HOOKSETT VILLAGE WATER PRECINCT

Quality on Tap

GUIDE TO QUARTERLY RATES/CHARGES & DEVELOPMENT FEES

OVERVIEW: The Hooksett Village Water Precinct is a public water system that has provided safe, clean water for drinking and fire protection purposes since the 1940s. The system is fed by several large gravel wells located in the vicinity of Pinnacle Pond. The water is disinfected and treated to reduce corrosion at the well stations. From there, the water travels to three storage tanks holding over 2 million gallons, and to over 1,200 customers through 28± miles of water main and thousands of valves, meters and hydrants. The system also includes an emergency interconnection with Central Hooksett Water Precinct on Route 3.

Maintaining this aging system in working order and in compliance with applicable regulations is no small task. Our team of laborers, office manager, licensed operators and elected water commissioners work very hard to "keep the water flowing." The system is run as a business enterprise, which means that the Precinct must raise revenues sufficient to pay for all operating and capital expenses associated with producing, treating, storing and distributing the water (including less visible items such as debt service, financial reserves, administration and regulatory compliance). All revenue is expended solely on the water system, and the adoption of each annual expense budget and warrant is the result of a transparent public process. Capital (large infrastructure) projects are identified as part of a Capital Improvement Program (CIP) and Asset Management Plan (AMP) that methodically lay out the long-term needs of the system.

QUARTERLY RATES & CHARGES: Precinct operations are paid for primarily via water service rates and charges assessed on a quarterly basis. The rates and charges are broken down into four basic classes:

Domestic Service Rates – The consumption charge of a domestic (drinking) water bill is based on meter readings and is the most effective way to encourage judicious water use. The consumption rates partially cover variable costs for items directly related to producing water, such as chemicals, equipment, utilities, contracted repairs, etc. The Precinct has adopted rates which can reduce water waste and encourage awareness of the cost to provide safe, clean drinking water. As the water volume usage increases, the unit price or rate also increases (aka "inclining block rate"). Customers that typically use less water (such as the elderly, single family homes w/o irrigation, and small retail shops) have the lowest service rates.

Domestic Service Charges – The fixed charge (or "base rate") of a domestic water bill is based on the size of the water service. The charge provides some seasonal revenue stability and partially covers fixed costs that are incurred even if we never produce a single drop of water, such as long-term debt, reserve funding, billing and collecting expenses, operator salaries, etc. The larger the service size, the larger the fixed charge. This arrangement is based on the proportional share of cost increasing with the increased needs of larger services. A small additional fixed service charge is added to those accounts with "deduct meters" to cover the increased expenses associated with administering the deduct program.

Sprinkler Service Charges – Customers with fire sprinkler systems incur a fixed charge based on the size of the sprinkler service. The charge provides some seasonal revenue stability and partially covers both fixed and variable costs including the significant costs associated with providing fire-fighting flow capacity and pressure. The larger the service size, the larger the fixed charge – this is based on the proportional share of cost increasing with the increased needs of larger services. Fire sprinkler systems are not metered. Note: These charges do not apply to lawn sprinkler systems, which are managed as Domestic Services.

Hydrant Service Charges – Fire hydrant owners incur a fixed charge per hydrant, sometimes referred to as a hydrant rental fee. The charge provides some seasonal revenue stability and partially covers both fixed and variable costs including the significant costs associated with providing fire-fighting flow capacity and pressure. Hydrants are not metered. Private hydrant owners pay an additional fixed fee per hydrant for flushing. Companies using public hydrants for bulk (temporary) water consumption are metered and charged for water usage and an additional fixed fee for administering the bulk water program.

SYSTEM DEVELOPMENT FEES: To help pay for the water utility infrastructure needed to support local growth, the Precinct assesses water system development fees (also sometimes referred to as capacity or connection fees) on a one-time basis at the time of installation. Infrastructure costs, including water supply, treatment, storage and distribution costs associated with existing unused system capacity as well as future unbuilt system capacity, are significant. Development fees scaled to match a proposed project's size and water usage needs are an equitable way to pay for some of those costs, and encourage water conservation.

System development fees are determined considering CIP/AMP data, estimated capacity improvement costs, typical domestic water usage patterns, required fire flow and storage needs, and the proportion of residential customers to other types of customers. The fees are proportional to the impact of the development and to the benefits accruing to the development, meaning they are used to fund capital needs created by the development and not to pay for existing facility operations. The fees are assessed for any new or increased water uses, and are broken down into three basic classes:

Water Supply Development Fee – A water supply development fee is charged for domestic services to new residential and non-residential users that will be connected to the public water system, and to existing users that are expanding their usage. This fee is used specifically to fund new water supply exploration, testing, permitting, purchase, construction, expansion, treatment and/or related tasks.

Residential Users: The proportional allocation of the fee for residential users is based on (a) estimates of probable construction costs for new water supplies identified in the Precinct's Source Alternatives Evaluation; (b) the summer average day demand (SADD) for residential users (including irrigation); and (c) Town data for the average number of bedrooms in the Precinct. The resulting residential water supply development fee is equal to the allocation cost per bedroom times the number of new bedrooms constructed.

Non- Residential Users: The proportional allocation of the fee for non-residential users is based on estimates of probable construction costs as noted above divided by the estimated new supply volume. The resulting non-residential water supply development fee is equal to the allocation cost per gallon per day (GPD) times the approved water usage, which is based on septic system or sewage design flow.

Water Main Development Fees – A water main development fee is charged for domestic services to new residential and non-residential users that will be connected to the public water system, and to existing users that are expanding their usage. This fee is used specifically to fund major water transmission main improvements which benefit the distribution system, as identified in the Precinct's AMP.

Residential Users: The proportional allocation of the fee for residential users is based on (a) the peak demand per existing residential user; (b) the portion of the recommended improvements costs attributed to those users; and (c) the average number of bedrooms in the Precinct. The resulting residential water main development fee is equal to the allocation cost per bedroom times the number of new bedrooms constructed.

Non-Residential Users: The proportional allocation of the fee for non-residential users is based on (a) the annual peak demand for non-residential users; and (b) the percentage of peak demand for non-residential usage. The resulting non-residential water main development fee is equal to the allocation cost per GPD times the approved water usage, which is based on septic system or sewage design flow.

Fire Storage Development Fees – A fire storage development fee is charged for new fire services for residential and non-residential users, and for existing services that are increasing in size. The fee offsets some of the significant infrastructure investments made in the system relative to providing fire storage at new water tanks constructed in the Main Service Area – the Quarry Tank and the Thompson Corner Tank.

Fire Suppression: The proportional allocation of the fee for fire suppression is based on (a) the construction costs of the fire flow storage component of the new tanks; (b) the number and average diameter of existing fire services; and (c) the projected number of new fire services from historical data. The resulting fire storage development fee is equal to the allocation cost per inch diameter of new fire service line.

Fire Hydrants: The proportional allocation of the fee for fire hydrants is based on (a) the construction costs of the fire flow storage component of the new tanks; (b) the number of existing hydrants; and (c) the projected number of new hydrants from historical data. The resulting fire storage development fee is equal to the allocation cost per new hydrant.