



STAFF REPORT  
*Public Hearing 5-7-24*

AGENDA ITEM #: #24-34  
COUNCIL MTG OF: April 16, 2024  
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 Rate Adjustment – FY2025

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PURPOSE: Staff requests Council approval of an increase to the FY2025 Municipal Water Rates.

TOWN ADMINISTRATOR COMMENTS: The Town Council is urged to support these adjustments after receiving public input at the May 7, 2024 public hearing.

BACKGROUND:

Derry’s municipal water rates and service fees are reviewed annually during the budget process to ensure they are aligned with the expenses, including labor and materials, deemed necessary to operate and maintain the Derry public water system to the standards established by the US EPA, NH DES, and the Derry Town Council.

DISCUSSION:

The FY2025 Water Fund Budget proposes increasing water rates by approximately 7% to offset a \$185,000 revenue budget shortfall. The shortfall is primarily a result of a reduction in use of UFB of \$147,000 and a projected 10% increase in rates from Manchester Water Works (+\$75,000).

The proposal revises water rates as follows:

- Usage Rate: Increase of \$0.19/100 cubic feet (ccft) from \$3.18 to **\$3.37/ccft for in-Town customers** and increase of \$0.22/ccft from 3.66/ccft to **\$3.88/ccft for out-of-Town customers** (15% above in-Town rates)
- Base Charge (3/4 meter): Increase of \$3.00/quarter/unit from \$30.00 to **\$33.00/quarter per unit for an in-Town service** and increase of \$5.00/quarter per unit from \$34.00 to **\$37.00/quarter per unit for a 3/4 inch out-of-Town service** (15% above in-Town rates).

*(refer to the complete water rate schedule for base charges for meter services greater than 3/4 inch)*

FISCAL IMPACT:

The proposed rate increase would result in a **7% (\$2.21/month) increase** on the average single-family quarterly water bill. The new average water bill would be **\$389 a year**. If approved, our new rates would be 26% less than the average of our peer NH communities of \$523.

Water Usage							
FY2025 Budget Proposal							
	FY2025 EST	FY24 Rate	FY25 Rate	FY2025 EST Budget	FY2024 Budget		
Base Charges (No. Billed Units) 3/4" In-Town	33,736	\$ 30.00	\$ 33.00	\$ 1,113,288.00	\$ 1,101,164.00	Projected Annual FY2025 WATER Revenue Increase	
Base Charges (No. Billed Units) 3/4" Out-of-Town	632	\$ 34.00	\$ 37.00	\$ 23,384.00	\$ 28,948.00		
1" In-Town	256	\$ 45.00	\$ 50.00	\$ 12,800.00			
1" Out-of-Town	20	\$ 51.00	\$ 57.00	\$ 1,140.00			
1 1/2" In-Town	216	\$ 76.00	\$ 85.00	\$ 18,360.00			
1 1/2" Out-of-Town	4	\$ 87.00	\$ 97.00	\$ 388.00			
2" In-Town	200	\$ 151.00	\$ 169.00	\$ 33,800.00			
2" Out-of-Town	24	\$ 173.00	\$ 194.00	\$ 4,656.00			
3" In-Town	32	\$ 304.00	\$ 341.00	\$ 10,912.00			
3" Out-of-Town	4	\$ 349.00	\$ 392.00	\$ 1,568.00			
Usage Charges (100's cubic feet) In-Town	66,011,413	\$ 3.18	\$ 3.37	\$ 1,644,660.94	\$ 1,567,716.78		
Usage Charges (100's cubic feet) Out-of-Town	2,887,696	\$ 3.66	\$ 3.88	\$ 98,681.85	\$ 80,689.82		
		TOTALS	TOTALS	\$ 2,963,638.79	\$ 2,778,518.60		\$ 185,120.19

6.0%	ANNUAL USAGE RATE INCREASE PROPOSED
10.0%	ANNUAL BASE CHARGE INCREASE PROPOSED

FY25 WATER RATE IMPACTS:	ANNUAL COST		Quarterly Bill \$ Impact this Increase	Monthly Increase to Average Bills per unit	% Increase per unit
	FY24 RATES	FY25 PROPOSED			
<b>Single Family Residential Customer</b>					
Duplex (1"meter)	\$ 362.44	\$ 388.99	\$ 6.64	\$ 2.21	7%
6 Unit Condo Building (1 inch)	\$ 507.53	\$ 547.58	\$ 10.01	\$ 1.67	8%
24 Unit Apartment Building	\$ 1,121.28	\$ 1,217.36	\$ 24.02	\$ 1.33	9%
Industrial Building - Large User (+/-3689 gals per day) 2 inch meter	\$ 4,533.60	\$ 4,920.82	\$ 96.80	\$ 1.34	9%
Commercial Unit/Single Occupant Residential-min user 3/4 inch meter	\$ 6,264.40	\$ 6,676.02	\$ 102.91	\$ 34.30	7%
Commercial Unit 1 inch meter (1500 gpd)	\$ 120.00	\$ 132.00	\$ 3.00	\$ 1.00	10%
Commercial Unit 1 1/2 inch meter (1000 gpd)	\$ 2,444.00	\$ 2,599.84	\$ 38.96	\$ 12.99	6%
Commercial Unit 1 1/2 inch meter (41 GPD/2000cft/year min Usage)	\$ 1,792.11	\$ 1,917.40	\$ 31.32	\$ 10.44	7%
	\$ 304.00	\$ 340.00	\$ 9.00	\$ 3.00	12%
		AVERAGE DERRY CUSTOMER INCREASE	\$ 7.59		8%
<b>Londonderry</b>					
	FY24 RATES	FY25 PROPOSED	Quarterly Bill \$ Impact this Increase	Monthly Increase to Average Bills per unit	% Increase per unit
	\$ 51,633.84	\$ 55,083.44	\$ 9.08	\$ 3.03	7%

The following represents a comparison of Derry's proposed rates (original budget submission) with those of comparable communities.

RATE COMPARISONS							3/1/2024	
Based on NH DES Average Consumption of 71,996 gallons per year (6,000 gals per month)								
UTILITY	TOWN/SYSTEM	RATE	per 100 cubic feet	plus	BASE	charge per billing period	ANNUAL BILL	
SEWER	MERRIMACK	\$ -			\$ 28.33		\$	340.00
SEWER	LONDONDERRY	\$ -			\$ 96.00		\$	384.00
SEWER	NASHUA	\$ 3.26			\$ 44.08		\$	490.10
<b>SEWER</b>	<b>DERRY</b>	<b>\$ 4.05</b>			<b>\$ 47.00</b>		<b>\$</b>	<b>496.82</b>
SEWER	MANCHESTER	\$ 4.25			\$ 25.96		\$	512.91
SEWER	SALEM	\$ 5.10			\$ 5.80		\$	514.08
SEWER	CONCORD	\$ 5.22			\$ 9.08		\$	611.39
SEWER	DOVER	\$ 10.26			\$ -		\$	987.54
SEWER	PORTSMOUTH	\$ 16.49			\$ -		\$	1,587.18
UTILITY	TOWN/SYSTEM	RATE	per 100 cubic feet	plus	BASE	charge per billing period	ANNUAL BILL	
WATER	MANCHESTER	\$ 1.97			\$ 33.03		\$	321.64
WATER	BEDFORD/MWW	\$ 2.25			\$ 37.98		\$	368.87
WATER	CONCORD	\$ 3.18			\$ 5.85		\$	376.28
<b>WATER</b>	<b>DERRY</b>	<b>\$ 3.37</b>			<b>\$ 33.00</b>		<b>\$</b>	<b>388.97</b>
WATER	SALEM	\$ 4.05			\$ 5.80		\$	413.02
WATER	WINDHAM	\$ 4.37			\$ 6.67		\$	427.29
WATER	HUDSON	\$ 3.30			\$ 10.69		\$	445.91
WATER	MERRIMACK	\$ 3.69			\$ 25.44		\$	456.93
WATER	PORTSMOUTH	\$ 4.74			\$ 4.95		\$	515.63
WATER	DOVER	\$ 6.59			\$ -		\$	634.30
WATER	NASHUA/PWW	\$ 4.39			\$ 26.90		\$	745.34
WATER	LONDONDERRY/PEU	\$ 9.50			\$ 22.56		\$	1,185.11
AVERAGE		DERRY						
WATER	\$ 523.27	\$ 388.97	26% less than the average					
SEWER	\$ 658.22	\$ 496.82	25% less than the average					

Water Rate History:

	FY25 PROPOSED	FY24	FY23	FY22	FY21	FY18
WATER RATE HISTORY	\$ 3.37	\$ 3.18	\$ 2.89	\$ 2.75	\$ 2.69	\$ 2.55
	\$ 33.00	\$ 30.00	\$ 27.00	\$ 26.00	\$ 24.00	\$ 23.28
AVERAGE BILL	\$ 388.99	\$ 362.44	\$ 328.33	\$ 313.66	\$ 301.09	\$ 287.53
	38% increase over 11 years					
	3.4% increase per year					

RECOMMENDATION: It is recommended that the Council, acting as the Water Commissioners, approve the proposed FY2025 water rate schedule as presented.

MOTION: Please see Resolution #2024-019

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## STAFF REPORT

AGENDA ITEM #: #24-34  
COUNCIL MTG OF: April 16, 2024  
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 – FY2025

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**PURPOSE:** Staff requests Council approval of an increase for certain Municipal Water service fees as part of the FY25 Budget.

**TOWN ADMINISTRATOR COMMENTS:** The Town Council is urged to support these adjustments after receiving public input at the May 7, 2024 public hearing.

### BACKGROUND:

Derry's municipal water rates and service fees are reviewed annually during the budget process to ensure they are aligned with the expenses, including labor and materials, deemed necessary to operate and maintain the Derry public water system to the standards established by the US EPA, NH DES, and Derry Town Council. These fees include water meters, meter horn assemblies, backflow testing, bulk water sales and the Merrimack River Source Development (MSD) charge.

Derry requires that meters and meter-horn assemblies 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 meter vendor pricing increased (6.2%) between 2023 and 2024.

Derry's Merrimack River Source Development Charge (MSDC) is based on a fee charged 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, 2024, that fee increased from \$4.14 per gallon per day to \$4.26. (\$1,264, \$3,628, \$9,520 and \$16,815 for a 5/8-inch, 1-inch, 1 ½ - inch and 2-inch meter connection respectively.)

Bulk water charges are for permitted companies who pull water from the Derry water system at a specified location and deliver water to private properties primarily to fill pools and supplement wells with poor yields. The revised fee of \$4.50 per 1,000 gallons is based on the proposed increase in Derry's retail water rate.

The Town is required under federal and state regulations to require backflow prevention devices be installed on water services which may pose a hazard to the public water system. These devices must be tested either annually or semiannually depending on the hazard level. The Town, as well as private testing companies, provide backflow testing services to our customers. This fee has not been

increased in several years and the average cost of a private company is around \$100 per account. The FY25 budget proposes to increase the Town fee to \$45/test.

**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. Our FY25 budget proposes to increase these fees accordingly as follows:

<b>Fee</b>		<b>Current Charge</b>	<b>Proposed FY25 Charge</b>
Meter	5/8 x 3/4 inch M25	\$331.00	<b>\$356.00</b>
Meter	1 inch M70	\$493.00	<b>\$525.00</b>
Meter	1 1/2 inch M120	\$819.00	<b>\$876.00</b>
Meter	2 inch Disc M170	\$1,093.00	<b>\$1,203.00</b>
Meter	>2 inch	cost + 10%	<b>cost + 10%</b>
MSD Charge	5/8 x 3/4 inch	\$1,227.00	<b>\$1,264.00</b>
MSD Charge	1 inch	\$3,523.00	<b>\$3,628.00</b>
MSD Charge	1 1/2 inch	\$9,243.00	<b>\$9,520.00</b>
MSD Charge	2-inch	\$16,325.00	<b>\$16,815.00</b>
MSD Charge	>2-inch	\$4.14/GPD	<b>\$4.26/GPD</b>
Backflow Testing	All devices	\$40.00/test	<b>\$45.00/test</b>
Bulk Water Sales	per 1,000 gals	\$4.00/1,000 gals	<b>\$4.50/1,000 gals</b>

**FISCAL IMPACT:**

The estimated net impact of the fee increases to the FY2025 revenues budget is +\$10,605.

**RECOMMENDATION:** It is recommended that the Council, acting as the Water Commissioners, approve the proposed FY2025 fee increases as presented.

**MOTION:** Please see Resolution #2024-019



# RESOLUTION

## Number 2024-019

To Adopt a Revised User Rate and Fee Schedule for Derry Water Customers

WHEREAS, RSA 38:17 authorizes the Town Council to enter into a supply contract with another municipality for the purposes of purchasing water for customers of the Derry Water Department; and

WHEREAS, the Town has entered into a wholesale water supply contract with Manchester Water Works to provide water for its customers; and

WHEREAS, the Town Council, on occasion and in accordance with RSA 38:28 shall review water user rates to remain in compliance with the Town's contract with Manchester Water Works, to fund necessary capital improvements and to ensure the equitable distribution of expenses across all water user classifications; and

WHEREAS, price increases for meters and other equipment have resulted in increased cost to the water utility, which charges should be borne by the customers requiring said services; and

WHEREAS, the Manchester Water Works' Merrimack River Source Development Charge is levied upon new or expanding water users, and these increased costs should likewise be borne by the customers requiring said service.

NOW, THEREFORE, BE IT RESOLVED IN COUNCIL that the Town Council hereby adopts the attached revised User Rate and Fee Schedules for Derry Water Customers.

This Resolution shall take effect on all water usage billed on or after July 1, 2024.

Adopted: May 7, 2024

Attest:

X \_\_\_\_\_  
Erin Spencer, Council Chair  
Date: \_\_\_\_\_

X \_\_\_\_\_  
Cristina Guilford, Town Clerk  
Date: \_\_\_\_\_

**Water User Rate Adjustments**

- Usage Rate: Increase of \$0.19/100 cubic feet (ccft) from \$3.18 to **\$3.37/ccft for in-Town customers** and increase of \$0.22/ccft from 3.66/ccft to **\$3.88/ccft for out-of-Town customers** (15% above in-Town rates)
- Base Charge (3/4 meter): Increase of \$3.00/quarter/unit from \$30.00 to **\$33.00/quarter per unit for an in-Town service** and increase of \$5.00/quarter per unit from \$34.00 to **\$37.00/quarter per unit for a 3/4 inch out-of-Town service** (15% above in-Town rates).

*(refer to the complete water rate schedule for base charges for meter services greater than 3/4 inch)*

**Water User Fee Adjustments**

<b>Fee</b>		<b>Current Charge</b>	<b>Proposed FY25 Charge</b>
Meter	5/8 x 3/4 inch M25	\$331.00	<b>\$356.00</b>
Meter	1 inch M70	\$493.00	<b>\$525.00</b>
Meter	1 1/2 inch M120	\$819.00	<b>\$876.00</b>
Meter	2 inch Disc M170	\$1,093.00	<b>\$1,203.00</b>
Meter	>2 inch	cost + 10%	<b>cost + 10%</b>
MSD Charge	5/8 x 3/4 inch	\$1,227.00	<b>\$1,264.00</b>
MSD Charge	1 inch	\$3,523.00	<b>\$3,628.00</b>
MSD Charge	1 1/2 inch	\$9,243.00	<b>\$9,520.00</b>
MSD Charge	2-inch	\$16,325.00	<b>\$16,815.00</b>
MSD Charge	>2-inch	\$4.14/GPD	<b>\$4.26/GPD</b>
Backflow Testing	All devices	\$40.00/test	<b>\$45.00/test</b>
Bulk Water Sales	per 1,000 gals	\$4.00/1,000 gals	<b>\$4.50/1,000 gals</b>



STAFF REPORT  
*Public Hearing 5-7-24*

AGENDA ITEM #: #24-35  
COUNCIL MTG OF: April 16, 2024  
FROM: Department of Public Works  
OFFERED BY: Michael Fowler, Director of Public Works  
PREPARED BY: Thomas Carrier, Deputy Director of Public Works  
SUBJECT: Municipal Sewer Rate Adjustment – FY2025

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PURPOSE: Staff requests Council approval of an increase to the FY2025 Municipal Sewer Rates.

TOWN ADMINISTRATOR COMMENTS: The Town Council is urged to support these adjustments after receiving public input at the May 7, 2024 public hearing.

BACKGROUND:

Derry’s municipal sewer rates and service fees are reviewed annually during the budget process to ensure they are aligned with the expenses, including labor and materials, deemed necessary to operate and maintain the Derry public sewer system to the standards established by the US EPA, NH DES and Derry Town Council.

DISCUSSION:

The FY2024 Sewer Fund Budget proposes increasing sewer rates by approximately 5% to offset a \$90,000 revenue budget shortfall. The shortfall is primarily due to the due to a projected increase in electric rates between FY23 and FY25 (+\$100,000) and a reduction in use of unrestricted fund balance to offset the FY24 increase.

The proposal revises sewer rates as follows:

- Usage Rate: Increase of \$0.6/100 cubic feet (ccft) from \$3.89 to **\$4.05/ccft**
- Base Charge (3/4-meter): Increase of \$3.00/quarter/unit from \$44.00 to **\$47.00/qtr.**
- Unmetered Flat Rate: Decreased by \$17.14/quarter/unit from \$141.12/qtr. to **\$124.00/qtr.** (The average usage upon which the flat rate is based was adjusted to reflect decrease in residential average usage.)

FISCAL IMPACT:

The proposed rate increase would result in a **5% (\$1.99/month) increase** on the average single-family quarterly sewer bill. The new average sewer bill would be **\$496 a year**. If approved, our new rates would be 25% less than the average of our peer NH communities of \$658.



Sewer Usage						
FY2025 Budget Proposal						
	FY2025	FY24 Rate	FY25 Rate	FY2025 Budget	FY2024 Budget	Projected Annual FY2025 SEWER Revenue Increase
Base Charges (No. Billed Units)	26,768	\$ 44.00	\$ 47.00	\$ 1,258,096.00	\$ 1,177,792.00	
Usage Charges (100's cubic feet)	48,642,527	\$ 3.89	\$ 4.05	\$ 1,426,418.95	\$ 1,400,031.62	
Flat Charges	236	\$ 117.91	\$ 124.00	\$ 117,056.00	\$ 133,786.50	
			TOTALS	\$ 2,801,570.95	\$ 2,711,610.12	\$ 89,960.83

4.0%	ANNUAL USAGE RATE INCREASE	
5.0%	ANNUAL BASE CHARGE INCREASE	
\$ -	TOTAL REVENUES ADDED OVER 5 YEARS	\$ 89,960.83
\$ 1.99	TOTAL MONTHLY BILL INCREASE ADDED OVER 5 YEARS	

FY 25 SEWER RATE IMPACTS:	ANNUAL COST					% Increase per unit
	FY24 RATES	FY25 PROPOSED	Quarterly Bill \$ Impact this Increase	Monthly Increase to Average Bills per unit		
<b>Single Family Residential Customer</b>	\$ 472.57	\$ 496.44	\$ 5.97	\$ 1.99	5%	
Duplex (1"meter)	\$ 679.26	\$ 716.35	\$ 9.27	\$ 1.55	5%	
6 Unit Condo Building	\$ 1,624.68	\$ 1,719.43	\$ 23.69	\$ 1.32	6%	
24 Unit Apartment Building	\$ 6,246.80	\$ 6,615.71	\$ 92.23	\$ 1.28	6%	
Industrial Building - Large User (+/-3689 gals per day)	\$ 7,100.20	\$ 7,389.17	\$ 72.24	\$ 24.08	4%	
Commercial Unit/Single Occupant Residential-min user	\$ 176.00	\$ 188.00	\$ 3.00	\$ 1.00	7%	
Town of Londonderry	\$ 211,932.74	\$ 220,415.01	\$ 2,120.57	\$ 706.86	4%	

The following represents a comparison of Derry's proposed rates (original budget submission) with those of comparable communities.

RATE COMPARISONS							3/1/2024
Based on NH DES Average Consumption of 71,996 gallons per year (6,000 gals per month)							
UTILITY	TOWN/SYSTEM	RATE	per 100 cubic feet	plus	BASE charge per billing period	ANNUAL BILL	
SEWER	MERRIMACK	\$ -			\$ 28.33	\$ 340.00	
SEWER	LONDONDERRY	\$ -			\$ 96.00	\$ 384.00	
SEWER	NASHUA	\$ 3.26			\$ 44.08	\$ 490.10	
<b>SEWER</b>	<b>DERRY</b>	<b>\$ 4.05</b>			<b>\$ 47.00</b>	<b>\$ 496.82</b>	
SEWER	MANCHESTER	\$ 4.25			\$ 25.96	\$ 512.91	
SEWER	SALEM	\$ 5.10			\$ 5.80	\$ 514.08	
SEWER	CONCORD	\$ 5.22			\$ 9.08	\$ 611.39	
SEWER	DOVER	\$ 10.26			\$ -	\$ 987.54	
SEWER	PORTSMOUTH	\$ 16.49			\$ -	\$ 1,587.18	
UTILITY	TOWN/SYSTEM	RATE	per 100 cubic feet	plus	BASE charge per billing period	ANNUAL BILL	
WATER	MANCHESTER	\$ 1.97			\$ 33.03	\$ 321.64	
WATER	BEDFORD/MWW	\$ 2.25			\$ 37.98	\$ 368.87	
WATER	CONCORD	\$ 3.18			\$ 5.85	\$ 376.28	
<b>WATER</b>	<b>DERRY</b>	<b>\$ 3.37</b>			<b>\$ 33.00</b>	<b>\$ 388.97</b>	
WATER	SALEM	\$ 4.05			\$ 5.80	\$ 413.02	
WATER	WINDHAM	\$ 4.37			\$ 6.67	\$ 427.29	
WATER	HUDSON	\$ 3.30			\$ 10.69	\$ 445.91	
WATER	MERRIMACK	\$ 3.69			\$ 25.44	\$ 456.93	
WATER	PORTSMOUTH	\$ 4.74			\$ 4.95	\$ 515.63	
WATER	DOVER	\$ 6.59			\$ -	\$ 634.30	
WATER	NASHUA/PWW	\$ 4.39			\$ 26.90	\$ 745.34	
WATER	LONDONDERRY/PEU	\$ 9.50			\$ 22.56	\$ 1,185.11	
	AVERAGE	DERRY					
WATER	\$ 523.27	\$ 388.97	26%	less than the average			
SEWER	\$ 658.22	\$ 496.82	25%	less than the average			

Sewer Rate History:

	FY25 PROPOSED	FY24	FY23	FY22	FY21	FY18	FY14
SEWER RATE HISTORY	\$ 4.05	\$ 3.89	\$ 3.70	\$ 3.57	\$ 3.44	\$ 3.23	\$ 2.98
	\$ 47.00	\$ 44.00	\$ 41.00	\$ 39.00	\$ 37.00	\$ 35.66	\$ 35.66
AVERAGE BILL	\$ 496.44	\$ 472.57	\$ 446.09	\$ 428.18	\$ 410.27	\$ 388.90	\$ 369.84
	34% increase over 11 years						
	3.1% increase per year						

RECOMMENDATION: It is recommended that the Council, acting as the Sewer Commissioners, approve the proposed FY2025 sewer rate schedule as presented.

MOTION: Please see Resolution #2024-020

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## STAFF REPORT

AGENDA ITEM #: #24-35  
COUNCIL MTG OF: April 16, 2024  
FROM: Department of Public Works  
OFFERED BY: Michael Fowler, Director of Public Works  
PREPARED BY: Thomas Carrier, Deputy Director of Public Works  
SUBJECT: Municipal Sewer Fee Adjustment – FY2025

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**PURPOSE:** Staff requests Council approval of an increase for certain Municipal Sewer service fees as part of the FY25 Budget.

**TOWN ADMINISTRATOR COMMENTS:** The Town Council is urged to support these adjustments after receiving public input at the May 7, 2024 public hearing.

### BACKGROUND:

Derry's municipal sewer rates and service fees are reviewed annually during the budget process to ensure they are aligned with the expenses, including labor and materials, deemed necessary to operate and maintain the Derry public sewer system to the standards established by the US EPA, NH DES, and Derry Town Council. These fees include sewer connection and wastewater accessibility fees, septage hauler permits and septage disposal fees.

Septage Disposal: Derry's wastewater treatment plant only accepts holding tanks wastes from private septage haulers as well as RV's and portable toilets. Concentrated septage from haulers servicing private homes cannot be treated at our facility and may be transported to the Allenstown WWTF per our intermunicipal agreement or select other facilities as their available capacity permits. Derry currently charges \$32/1,000 gallons which was originally adopted in the 1980's and has not since been adjusted although overall treatment costs have increased. The average septage disposal fee of other area facilities including Merrimack (\$78.46), Manchester (\$80), Nashua (\$78.75), Greater Lawrence Sanitary District (\$85), Concord (\$65) and Allenstown WWTF (\$70 and who is the approved receiving facility of Derry Septage), is \$76/1,000 gallons.

Wastewater Accessibility Fee (WWAF): This fee was first developed in the 1980's to offset the cost of constructing an upgrade to the Wastewater Treatment Plant. The fee was \$3.00/gpd or \$500 /Bedroom. In the mid-2000's the fee was adjusted to \$3.40/GPD and \$567/Bedroom to offset the cost of the upgrade to the WWTP discharge force main. The FY25 Wastewater Budget proposes \$12.2 to upgrade the WWTP. This construction estimate was calculated in 2022 and has since been adjusted to \$14M in the 2023 Wastewater Facilities Master Plan. Additional costs may be incurred should Derry's pending federal discharge (NPDS) permit renewal require phosphorous removal. The final permit is expected by late summer. To offset these costs, an adjusted to the WWAF is warranted.

### DISCUSSION:

Septage Disposal: Our FY25 budget proposes to increase the hauled wastewater fee over 2 years to the average of other local facilities. It should be noted that while portable chemical toilets, which represent 40% of our current septage flow, are 10X toxic than regular septage, the small volume currently received is not

considered to be significantly detrimental to the WWTP. RV wastes are small volume discharge but are also a high strength waste and require similar labor to provide this service as with regular septage on a per disposal basis. We propose to increase this fee from an average of \$2.50/disposal to \$20 per disposal.

Wastewater Accessibility Fee (WWAF): The estimated annual cost of the proposed WWTP upgrades, net of projected NH DES grant funding, is \$842,000. If we allocated this cost equally to the full WWTP capacity (4.09 MGD), the new WWAF would be \$4.48/GPD or \$747/bedroom. We propose to implement this 32% increase over the next 3 years.

The proposed fee increase would be as follows:

<u>Fee</u>	<u>Current Charge</u>	<u>FY25 Proposed</u>	<u>FY26 Proposed</u>	<u>FY27 Proposed</u>
Hauled WW	\$32.00/1,000 gallons	\$54.00/1,000 gallons	\$76.00/1,000 gallons	
RV Disposal	\$32.00/1,000 gallons	\$20.00/discharge		
WWAF	\$3.40/GPD - \$567/BR	\$3.76/GPD - \$627/BR	\$4.12/GPD - \$687/BR	\$4.48/GPD - \$747/BR

**FISCAL IMPACT:**

The estimated net impact of the septage and RV disposal fee increases to the FY2025 revenues budget would be +\$1500.

The estimated net impact of the proposed WWAF increase in FY25 would be +\$12,500 of which \$9,000 would be billable to the Town of Londonderry under our wastewater intermunicipal agreement. A new 3-bedroom single family home connecting to municipal sewer in Derry would see an increase from \$1,701 to \$1,881 or an additional \$180 in FY25. This would increase to \$2,241 in FY27. Connection fees for a similar 3-bedroom home in other similar communities would be: Merrimack (\$2,000), Rochester (\$2,165), Somersworth (\$5,400), Hampton (\$2,844), Londonderry (\$500 for existing homes and \$3,467 for new homes), Hudson (\$2,325).

Our present agreement with the Town of Londonderry provides for an annual payment by Londonderry to Derry for 25,000 GPD of capacity at our prevailing WWAF. This would increase for the current \$85,000/year to \$94,000 in FY25 to \$112,000 in FY27.

**RECOMMENDATION:** It is recommended that the Council, acting as the Water Commissioners, approve the proposed FY2025 fee increases as presented.

**MOTION:** Please see Resolution #2024-020



# RESOLUTION

Number 2024-020

To Adopt a Revised User Rate Schedule for Derry Wastewater Customers

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WHEREAS, RSA 149-I:1 authorizes the Town Council to construct and maintain public sewer facilities for the public convenience, health or welfare; and

WHEREAS, the Town has enacted a structure of sewer fees to ensure that the system is properly funded; and

WHEREAS, the Town Council, on occasion and in accordance with RSA 149-I:8 shall review wastewater sewer rents to ensure that adequate revenues are received to fund all operating expenses and necessary capital improvements and to ensure the equitable distribution of expenses across all wastewater user classifications;

NOW, THEREFORE, BE IT RESOLVED IN COUNCIL that the Town Council hereby adopts the attached revised User Rate Schedule for Derry Wastewater Customers.

This Resolution shall take effect on all sewer usage billed on or after July 1, 2024.

Adopted: May 7, 2024

Attest:

X \_\_\_\_\_

Erin Spencer, Council Chair

Date: \_\_\_\_\_

X \_\_\_\_\_

Cristina Guilford, Town Clerk

Date: \_\_\_\_\_

### Sewer Fees Rate Adjustments

<u>Fee</u>	<u>Current Charge</u>	<u>FY25 Proposed</u>	<u>FY26 Proposed</u>	<u>FY27 Proposed</u>
Hauled WW	\$32.00/1,000 gallons	\$54.00/1,000 gallons	\$76.00/1,000 gallons	
RV Disposal	\$32.00/1,000 gallons	\$20.00/discharge		
WWAF	\$3.40/GPD - \$567/BR	\$3.76/GPD - \$627/BR	\$4.12/GPD - \$687/BR	\$4.48/GPD \$747/BR

### SEWER USAGE RATE

- Usage Rate: Increase of \$0.6/100 cubic feet (ccft) from \$3.89 to **\$4.05/ccft**
- Base Charge (3/4-meter): Increase of \$3.00/quarter/unit from \$44.00 to **\$47.00/qtr.**
- Unmetered Flat Rate: Decreased by \$17.14/quarter/unit from \$141.12/qtr. to **\$124.00/qtr.** (The average usage upon which the flat rate is based was adjusted to reflect decrease in residential average usage.)