



STAFF REPORT

AGENDA ITEM #: 17-27
COUNCIL MTG OF: March 7, 2017
FROM: David Caron, Town Administrator
OFFERED BY: Michael Fowler, Public Works Director
PREPARED BY: T. Carrier, Public Works Deputy Director
SUBJECT: Derry Municipal Water System Franchise Extension: Lorden Commons, Londonderry, NH

PURPOSE

The purpose of this document is to request approval by the Town Council to extend the Derry municipal water system into Londonderry to service an 85 unit residential housing development.

TOWN ADMINISTRATOR COMMENTS

The Council is encouraged to support this initiative, as this partnership would increase operating and capital revenues, address future infrastructure needs and not adversely impact the system's ability to serve current and future Derry water customers.

BACKGROUND

The Derry water system has 4,143 service connections servicing an estimated population of 17,000 people. Derry services 71 connections in Londonderry along the Route 102 corridor east of I-93 at Exit 4. (Derry also provides water to Pennichuck Water Works' 80 customers in Windham.) The Town of Londonderry is also serviced by Manchester Water Works along the Route 28 corridor and by Pennichuck Water Works in the northern and southern areas of town. The remaining areas of Londonderry are serviced by private wells. According to Pennichuck Water Works, they have the franchise to service to the remaining un-serviced areas of Londonderry.

DISCUSSION

Jason Lopez of Keach-Nordstrom contacted Derry on behalf of his client, Lorden Commons, who is developing +/- 85 residential homes off Old Manchester Road (Old Derry Road in Londonderry) approximately 1,400 feet beyond the Derry/Londonderry town line. They are interested in extending Derry's public water to service this development. This proposed main extension is consistent with the Derry Water System Master Plan's future second interconnection between Derry and Manchester Water Works. Pennichuck Water Works, who presently has the rights to sell water in this part of Londonderry, indicated that they would be agreeable to releasing this area to Derry from their Londonderry franchise. This would require approval by the Towns of Derry and Londonderry, Pennichuck Water Works and the NH Public Utilities Commission.

FISCAL IMPACT

If approved, the estimated water connection fees to Derry would be \$114,000. The estimated net annual revenue from billed water usage would be \$18,000. The estimated average day demand for this development would be 19,000 GPD with a peak bimonthly demand of 28,000 GPD that would reduce Derry's available water supply capacity from 740,000 GPD (based on 2016 usage) to 712,000 GPD. If, in lieu of using our existing capacity, Derry were to purchase this additional capacity from Manchester today, the cost would be \$94,360.

Additional hydrants in Londonderry would increase their annual hydrant rental charge payment to Derry by +/- \$4,400.

The estimated annual expense to operate and maintain this new system would be +/- \$5,000.

Lastly, the Town would benefit by the value of the new water mains. The new 12 inch main on Old Derry Road would reduce the Town's future cost for the Manchester Water Works interconnection by an estimated \$250,000. The 3,800 feet of new 8 inch mains within the subdivision would increase the Derry water division assets by +/- \$380,000.

RECOMMENDED ACTION BY COUNCIL

It is recommended that the Council approve the extension of water to service Lorden Commons in Londonderry and that the developer pays all costs associated with the extension and connection of the properties including a 12 inch water main along Old Derry Road. The developer would also pay to Derry all connection fees, meter costs and inspection fees.

RECOMMENDED MOTION

The Derry Town Council, acting as the Water Commissioners, approves the extension of its public water system from the Derry – Londonderry town line at Old Manchester Road, into Londonderry along Old Derry Road to and inclusive of, the 85 unit residential development known as Lorden Commons. The extension is subject to approval by the Town of Londonderry, Pennichuck Water Works, and the NH Public Utilities Commission and shall conform to Derry's ordinances and construction specifications. All work shall be subject to review and approval by the Derry Department of Public Works. The Town Council further authorizes the Town Administrator to execute any documents associate with the acquisition of this franchise area in the Town of Londonderry.