



HOOKSETT VILLAGE WATER PRECINCT

CY2020 BUDGET SUMMARY

The Hooksett Village Water Precinct (HVWP) is pleased to present a summary of its proposed CY20 budget. Formed in 1941, we have a long, proud history of providing effective water service in the Village and surrounding areas. Our goal is to continue to provide the best, most affordable service possible while responsibly managing and maintaining many miles of aging mains, hydrants, valves, tanks, pumps, wells, etc.

Capital Improvement Plan (CIP): On an annual basis, HVWP reviews and updates its 10-year CIP to better and more proactively address concerns over aging assets. The CIP focuses on the most pressing and important infrastructure needs, primarily those items identified by the State (NHDES) as requiring immediate attention. Those items include tank upgrades, new source development, emergency connection(s), meter upgrades, water main and pump house improvements, and development of an asset management program.

In 2019, we further evaluated future capital needs, likely costs and potential funding sources. Out of this ongoing process, the CIP was updated into its current form covering the period from 2020 to 2029. While the structure, content and ultimate bottom line of the CIP remain essentially the same, particular attention was paid to crafting revised budget estimates for CY20. The revisions reflect our best understanding of project priorities and available funds, including a mixture of operating budget contributions and trust fund subsidies.

It is imperative that the CIP implementation continue to move forward in a timely fashion. If not, we anticipate that the frequency of infrastructure failures will increase; O&M costs will be unnecessarily high due to reactive management; the vulnerability of the Town and its residents to water shortages and decreased water quality may very well be impacted; and over time the Village water system could turn from a source of local pride and independence to an embarrassing and costly exercise in futility. Many small towns are struggling with this issue – but we continue to believe that Hooksett can avoid a negative future by making positive changes.

2020 Expenses: HVWP has spent a considerable amount of time evaluating this past year's expenses and activities, as well as this coming year's needs and priorities. During the past year, the Precinct addressed a number of significant challenges relative to metering, staff changes, stream diversion, SCADA/GIS and improvements to the distribution system, wells, vehicles, tanks and treatment/office buildings. The unforeseen loss of staff and changes in project viability during the year reduced expenses; we also aggressively sought opportunities to reduce spending and accomplish more with less, ultimately coming in >\$100K under budget.

For the coming year, we are projecting a roughly 12% or \$145K increase in the operating budget. Routine operating expenses and non-subsidized capital expenses account for 2.9% of the increase. Routine expense increases are associated mainly with insurance (medical); blast monitoring at the new tank; and well, gate and generator maintenance. Non-subsidized capital expenses include CIP items that are not paid for, or are only partially paid for, with trust funds, including continuation of the metering upgrade; implementation of water main improvements (e.g. Phase 2 of the new tank project); planning for an emergency interconnection; and completion of the comprehensive asset management and GIS project.

The remaining 9.1% of the CY20 operating budget increase is associated with the first loan payment for Phase 1 of the new tank project. This phase, completed in 2019, included construction and design of the 1.0MG tank. By controlling spending and raising our unrestricted fund balance the last few years, we're proud to announce that \$45K of the \$110K payment will be made from that balance in 2020, minimizing the budget increase.

CIP goals continue to be incorporated into the expense budget. In accordance with NHDES recommendations, the long-term goal is to create an operating budget that accurately reflects the real cost of providing water and allows HVWP to proactively maintain/replace aging infrastructure and expand the infrastructure as needed. CY20 CIP projects that are not fully funded in the budget will be subsidized by the Precinct's trust funds. We anticipate a total subsidy of approximately \$40K in 2020, which further minimizes the budget increase.

2020 Revenues: HVWP spent considerable additional time evaluating how we are currently collecting revenue and what we could do to most fairly raise the additional revenue needed for CY20 and beyond. As a result, we updated our comprehensive Rate & Fee Schedule (attached). The updated schedule includes new standard rates and fees and supports our desire for transparency, fairness and consistency of application.

Due to the significant costs associated with CIP implementation, the Precinct continued to investigate a variety of additional revenue strategies to lessen the impact to water ratepayers. We considered taxation but continued to feel that we did not want to take this approach unless it was a catastrophic event. The adopted strategy focuses on partially subsidizing the increase through trust and unrestricted fund contributions totaling \$85K. We also continue to aggressively pursue grant funds to offset revenue needs, including the planned receipt of a \$20K asset management grant from NHDES this year and the ongoing pursuit of a \$444K grant from the NH Drinking Water Trust Fund to hopefully offset costs associated with Phase 2 of the new tank project.

In CY20, increased revenues would be mainly generated by the trust fund subsidy; unrestricted fund transfer; adjustments to the domestic usage rates, minimum charges and sprinkler/hydrant fees; a new shutoff notification fee; and increased revenues associated with bulk water sales. Usage rates also continue to increase at higher levels of water usage, to encourage conservation as required by the State. For the average customer, the net result of the adopted rate changes will be an increase of about \$5/month (from \$32/mo. to \$37/mo.).

Despite the critical need for revenues, HVWP is sensitive to the needs of customers who are less able to pay for vital water services. New in 2020, we are excited to announce the roll-out of a 5% senior discount program.

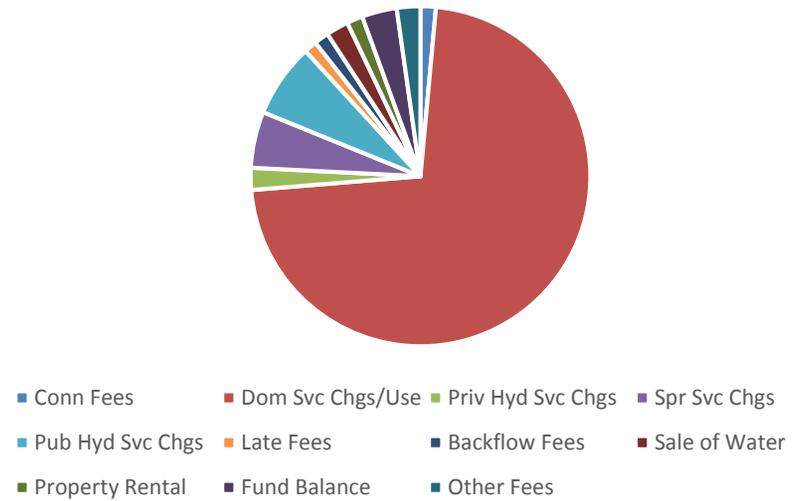
Summary for 2020: We believe that the proposed expense-and-revenue budget is realistic based on our industry experience, and reflects our goal of affordable but responsible management. Our debt is low, our new rates are still reasonable (~\$110 below annual average based on a comparison to a statewide 2018 survey) and we maintain modest reserves for upcoming improvements. It is our intent to continue this strong financial standing while aggressively investing in the maintenance of our aging system in the coming year. Maintaining the system in working order and in compliance with applicable regulations is no small task. The proposed budget significantly enhances our commitment to compliance, reliability and customer service.

Beyond 2020: While our focus for this budget cycle is CY20, great thought is being given to how we can properly plan for a strong financial future. The attached CIP plan and 5-year rate evaluation show examples of how we are effectively transitioning into performing CIP tasks over 5 to 10 years. We recognize that trust funds are a transitional benefit, to slowly bring the rates to where we can begin to sustain the needed infrastructure on our normal operating budget. Our focus will shift to rebuilding the trust funds in the years after the rate changes occur. We believe that this responsible planning will help our future generations inherit a strong independent water system only reliant upon our Town's desire to grow and prosper, meeting the needs of all rate payers.



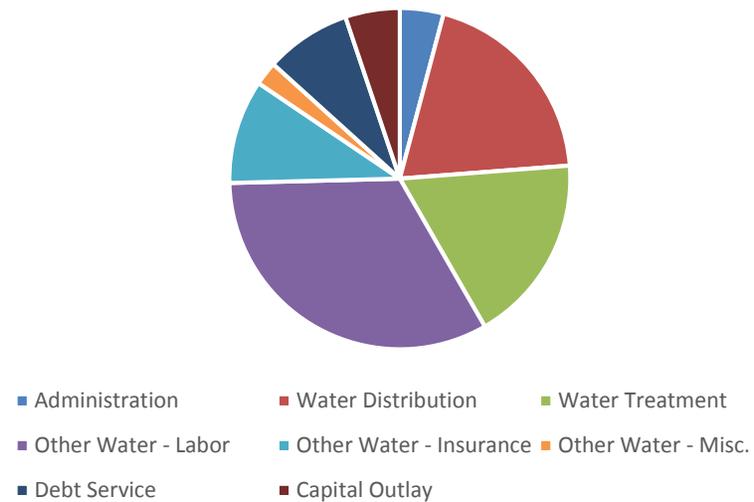
<u>Category</u>	<u>Revenue</u>	<u>%</u>
Conn Fees	19764	1.5%
Dom Svc Chgs/Use	978381	72.2%
Priv Hyd Svc Chgs	28380	2.1%
Spr Svc Chgs	72400	5.3%
Pub Hyd Svc Chgs	95040	7.0%
Late Fees	16500	1.2%
Backflow Fees	18825	1.4%
Sale of Water	29000	2.1%
Property Rental	20500	1.5%
Fund Balance	45000	3.3%
<u>Other Fees</u>	<u>30401</u>	<u>2.2%</u>
<i>Total:</i>	<i>1354191</i>	<i>100%</i>

CY2020 Estimated Revenue by Source



<u>Category</u>	<u>Expense</u>	<u>%</u>
Administration	56100	4.1%
Water Distribution	265910	19.6%
Water Treatment	242516.8	17.9%
Other Water - Labor	445637.2	32.9%
Other Water - Insurance	133512.5	9.9%
Other Water - Misc.	30395	2.2%
Debt Service	110119.5	8.1%
<u>Capital Outlay</u>	<u>70000</u>	<u>5.2%</u>
<i>Total:</i>	<i>1354191</i>	<i>100%</i>

CY2020 Estimated Expense by Type



HOOKSETT VILLAGE WATER PRECINCT

RATE AND FEE SCHEDULE

(Effective 1/1/2020)

DOMESTIC SERVICE RATES

0-10,000 gallons	\$4.65/1000 gallons
10,001-25,000 gallons	\$5.05/1000 gallons
25,001-75,000 gallons	\$6.60/1000 gallons
75,001- 150,000 gallons	\$7.15/1000 gallons
150,001 - 300,000 gallons	\$7.25/1000 gallons
300,001 - 500,000 gallons	\$7.35/1000 gallons
≥ 500,001 gallons	\$8.05/1000 gallons

DOMESTIC SERVICE CHARGES

¾" Service	\$66.00/ quarter
1" Service	\$92.40/ quarter
1 ¼" Service	\$105.60/ quarter
1 ½" Service	\$118.80/ quarter
2" Service	\$191.40/ quarter
3" Service	\$726.00/ quarter
4" Service	\$924.00/ quarter
6" Service	\$1386.00/ quarter
8" Service	\$1980.00/ quarter
10" Service	\$2508.00/ quarter

Services with Deduct Meters: \$5.00/quarter (additional)

SPRINKLER SERVICE CHARGES

10"	\$1030.00 / quarter
8"	\$630.00 / quarter
6"	\$330.00 / quarter
4"	\$205.00 / quarter
2"	\$155.00 / quarter

HYDRANT SERVICE CHARGES

Private Hydrants	\$165.00/qtr
Public Hydrants	\$165.00/qtr
Bulk Hydrant Use	\$8.00/1000 gals
<i>(designated hydrant; requires prior approval)</i>	

MISCELLANEOUS FEES

Final Bill Fee \$75.00 (\$125.00 ≤ 48 hrs)
New Service Application Fee \$100.00
Turn on / Reconnection / Turn off Fee \$50.00/event (on or off)
Tampering / Unauthorized Use \$250.00 + 50,000 gallons (min.)

Returned check Fee \$45.00/check
Shutoff notification Fee \$15.00/notice
Late payment Fee \$35.00/quarter
Deduct meter / backflow device inspection \$50.00/inspection
Deduct meter / backflow device re-inspection \$25.00/each
Backflow device test/re-test \$50.00/each
Backflow device permit \$35.00 (permit renewal \$10/year)
Private hydrant flushing \$75.00/hydrant/flush
Fire flow test \$125.00/test
Bacteria test \$62.00/test
Construction plan review and construction site labor \$75.00/hr min.
Non-construction site labor \$50.00/hr (\$75.00/hr after hrs; 3 hr min.)
Parts/materials/subcontractors @ Cost + 15%

TERMS OF PAYMENT

Quarterly water bills are rendered on or about February 1, May 1, August 1 and November 1. All bills, including those rendered at other times for miscellaneous services, are due and payable upon presentation. Bills may be estimated if needed.

A late payment charge will be added to any bill not paid by the due date, and a shutoff notice may be issued after the due date. Bills unpaid by the end of the quarter are also subject to 12% interest charges. Service may be discontinued for nonpayment of water bills or for a violation of the *Schedule for Water Service*.

The Precinct's terms and conditions in effect from time to time, where not inconsistent with any specific provision hereof, are a part of this *Rate and Fee Schedule*. A 5% senior citizen (ages 65+) discount is available on domestic services $\leq 1"$ for $<10,000$ gals/qtr.

SERVICE CONNECTION FEES

Service connection fees shall apply to any new or extended service connection utilizing Hooksett Village Water Precinct's water supply resources, regardless of whether the water main or service line being connected to is Precinct-owned or privately owned.

Service connection fees are one-time fees and are NOT related to other customer-borne expenses for any physical connection to HVWP infrastructure described in the *Schedule for Water Service*.

- Residential Connection: \$900.00/Bedroom, min. \$2,000.00
- Commercial Connection: \$6.00/Gal/Day, min. \$2,000.00
- Source Development: 50% of Res./Comm. Fee, min. \$1,000.00
- Fire System Connection: \$5,500/ISLD (inch svc. line diameter)

*** 2020 RATE CHANGE SUMMARY**

Proposed Sources of Additional Non-Grant Revenue Needs

Hooksett Village Water Precinct, FY2020-24

NHDES 2018 Statewide Average Annual Water Bill: \$552.45 (\$46.04/mo)

Type	Amount	Assumptions:	Result:	Avg. Resid. Customer:
Domestic service rates	\$50,627	Alt. #1	\$4.65	\$/yr: \$/mo:
Domestic service charges	\$60,559	Alt. #1	\$66.00	\$442.85 \$36.90
Sprinkler service charges	\$4,200	Alt. #1	\$155-1030	
Hydrant service charges	\$7,480	Alt. #1	\$165/165 (priv/pub)	
Water taxes	\$0	+0.00	\$0	Total tax ≤ \$0
TOTAL:	\$122,866	2020		From trust: \$40,000
Domestic service rates	\$24,333	Alt. #2	\$4.95	\$/yr: \$/mo:
Domestic service charges	\$57,149	Alt. #2	\$76.00	\$482.85 \$40.24
Sprinkler service charges	\$4,200	Alt. #2	\$170-1045	
Hydrant service charges	\$7,480	Alt. #2	\$175/175 (priv/pub)	
Water taxes	\$0	+0.00	\$0	Total tax ≤ \$0
TOTAL:	\$93,162	2021		From trust: \$40,000
Domestic service rates	\$24,619	Alt. #3	\$5.15	\$/yr: \$/mo:
Domestic service charges	\$51,434	Alt. #3	\$85.00	\$531.76 \$44.31
Sprinkler service charges	\$4,200	Alt. #3	\$185-1060	
Hydrant service charges	\$7,480	Alt. #3	\$185/185 (priv/pub)	
Water taxes	\$0	+0.00	\$0	Total tax ≤ \$0
TOTAL:	\$87,733	2022		From trust: \$35,000
Domestic service rates	\$15,642	Alt. #4	\$5.35	\$/yr: \$/mo:
Domestic service charges	\$28,575	Alt. #4	\$90.00	\$562.82 \$46.90
Sprinkler service charges	\$4,200	Alt. #4	\$200-1075	
Hydrant service charges	\$7,480	Alt. #4	\$195/195 (priv/pub)	
Water taxes	\$0	+0.00	\$0	Total tax ≤ \$0
TOTAL:	\$55,897	2023		From trust: \$25,000
Domestic service rates	\$13,593	Alt. #5	\$5.45	\$/yr: \$/mo:
Domestic service charges	\$22,860	Alt. #5	\$94.00	\$583.43 \$48.62
Sprinkler service charges	\$2,800	Alt. #5	\$210-1085	
Hydrant service charges	\$3,740	Alt. #5	\$200/200 (priv/pub)	
Water taxes	\$0	+0.00	\$0	Total tax ≤ \$0
TOTAL:	\$42,993	2024		From trust: \$25,000

*Note: Range of DSR/DSC:

2019	4.35-7.50 / 55-2090
2020	4.65-8.05 / 66-2508
2021	4.95-8.45 / 76-2888
2022	5.15-8.80 / 85-3230
2023	5.35-9.10 / 90-3420
2024	5.45-9.35 / 94-3572

0-10k to 500+ gals / 0.75" to 10"

see details (attached)

