



STAFF REPORT

AGENDA ITEM #: 19-50
COUNCIL MTG OF: April 30, 2019
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: Route 28 Rockingham Road, Windham, NH

PURPOSE

The purpose of this document is to request approval by the Town Council to extend the Derry municipal water system along NH Route 28/Rockingham Road from the Derry/Windham town line approximately 1600 feet southerly into Windham up to Northland Road.

TOWN ADMINISTRATOR COMMENTS

The Town Council is encouraged to adopt Resolution #2019-023 which would allow the Town to extend its water system into the Town of Windham and receive additional revenues as well as assist with the successful implementation of the Southern New Hampshire Regional Water Interconnection Project.

BACKGROUND

The Derry Town Council, on April 16, 2019, approved Derry's participation in the Southeast Regional Water project which will extend the Derry water system from its present location on Route 28/Rockingham Road south to the Windham Town line in order to interconnect the Manchester Water Works with the Towns of Windham, Salem, Atkinson, Hampstead and Plaistow. The Town of Salem has agreed to own and operate the new water system in Windham along Route 28/Rockingham Road. Presently the Town of Windham is franchised by Pennichuck Corp. Pennichuck has agreed to release this Windham franchise area along Route 28 from Derry to Salem.

The interconnection project requires the construction of a new metering station near the Derry/Windham line at which point water will be sold to the Town of Salem. The project engineers are recommending that this station be located on property currently owned by the Town of Windham, on Northland Road off Route 28. The NH DES, and the towns of Windham and Salem have requested that Derry provide the water service on Route 28 up to the metering station. This requires Derry to own, operate and maintain an additional 1600 feet of water main in Windham on Route 28 from the Derry line to Northland Road. There are 12 Windham properties in this area which, if and when they decide to connect to the new water system, will be Derry water customers.

DISCUSSION

Presently Derry serves customers in Londonderry east of Interstate 93. Derry also services Pennichuck East Utility customers off Fordway Extension in north Windham. The Derry Council also approved expanding Derry's franchise area to Lorden Commons in eastern Londonderry off Scobie Pond Road. (This franchise is still pending PUC approval).

The Windham franchise expansion will also require approval by Manchester Water Works, per our wholesale water agreement, and the NH Public Utilities Commission.

FISCAL IMPACT

Derry will not be responsible for any engineering and construction costs for the Windham extension. All costs for the petition to the NH PUC will be paid for by the project. The proposed extension will directly serve 8 Windham properties on Rockingham Road and 4 additional properties indirectly along Goodhue

Road. While immediate connections are unlikely, the new franchise area could provide up to \$50,000 in future connection fees and \$3600 in annual usage revenues to Derry. The estimated average peak day demand for this development would be 5,000 GPD, that would reduce Derry's available water supply capacity from Manchester Water Works from 712,000 GPD (based on 2016 usage) to 707,000 GPD.

The estimated annual expense to operate and maintain this new system would be less than \$1,000.

Lastly, the Town would benefit by the value of the new water mains. The 1,600 feet of new 16 inch main would increase the Derry water division assets by +/- \$460,000.

RECOMMENDED ACTION BY COUNCIL

It is recommended that the Council approve the extension of water into Windham along NH Route 28/Rockingham Road from the Derry/Windham town line to Northland Road as shown on the attached map.

RECOMMENDED MOTION

Please see Resolution #2019-023