



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

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	

FY25 SEWER RATE IMPACTS:	ANNUAL COST					% Increase per unit
	FY24 RATES	FY25 PROPOSED	Quarterly Bill \$ Impact this Increase	Monthly Increase to Average Bills per unit		
Single Family Residential Customer	\$ 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 NHDES 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	
SEWER	DERRY	\$ 4.05			\$ 47.00	\$ 496.82	
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	
WATER	DERRY	\$ 3.37			\$ 33.00	\$ 388.97	
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

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

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.)