

ORDINANCE NO. 2023 04

**AN ORDINANCE AMENDING ORDINANCE NO. 2008-02,
FIXING THE WATER AND SEWER RATES TO BE
CHARGED FOR WATER AND SEWER SERVICES TO
USERS OF THE CITY OF SHANNON HILLS, ARKANSAS'S
WATER AND SEWER SYSTEM; AND DECLARING AN
EMERGENCY**

WHEREAS, the City of Shannon Hills, Arkansas (the "City") operates a municipal water and sanitary sewer system (the "System" as used herein, the term "System" shall include all Improvements and shall include all the City's water and sewer facilities which are operated as one interrelated municipal undertaking); and

WHEREAS, the City has proposed to issue its Water and Sewer Revenue Bond, Series 2023 (the "Series 2023 Bond") to the Arkansas Development Finance Authority, as purchaser (the "Bondholder"), to finance certain betterments and improvements to the System, including, but not limited to, treatment and collection system upgrades and line extensions (the "Improvements"), and to pay the costs associated with the issuance of the Series 2023 Bond; and

WHEREAS, as a condition to its purchase of the Series 2023 Bond, the Bondholder has required that the City adjust the rates for its water and sewer services to ensure sufficient revenues of the System are available at all times to provide at least (i) for the payment of operation and maintenance expenses of the System, (ii) for the required payments on the Series 2023 Bond, and (iii) for all required payments on the City's outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2015 (the "Series 2015 Bonds"); and

WHEREAS, the City has also commenced the required engineering studies necessary for the finance of a major development project under Act 605 of 2021 of the Arkansas Legislature, which is codified at Ark. Code Ann. §14-234-801, *et seq.* and took effect on July 30, 2021; and

WHEREAS, it is necessary for the City Council to set monthly rates to be charged all persons provided water and sewer services for the purpose of satisfying conditions of the Bondholder for issuance of the Series 2023 Bond, bringing the City into or maintaining compliance with the debt service coverage covenants for the Series 2015 Bonds, and providing for the efficient ongoing operation of the System; and

WHEREAS, Ordinance No. 2008-02 of the City established the current rates to be charged for water and sewer services furnished by the System to all users who purchase water from the System; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHANNON HILLS, ARKANSAS:

Section 1: Amendment of Water Rate Charges. In accordance with Ark. Code Ann. § 14-234-214, effective March 1, 2023, water charges (based on usage) for each user

connected to and served by the waterworks system of the City shall be as set forth on Exhibit A to this Ordinance.

Section 2: Minimum of 1,500 Gallons. The lowest rate per 1,500 gallons will be adjusted as necessary to assure the water services rate is greater than the cost of operation and maintenance per 1,500 gallons. The water services rates will be reviewed and adjusted periodically to assure adequate repayment ability, reserves, and adequate operation and maintenance costs. Fees for connecting to the System will not be less than the cost to the System.

Section 3: No Other Amendment. All ordinances and parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section 4: Joint System Billing. Monthly billings for water and sewer services shall be made with and as a part of the waterworks billings and payment for water services shall not be accepted without payment for any sewer service due, nor shall payment for sewer services be accepted without payment for any water service due. For failure to pay for water or sewer services, water service will be disconnected.

Section 5: Publication. Following adoption and in accordance with Ark. Code Ann. § 14-55-206, this Ordinance shall either be published in a newspaper of general distribution within the City or posted in at least 5 public locations in accordance with the City's general practices regarding publication or posting of ordinances of the City.

Section 6: Invalidity. The invalidity of any part of this Ordinance shall not invalidate any other part thereof.

Section 7: Billing Cycle Effective Date. The water rates set forth in this Ordinance shall take effect with the billing cycle commencing after the date of adoption hereof, so that utility bills due by March 10, 2023 will reflect the new water rates.

Section 8: Emergency Clause. It is hereby ascertained and declared that the compliance with the covenants of the Series 2015 Bonds and the requirements of the Bondholder for the Series 2023 Bond providing for the construction of the Improvements and the maintenance of required rate covenants set forth therein is necessary for the preservation of the public health, peace and welfare of the inhabitants of the City. It is therefore declared that an emergency exists and this Ordinance being necessary for the immediate preservation of the public peace, health and safety, shall take effect and be in force from and after its passage.

**EXHIBIT A
TO ORDINANCE 2023-____
WATER AND SEWER RATES**

Monthly Usage and Schedule of Rates. The water and sewer usage of each user is determined each month by meter measurement, and each user pays an amount for water usage computed on the basis of the following schedule of rates:

Water Rates

First 1,500 Gallons (minimum charge)	\$20.00
All over 1,500 Gallons	\$6.03 per 1,000 Gallons

Sewer Rates

First 1,500 Gallons (minimum charge)	\$24.00
All over 1,500 Gallons	\$5.20 per 1,000 Gallons