

GUIDE TO SYSTEM DEVELOPMENT FEES

Hooksett Village Water Precinct, Hooksett, NH

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 one million gallons, and to over 1,200 customers through 28± miles of distribution main and thousands of valves, meters and hydrants. In addition, the system 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 annual expense budget adopted for operations and capital projects is the result of a transparent public process. The capital (large infrastructure) projects are identified as part of Capital Improvement Program that methodically lays out the long-term needs of the system.

SYSTEM DEVELOPMENT FEES:

To help pay for the water resources infrastructure needed to support growth and development, 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 also.

Development fee rates are determined considering CIP and other capacity improvement capital costs, typical domestic water usage patterns, estimated fire flow and storage needs, and the proportion of residential customers to other types and numbers of customers. The fees are broken down into four basic classes:

Residential Development Fees – These fees are charged for domestic services to new homes and other residential facilities, such as subdivisions and condominiums, that will be connected to the public water system. The proportional allocation of these fees is accomplished by multiplying a fixed rate times the number of proposed bedrooms, with a minimum fee equating to approximately 2.25 bedrooms.

Commercial Development Fees – These fees cover domestic services to new commercial, industrial and institutional units that will be connected to the public water system. The proportional allocation of these fees is accomplished by multiplying a fixed rate per gallon/day times the approved facility design flow, with a minimum fee equating to approximately 333 GPD. This method directly encourages water-efficient design.

Fire System Development Fees – New customers with fire sprinkler systems incur an added development fee based on the size of the sprinkler service. The fee offsets some of the significant additional costs associated with providing fire-fighting flow capacity and pressure. The larger the service size, the larger the fixed fee - based on the proportional share of cost increasing with the increased needs of larger services.

Source Development Fees – New customers paying residential or commercial development fees also incur a source development fee. This fee is focused specifically on funding water supply testing, permitting, purchase, construction, treatment, repair, replacement and related tasks. The fee is set at 50% of the residential or commercial development fee, as applicable, with a comparably reduced minimum fee.