



AGENDA ITEM #: 17-90
COUNCIL MTG OF: AUGUST 15, 2017
FROM: David Caron, Town Administrator
OFFERED BY: M. Fowler, Public Works Director
PREPARED BY: T. Carrier, Deputy Director of Public Works
SUBJECT: RTE. 28 MUNICIPAL WATER SYSTEM EXTENSION – CO#’s 7 & 8 SUPPLEMENTAL

STAFF REPORT
Public Hearing 8-15-17

PURPOSE

This report is to request the Council to approve a supplemental appropriation (requiring 2/3 majority) to fund private water service connections for MtBE affected properties along the Route 28 Water System Improvements project.

TOWN ADMINISTRATOR COMMENTS

The Council is encouraged to schedule a public hearing on this request for August 15, and thereafter affirmatively support Resolution #2017-052.

BACKGROUND

Through extensive water testing of area private wells, NHDES has identified 17 properties in Derry along the Route 28 corridor in the area of Ryan’s Hill with MtBE concentrations in excess of the EPA’s drinking water standard (13 ug/l). To mitigate this issue, NHDES and the Town have collaborated to extend the Derry public water system to provide domestic water service to those properties impacted by the contamination. A detailed presentation was made to the Town Council at their March 15, 2016 meeting.

NHDES agreed to pay 85.6% (~\$2.509M) of the costs of the project and Derry is paying 14.4%. Derry’s expenses (~\$421,000) are primarily related to upsizing costs for fire protection and future expansion. Whereas the NHDES cost share was in the form of a grant reimbursement to the Town, the Town Council appropriated the full cost of the project, (\$2.509M from general fund balance for the NHDES reimbursable share and \$421,000 from the Water Fund. To date, the general fund has been reimbursed \$1,655,917 (71%).

DISCUSSION

NHDES has requested that we include the private water service connections within the scope of the water improvements project for which NHDES will reimburse the Town 85.6% of the engineering and connection fees and 100% for the construction work. The impacted properties were surveyed and 12 properties are requesting to be connected at this time. The cost for this work (CO #7) which includes a complete water service connection to the home, meter, and decommissioning of contaminated wells, is estimated at \$224,790 plus \$10,813 for engineering. Town of Derry water connection fees associated with these 12 properties is estimated at \$83,374.

In addition, the Town and NHDES will be connecting the Town's Woodlands Community Water System to the Town water system as a precautionary measure since the MtBE plume may extend to this area in the future. The cost for this work (CO#8) is \$40,350. (Also included in CO#8 is \$31,030 in additional drainage repairs along Stark Road which totals to \$71,378.89 for CO#8). NHDES is expected to pay 85.6% of these costs as well.

The breakdown for the additional work to connect the 11 properties and the Woodlands System is:

I.	Engineering (CO7&8)	\$10,812.88	NHDES: \$9,255.83	Town: \$1,557.05
II.	Town Connection Fees:	\$83,373.20	NHDES: \$71,367.46	Town: \$12,005.74
III.	Service Construction (CO#7):	\$224,790.00	NHDES: \$224,790	Town: \$0.00
IV.	Woodlands/Drainage (CO#8):	<u>\$71,378.89</u>	<u>NHDES: \$61,100.33</u>	<u>Town: \$10,278.56</u>
	Total:		(II-IV) \$357,257.79	(I-IV) \$23,841.35

Whereas NHDES is paying its share of the engineering costs directly, the Town need only appropriate the construction costs, including connection fees. We are therefore requesting the Council to approve a supplemental appropriation in the amount of \$357,258 from general fund balance and \$23,841 from the water fund.

FISCAL IMPACT

NHDES is expected to reimburse the Town 100% of the general fund appropriation which will net a \$0 impact to the Town. The water fund appropriation will be offset by additional water connection fee revenues for the connected properties which will net a \$0 impact to the water fund.

As a result of approving the recommended supplemental appropriation from general fund balance (GFB) the net impact to the GFB would be -\$1,025,307 [-\$2,323,966 (actual GFB expended)+\$1,655,917 (GFB MtBE reimbursement to date)-\$357,258 (requested supplemental appropriation)].

RECOMMENDED ACTION BY COUNCIL

Staff recommends that the Town Council approve the work associated with Change Order #7 - private water service connections and Change Order #8 – connection of the Woodlands System and appropriate \$357,258 (the State's share of the project cost) from unassigned general fund balance and, acting as the Water Commissioners, appropriate \$23,841 (the full Water Division share of the project) from the water fund which will be offset by additional water service connection fees.

RECOMMENDED MOTION

See Resolution #2017-052

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