



STAFF REPORT
Public Hearing 4-19-22

AGENDA ITEM #: 22-38
COUNCIL MTG OF: April 5, 2022
FROM: Department of Public Works
OFFERED BY: Michael Fowler, Director of Public Works
PREPARED BY: Thomas Carrier, Deputy Director of Public Works
SUBJECT: Municipal Water Fee Adjustment – FY2023

PURPOSE: Staff requests Council approval of an increase to certain Municipal Water service fees.

TOWN ADMINISTRATOR COMMENTS:

The Town Council is encouraged to adopt these revised fees after the April 19 public hearing to further our goal which is to ensure that the customers demanding those services pay the associated costs to avoid additional burden upon other water customers.

BACKGROUND:

Derry's municipal water service fees were last increased in FY21. These fees included water meters, meter horn assemblies, and the Merrimack River Source Development (MSD) charge.

Derry requires that meters and meter horns be purchased from the Town for quality control purposes and to ensure they meet our specifications. Derry specifies Badger meters and their compatible Orion radio transponders. Our vendor pricing has increased from \$55.00 for the meter and \$168.20 for the transmitter to \$57.88 and \$206.05 respectively (18%) between 2020 and 2022. Meter horn assemblies facilitate the installation of meters by Department employees and provide backflow protection between private house services and the Town's water system. Derry purchases and assembles the individual components which make up the meter horn assembly. The unit costs for these components have increased from \$242.04 to \$328.62 (36%) between 2020 and 2022.

Derry's Merrimack River Source Development Charge (MSDC) is a fee charge by Manchester Water Works (MWW) to new and expanding water users, including their wholesale customers, to offset costs associated with the development of the Merrimack River as a supplemental water supply to Lake Massabesic. MWW began charging Derry this fee in 1998 at a fixed rate of \$1.14 per gallon per day. In 2005 MWW began escalating the rate 3% annually. Derry has pre-purchased 2.9 million gallons of capacity and resells excess capacity to new customers to reimburse the ratepayers. In FY21 Derry began charging its customers the same fee as MWW. As of January 1, 2022, that fee is \$4.02 per gallon per day. (\$1,191, \$2,323, \$3,420, \$8,973 and \$15,849 for a 5/8-inch, 1-inch, 1 ½ - inch and 2-inch meter connection respectively.)

DISCUSSION:

Meters, meter horn assemblies and the MSD charge are most particularly applied to new development. Maintaining our fee structure for new developers is necessary to offset these expenses to the ratepayers who upfront these costs. Accordingly, we proposes to increase these fees in the FY2023 budget as follows:

Fee	Current Charge	Proposed FY23 Charge
Water Service Meter 5/8 x 3/4 inch	\$287.00	\$331.00
Water Service Meter 1 inch	\$425.00	\$493.00
Water Service Meter 1 1/2 inch	\$673.00	\$819.00
Water Service Meter 2-inch Disc	\$898.00	\$1,093.00
Water Service Meter 2-inch Turbo	\$1,029.00	\$1,298.00
Meter Horn Assembly 3/4 inch	\$265.00	\$382.00
Meter Horn Assembly 1 inch	\$437.00	\$729.00
MSD Charge 5/8 x 3/4 inch	\$1,123.00	\$1,191.00
MSD Charge 1 inch	\$3,224.00	\$3,420.00
MSD Charge 1 1/2 inch	\$8,458.00	\$8,973.00
MSD Charge 2-inch	\$14,940.00	\$15,849.00
MSD Charge >2-inch	\$3.79/GPD	\$4.02/GPD

FISCAL IMPACT:

The estimated impact of the fee increases to the FY2023 revenues budget is +\$8,800.

RECOMMENDATION: It is recommended that the Council, acting as the Water Commissioners, approve the proposed FY2023 fee increases as presented .

MOTION: See Resolution #2022-018