



STAFF REPORT

Public Hearing 5-5-26

AGENDA ITEM #: 26-36
COUNCIL MTG OF: April 21, 2026
FROM: Thomas Carrier, Director of Public Works
OFFERED BY: Thomas Carrier, Director of Public Works
PREPARED BY: Thomas Carrier, Director of Public Works
SUBJECT: Municipal Water **Rate Adjustment** – FY2027

PURPOSE: Staff requests Council approval of an increase to the FY2026 Municipal Water Rates.

TOWN ADMINISTRATOR COMMENTS: Town Council is urged to adopt the proposed rate increases to support the operations of the Water system.

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.

By Council Resolutions #2022-078 and #2022-079 the Council appropriated funds for the Rand Shepard Hill Water Extension Project. Funding included a \$4.89M loan from the NH DES State Revolving Fund (SRF). The Council also approved Resolution #2022-081 increasing the water rate by \$0.41 per 100 cubic feet (748 gals) to offset the loan payments. That increase will be effective with the FY27 budget which includes the project's first loan payment.

DISCUSSION:

In addition to the approved rate increase associated with the SRF loan payment, the FY2027 Water Fund Budget proposes increasing the quarterly water base charge by approximately 5% from \$34.00 to \$36.00 for a ¾ inch water service. This increase is to offset the estimated 3% purchased water rate increase from Manchester Water Works and increased personnel costs as well as increases in other operating expenses including labor and materials.

The FY27 Rates as presented are:

- Usage Rate: Increase of \$0.41/100 cubic feet (ccft) from \$3.47 to **\$3.88/ccft for in-Town customers** and increase of \$0.47/ccft from 3.99/ccft to **\$4.45/ccft for out-of-Town customers** (15% above in-Town rates)
- Base Charge (3/4 meter): Increase of \$2.00/quarter/unit from \$34.00 to **\$36.00/quarter per unit for an in-Town service** and increase of \$2.00/quarter per unit from \$39.00 to **\$41.00/quarter per unit for a ¾ 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 ¾ inch)

FISCAL IMPACT:

The overall rate increase results in a **10% (\$3.26/month) increase** on the average single-family quarterly water bill. The new average water bill would be **\$440 a year**. This increase is in line with the recommendation of the Town's 2023 Water System Master Plan (section 11.3.1). If approved, our new rates would be 20% less than the average of our peer NH communities of \$552.

Water Usage FY2027 Budget Proposal				
	FY2027 EST	FY26 Rate	PROP FY27 Rate	FY2027 EST Budget
Base Charges (No. Billed Units) 3/4" In-Town	34,020	\$ 34.00	\$ 36.00	\$ 1,224,720.00
Base Charges (No. Billed Units) 3/4" Out-of-Town	648	\$ 39.00	\$ 41.00	\$ 26,568.00
1" In-Town	260	\$ 52.00	\$ 56.00	\$ 14,560.00
1" Out-of-Town	20	\$ 59.00	\$ 64.00	\$ 1,280.00
1 1/2 " In- Town	216	\$ 89.00	\$ 96.00	\$ 20,736.00
1 1/2 " Out-of-Town	4	\$ 102.00	\$ 110.00	\$ 440.00
2" In-Town	204	\$ 177.00	\$ 191.00	\$ 38,964.00
2" Out-of-Town	24	\$ 203.00	\$ 219.00	\$ 5,256.00
3" In-Town	32	\$ 358.00	\$ 387.00	\$ 12,384.00
3" Out-of-Town	4	\$ 411.00	\$ 445.00	\$ 1,780.00
Usage Charges (100's cubic feet) In-Town	66,021,342	\$ 3.47	\$ 3.88	\$ 1,886,720.38
Usage Charges (100's cubic feet) Out-of-Town	2,561,122	\$ 3.99	\$ 4.45	\$ 98,394.95
		TOTALS	TOTALS	\$ 3,331,803.32

FY27 WATER RATE IMPACTS:	ANNUAL COST		Quarterly Bill \$ Impact this Increase	Monthly Increase to Average Bills per unit	% Increase per unit
	FY26 RATES	FY27 PROPOSED			
Single Family Residential Customer	\$ 400.55	\$ 439.64	\$ 9.77	\$ 3.26	9.8%
Duplex (1"meter)	\$ 563.92	\$ 614.23	\$ 12.58	\$ 2.10	8.9%
6 Unit Condo Building (1 inch)	\$ 1,253.88	\$ 1,353.33	\$ 24.86	\$ 1.38	7.9%
24 Unit Apartment Building	\$ 5,068.40	\$ 5,472.42	\$ 101.00	\$ 1.40	8.0%
Industrial Building - Large User (+/-3689 gals per day) 2 inch meter	\$ 6,884.60	\$ 7,666.35	\$ 195.44	\$ 65.15	11.4%
Commercial Unit/Single Occupant Residential-min user 3/4 inch meter	\$ 136.00	\$ 144.00	\$ 2.00	\$ 0.67	5.9%
Commercial Unit 1 inch meter (1500 gpd)	\$ 2,678.47	\$ 2,984.75	\$ 76.57	\$ 25.52	11.4%
Commercial Unit 1 1/2 inch meter (1000 gpd)	\$ 1,979.82	\$ 2,198.62	\$ 54.70	\$ 18.23	11.1%
Commercial Unit 1 1/2 inch meter (41 GPD/2000cft/year min Usage)	\$ 356.00	\$ 384.00	\$ 7.00	\$ 2.33	7.9%
		AVERAGE DERRY CUSTOMER INCREASE	\$	13.34	9.1%
Londonderry	FY26 RATES	FY27 PROPOSED	Quarterly Bill \$ Impact this Increase	Monthly Increase to Average Bills per unit	% Increase per unit
	\$ 57,054.99	\$ 62,666.65	\$ 14.77	\$ 4.92	10%

The following represents a comparison of Derry's proposed rates (as presented in the FY27 budget) with those of comparable communities.

RATE COMPARISONS							3/27/2026
Based on NH DES Average Consumption of 71,996 gallons per							
UTILITY	TOWN/SYSTEM	RATE	per 100 cubic	plus	BASE	charge per	ANNUAL BILL
WATER	MANCHESTER	\$ 2.09			\$ 35.04		\$ 341.23
WATER	BEDFORD	\$ 2.39			\$ 40.29		\$ 391.39
WATER	CONCORD	\$ 3.70			\$ 6.95		\$ 439.53
WATER	DERRY	\$ 3.88			\$ 36.00		\$ 439.86
WATER	HUDSON	\$ 3.30			\$ 10.69		\$ 445.91
WATER	MERRIMACK	\$ 3.69			\$ 25.44		\$ 456.93
WATER	SALEM	\$ 4.74			\$ 5.80		\$ 479.43
WATER	WINDHAM	\$ 5.46			\$ 6.67		\$ 532.20
WATER	PORTSMOUTH	\$ 5.47			\$ 4.95		\$ 585.89
WATER	DOVER	\$ 7.96			\$ -		\$ 766.16
WATER	NASHUA	\$ 5.43			\$ 29.02		\$ 870.88
WATER	LONDONDERRY	\$ 5.43			\$ 29.02		\$ 870.88
	AVERAGE	DERRY					
WATER	\$ 551.69	\$ 439.86	20% less than the average				

RECOMMENDATION: It is recommended that the Council, acting as the Water Commissioners, approve the proposed FY2027 water rate schedule as presented.

MOTION: Please see Resolution #2026-021

* * * * *