Sector Program guidelines.

RESOLUTION TO INCREASE UTILITY RATES

The council discussed a resolution to authorize an increase in utility rates for water and sewer services to fund necessary system rehabilitation and meet state requirements. It was noted that the increase is also needed to support ongoing infrastructure improvements, such as a secondary water source and wastewater treatment plant replacement. The increase of 15% for all water and sewer fees was recommended, with an additional 15% increase for customers outside the town limits or in new subdivisions approved after April 1, 2025. This rate adjustment will ensure the town meets its obligations to the Water Sector Program and continues necessary infrastructure improvements.

The resolution was adopted on a motion by Mr. Saussy, seconded by Mr. Boudreaux.

The vote was:

YEAS: 4, Aldermen Contois, Patterson, Saussy, and Templet

NAYS: 0

ABSTAIN: 1, Alderman Boudreaux

ABSENT: 0

PRIOR RATE INCREASE
May 2017

PROPOSED RATE INCREASE
April 2025

PRIOR RATE INCREASE

ALL CUSTOMERS

RESIDENTIAL
57% INCREASE

Average of
\$22.20/month

COMMERCIAL
95% INCREASE

Average of
\$62.08/month

PROPOSED RATE INCREASE

IN TOWN

RESIDENTIAL
15% INCREASE

Increase Average
\$8.40 /month

COMMERCIAL
15% INCREASE

Increase Average
\$22.99/ month

PROPOSED RATE INCREASE

OUT OF TOWN*

RESIDENTIAL
30% INCREASE

Increase Average of
\$16.80 /month

COMMERCIAL
30% INCREASE

Increase Average of
\$45.98/ month

*Additional 15% increase for all out of town customers and all new major subdivisions receiving final plat approval after April 1, 2025.

EXPLANATION

Why would you further raise rates on out of town customers?

The Town does not collect property taxes from out-of-town customers, and newly developed major subdivisions place additional strain on our aging infrastructure. The town is

RECOMMENDATIONS OF RATE STUDY

- **March 2025** – 15% increase in water & sewer rates
- **March 2025** – Establish a “Contingency Fund” to fund critical infrastructure repairs with a transfer of \$28,000 annually
- **March 2025** – Introduce an instrument to increase rates annually based on the percentage change in the Consumer Price Index. This would be important to ensure future viability & help eliminate large % increases.
- **Annually** – Perform an annual review of rates (this can be done internally or by an approved qualified entity)
- **January 2029** – Perform a rate study by an approved qualified entity in 2028 to ensure that the Town continues to meet the financial sustainability requirements of the Community Water System Accountability Rule (LDH – LAC 51:XII, Chapter 4).

A RESOLUTION OF THE TOWN OF ABITA SPRINGS BOARD OF ALDERMEN AUTHORIZING AN INCREASE IN UTILITY RATES FOR WATER AND SEWER SERVICES TO FUND SYSTEM REHABILITATION, MEET STATE REQUIREMENTS, AND SUPPORT ONGOING INFRASTRUCTURE IMPROVEMENTS

WHEREAS, the Town of Abita Springs has determined that there is a critical need to replace and rehabilitate the Town's Sanitary Sewer System; and

WHEREAS, significant time has passed since the last utility rate increase, and costs for services have risen across all sectors due to inflation, the economic effects of COVID-19, and Hurricane Ida; and

WHEREAS, the Town of Abita Springs' Sanitary Sewer System continues to experience significant decline, requiring immediate attention and improvements to avoid further degradation of services; and

WHEREAS, the Town has seen an increase in population, which has placed new and growing demands on the existing water and sewer infrastructure, further emphasizing the need for additional funding to maintain the system; and

WHEREAS, the Louisiana Department of Health requires that the Town of Abita Springs provide a secondary water source to ensure the safety and reliability of the water supply; and

WHEREAS, the Town of Abita Springs is working toward meeting this requirement, which will require significant investment in infrastructure; and

WHEREAS, the rehabilitation and replacement of the wastewater treatment plant, as well as the improvements to the Sanitary Sewer System, are essential to maintaining public safety, ensuring environmental sustainability, and improving the quality of life for all residents of the Town of Abita Springs; and

WHEREAS, the Louisiana Water Sector Grant Program has awarded the Town \$5,685,240. in grant funding for the replacement of the wastewater treatment plant and associated infrastructure, which is contingent upon the Town's implementation of the recommended rate increase and assurance of its ability to ensure sustainable and adequate funding through utility rate increases; and

WHEREAS, a comprehensive rate study has determined that the existing utility rates are insufficient to support the rehabilitation efforts, provide for a secondary water source, and cover ongoing operations of the water and sewer system; and

WHEREAS, the proposed rate increase of 15% to all utility customers' water and sewer fees and an additional increase of 15% for all customers whose service is located outside of town limits and for all customers whose service is located in new subdivisions with final approval dates after April 1, 2025 of 14 lots or more, to ensure that the Town can meet its obligations and maintain the water and sewer system, address the secondary water source requirement, and complete the essential rehabilitation and replacement projects; and

WHEREAS, this rate increase is vital to maintaining the health, safety, and quality of life for all residents and ensuring the long-term sustainability of the Town's water and sewer systems.

THEREFORE, BE IT RESOLVED, that the Town of Abita Springs Board of Aldermen hereby authorizes the specified increase in the water and sewer utility fees for customers, with an annual increase of an amount equivalent to the increase reflected in the annual Consumer Price Increase, South Region, with each March billing cycle, to support the continued operation, maintenance, and to initiate necessary upgrades to the Town's utility systems and services.

BE IT FURTHER RESOLVED, that the initial increase is effective beginning with the April billing cycle.

BE IT FURTHER RESOLVED, that the Board of Aldermen hereby authorizes the Mayor to take all necessary actions to implement this resolution.

And the resolution was declared adopted on a motion of _____, seconded by _____ on this ____ day of March, 2025.

The vote was:

YEAS: 4, Aldermen Contois, Patterson, Saussy and Templet

NAYS: 0

ABSTAIN: 1, Alderman Boudreaux

ABSENT: 0