

Water & Sewer Rate Update

City of Mandeville – Council Presentation
Explaining Rate Adjustments and Addressing
Concerns

Introduction

Purpose

Purpose of this presentation:

- Explain why water & sewer rates were adjusted
- Clarify how bills are calculated
- Address citizen concerns & misconceptions

Goal

Goal: Build understanding and trust through transparency

What is an Enterprise Fund?

- A separate accounting fund for self-sustaining services
- Revenues must cover expenses (no profit motive)
- Covers operations, maintenance, and capital improvements
- Independent from the General Fund (no crossover of money)
- Enterprise Fund \neq General Fund

Why the Increase Was Necessary

- Rates historically underpriced; subsidized by General Fund
- As of Aug 31, 2024: Enterprise Fund owed General Fund \$5.6M
- State law (La. R.S. 39:100.56) requires sustainable rates
- Rate study confirmed adjustments were needed
- Protects \$2.2M in state funding

Enterprise Fund - Operations

Fiscal Year	Loss from Operations
2017	\$(1,083,565)
2018	\$(558,327)
2019	\$(1,579,271)
2020	\$(847,406)
2021	\$(1,245,140)
2022	\$(1,381,492)
2023	\$(5,571,047)
2024	\$(2,939,811)
Total (2017–2024)	\$(15,205,059)

Risks of Inaction

Financial Risks

- Ongoing operating losses
- Depleted reserves
- Future emergency rate spikes
- Need for bonds/debt → higher long-term costs

Infrastructure Risks

- Water main breaks
- Sewer line collapses & backups
- Deteriorating towers & pumps

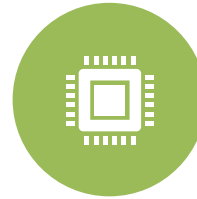
Service & Public Health Risks

- Lower water quality, failed testing
- Sewage backups in homes/streets
- Environmental pollution & fines
- Risk of regulatory takeover

The State-Required Rate Study



Paid for by the State of Louisiana (Water Sector Program)



Independent, professional analysis (HDR & Manchac, 2023)



Required by law: conduct study + implement findings



Recommended annual adjustments through 2028



Goal: Ensure system is financially self-sustaining

ESTIMATED MONTHLY BILLS

Utility	Class	Monthly Use	Sample Monthly Bill			Change	% Change
			Current Rates	Proposed Rates		Dollars	%
COMBINED WATER AND SEWER							
	Residential w/5/8" or 3/4" meter						
		2,500	\$ 27.50	\$ 30.53		\$ 3.03	11.0%
		5,000	\$ 29.70	\$ 40.93		\$ 11.23	37.8%
		7,500	\$ 32.45	\$ 51.91		\$ 19.46	60.0%
		10,000	\$ 37.90	\$ 62.88		\$ 24.98	65.9%
		12,500	\$ 40.65	\$ 75.28		\$ 34.63	85.2%
		15,000	\$ 53.75	\$ 87.68		\$ 33.93	63.1%
		20,000	\$ 56.50	\$ 112.48		\$ 55.98	99.1%
	Commercial w/ 5/8" or 3/4" meter						
		5,000	\$ 46.70	\$ 55.45		\$ 8.75	18.7%
		10,000	\$ 46.70	\$ 87.61		\$ 40.91	87.6%
		15,000	\$ 52.20	\$ 119.78		\$ 67.58	129.5%
		25,000	\$ 57.90	\$ 184.11		\$ 126.21	218.0%
	Commercial w/ 1" meter						
		5,000	\$ 41.20	\$ 62.41		\$ 21.21	51.5%
		10,000	\$ 53.70	\$ 94.58		\$ 40.88	76.1%
		15,000	\$ 62.20	\$ 126.75		\$ 64.55	103.8%
		25,000	\$ 79.50	\$ 191.08		\$ 111.58	140.3%
	Commercial w/ 2" meter						
		50,000	\$ 335.90	\$ 389.97		\$ 54.07	16.1%
		100,000	\$ 410.90	\$ 711.63		\$ 300.73	73.2%
	Commercial w/ 4" meter	250,000	\$ 1,226.90	\$ 1,794.54		\$ 567.64	46.3%

This is a slide pulled directly from the consultant's presentation to Council and the Public regarding the Rate Study and recommended rate changes at the September 26, 2024 City Council Meeting

Council Action on Rate Changes

Ordinance 24-40 adopted January 2025

First major update since 2016

Key changes:

- Demand charges scaled by meter size
- Residential usage tiers adjusted
- Simplified sewer billing method based on water usage

Key Changes to Residential Rates

Demand charge by
meter size ($\frac{3}{4}$ "=\$10.40,
1"=\$17.37,
 $1\frac{1}{2}$ "=\$34.63)

Residential tiers
revised (0–3k included;
higher use = higher
rates)

Sewer: \$12 base +
\$3.25 per 1k gallons
over 3k

Residential Water and Sewer Rates

RESIDENTIAL WATER AND SEWER RATES

Meter Size	Demand Charge
5/8" or 3/4"	10.40
1"	17.37
1-1/2"	34.63
2"	55.43
3"	104.00
4"	173.37
6"	346.63
8"	554.63

Water:		
Residential Volume Charge		
First 3,000 gallons	0.00	included in demand charge
3,001 - 10,000 gallons	1.14	per 1,000 gallons
10,001 - 25,000 gallons	1.71	per 1,000 gallons
25,001 - 50,000 gallons	2.57	per 1,000 gallons
All over 50,000 gallons	5.13	per 1,000 gallons

Sewer:		
Residential Volume Charge		
First 3,000 gallons	12.00	
All over 3,000 gallons	3.25	per 1,000 gallons

“Water & Sewer Bill Estimator”
available by clicking the top
banner on the City’s website
www.cityofmandeville.com

Communication & Billing Cycle



**July 2025:
Water Rate
Notice mailed
with June bills**



**First bills under
new rates
covered 48 days
(not 30)**

Extra usage normally
would have been on
next bill



**Next bill: ~2
weeks of usage
(to restore
regular cycle)**



**Then, return to
normal 30-day
billing**



**Higher bills may
also reflect
irrigation &
pool use**



**Tools online:
Bill Estimator &
Adjustment
Request Form**

Addressing Common Concerns

- "My bill doubled overnight" → 48-day billing cycle + new rates
- "Rates raised to cover overspending" → False; Enterprise Fund is separate
- "Unlabeled charge" → Demand Charge (includes 3,000 gal)
 - $\frac{5}{8}$ " or $\frac{3}{4}$ " meter: \$10.40
 - 1" meter: \$17.37
- "ACH didn't process" → Paused this cycle only; resumes next
- "\$1 fee" → State Safe Drinking Water Fee (Act 605 of 2016)
- "Bill looks wrong" → Submit online Adjustment Form or visit City Hall

Customer Usage in the Last Billing Cycle

Usage Tier (gallons)	Customers	Percent
0 – 3,000	566	13.6%
3,001 – 10,000	1,745	41.9%
10,001 – 25,000	1,280	30.8%
25,001 – 50,000	382	9.2%
50,001 +	188	4.5%
Total	4,161	100%

Key Takeaways

