



**BUDGET MEMO**

DATE: February 28, 2022  
 TO: The Voters and Customers of the Merrimack Village District  
 FROM: Merrimack Village District Board of Commissioners (BOC)  
 RE: Fiscal Year (FY) 2022-2023 Operating Budget

**Annual Meeting**

Tuesday, March 29, 2022 at 7:00pm

Mastricola Upper Elementary School  
(All Purpose Room)  
26 Baboosic Lake Road

The purpose of this memo is to assist you in reviewing the Merrimack Village District 2022-2023 proposed operating budget.

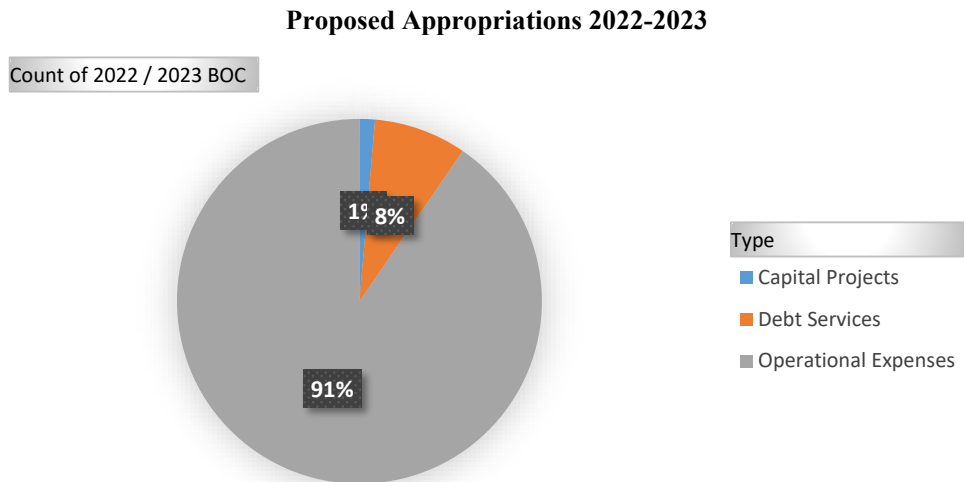
**BUDGET SUMMARY COMPARISON**

	<u>Approved</u> <u>2020-2021</u>	<u>Approved</u> <u>2021-2022</u>	<u>Proposed</u> <u>2022-2023</u>	<u>2022 vs. 2023</u> <u>Increase (Decrease)</u>
Operational	\$ 3,970,036	\$ 4,370,263	\$ 4,704,846	\$ 334,583
Capital Budget Exp	<u>147,000</u>	<u>102,000</u>	<u>107,000</u>	<u>\$ 5,000</u>
<b>TOTAL</b>	<b><u>\$ 4,117,036</u></b>	<b><u>\$ 4,472,263</u></b>	<b><u>\$ 4,811,846</u></b>	<b><u>\$ 339,583</u></b>

**The total OVERALL proposed budget (without money warrant articles) is recommended at \$4,811,846 or a 7.59% increase of the 2021–2022 approved budget.** The total OPERATIONAL budget (without capital expense) reflects an increase of \$334,583 or 7.66% higher than the 2021–2022 operational budget. The 2022–2023 budget includes \$107,000\* in capital budget expenses that are reasonable and responsible projections to continue to provide future improvements to operations and infrastructure and a constant supply of potable water.

\*See *Capital Outlay* section for details

The graphic breakdown of proposed expenditures is shown below:



The revenues to support this budget are projected to balance the proposed budget of \$4,811,846. The BOC and staff have made considerable adjustments (both increases and decreases) in the proposed budget to match the proposed revenue projections.

Whether due to growth or inflationary factors, rate increase(s) are inevitable in light of ever-increasing expenditures on electricity, chemicals, fuel, materials (brass, copper, iron, plastic), wages and benefits. With the last increase in July 2021, the BOC raised water consumption rates from \$2.32 to \$2.83 per 100 cubic feet or 22% rate increase. Non-consumption rates (meter, hydrant, sprinkler charges, etc.) were also raised at that time.

To assist in the review of the budget document, details are provided for the following areas:

**BUDGET DETAIL**

**GENERAL**

Items such as Electricity (60000), Heating Fuel (60400), Gasoline/Diesel Fuel (60450/60), and Chemicals (60600) are estimates based on past usage and estimated future usage costs.

**PERSONNEL**

Administrative Wages (50100)

The overtime estimate is for staff in Finance/HR and Administration. During the audit, budget process and through the course of the year additional hours are necessary to complete regular duties on schedule, particularly in finance.

**REPAIR AND MAINTENANCE**

Motor Vehicle Maintenance (60500)

<u>Actual</u> <u>2017-2018</u>	<u>Actual</u> <u>2018-2019</u>	<u>Actual</u> <u>2019-2020</u>	<u>Actual</u> <u>2020-2021</u>	<u>Approved</u> <u>2021-2022</u>	<u>Proposed</u> <u>2022-2023</u>
\$23,167	\$16,894	\$30,954	\$22,000	\$22,000	\$23,000

Chemicals (60600)

We are notified of chemical cost increases each year that are effective January 1st and July 1st. There have been constant double digit increases over the last few years. Projecting chemical costs 18 months in advance is difficult at best. That fact combined with the different uses of various pump stations due to weather conditions, water usage and the level of iron and manganese that we experience in several wells make projections even more difficult.

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2021-2022*</u>
Approved	\$ 150,818	\$ 140,000	\$ 162,684	\$ 228,507	\$ 488,900
Actual	\$ 124,647	\$ 131,653	\$ 204,826		

*\*During this fiscal year, all wells will be up and running (including our 2 new Treatment plants), which results in additional chemical needs.*

Property Taxes (60850)

The District budgets for taxes on Wells 7 and 8. They are located in the town of Hollis. By law a water district is required to pay taxes on the land if the water source is in a different town. We are not taxed on the pump buildings on this land. The valuation of that land is currently set at \$227,700. Depending on the Town of Hollis tax rate, each year’s tax bill may vary. We have budgeted \$6,500 for 2022-2023.

<u>Actual</u> <u>2018-2019</u>	<u>Actual</u> <u>2019-2020</u>	<u>Actual</u> <u>2020-2021</u>	<u>Approved</u> <u>2021-2022</u>	<u>Proposed</u> <u>2022-2023</u>
\$ 4,891	\$ 5,423	\$ 5,287	\$ 6,500	\$ 6,500

New Entrance and Main Lines and Entrances – Enhancements (70040/70045)

We will continue upgrades to our existing main lines that are old, problematic and those that may need to be looped. No specific projects are planned for the 2022-2023 budget; however, we have allowed for a total of \$22,860 for possible replacements in this account. We also plan to add several new hydrants to the system.

Repair and Maintenance Pumping Stations (70550)

The amount of \$79,000 is proposed for emergency repairs and maintenance at the pumping stations. An emergency repair could consist of replacing a solenoid valve or even a complete well pump replacement.

Engineering (81900)

The proposed budget for the engineering account is \$105,200 for 2022-2023. Our engineers will continue to monitor sodium and chloride levels and track and plot quarterly sample data along with PFAS data. We also designated funds within this account for additional engineering for PFAS as well as investigating into PFAS pollutants. The Asset Management Program is an ongoing project and a requirement to qualify for most grants and/or loans through the State. Additional projects needed in this budget are related to Design of Sewer Ejection from the Distribution warehouse and Salt Mitigation.

**CAPITAL OUTLAY**

**Capital Budget Expense (90000)**

The Capital Budget Expenses being proposed for 2021-2022 are:

◆ UMS - Conversion from Continental Billing Solutions (Billing software)	\$ 5,000
◆ Replacement Truck for W-38 - 1/2 Ton, Reg Cab, 8' Bed, w/Radio	\$ 42,000
◆ LED Light Tower (with Generator)	\$ 10,000
◆ New GPS Unit to Locate District Assets - Tremble	\$ 15,000
◆ IT Improv - Assess/Upgrade/Integrate ArcGIS & Elements & CUSI-UMS	\$ 20,000
◆ Town CIP Projects - Waterline Relocation*	\$ 15,000

*\*The \$15,000 in this account is due to the Town Ordinance change which requires that the District pay the first \$15,000 of a Town Capital Improvement Plan (CIP) project that involves water line relocation.*

**DEBT SERVICES**

	<u>Actual</u> 2018-2019	<u>Actual</u> 2019-2020	<u>Actual</u> 2020-2021	<u>Approved</u> 2021-2022	<u>Proposed</u> 2022-2023
Principal (90200/03/04)	\$444,106	\$447,714	\$451,393	\$503,935	\$506,988
Interest (90300/03/04)	187,507	171,393	155,264	166,233	143,705
	<u>\$ 631,613</u>	<u>\$ 619,107</u>	<u>\$ 606,657</u>	<u>\$ 670,168</u>	<u>\$ 650,693</u>

*\*New DWGT Loan started 2021-2022 and our Bean Rd Bond will have it's last payment during 2022-2023*

**REVENUE**

Actual revenues for 2020-2021 were \$4,276,557, or \$159,521 from the projected 4,117,036 for that fiscal year. Water usage has a direct correlation to the weather and various conservation efforts which affects the revenue. The sources of revenue are summarized below:

	<u>Actual</u> 2018-2019	<u>Actual</u> 2019-2020	<u>Actual</u> 2020-2021	<u>Approved</u> BOC Projected 2021-2022	<u>BOC</u> Projected 2022-2023
Water Sales & Service Charges	\$ 3,256,281	\$ 4,037,413	\$ 4,244,329	\$ 4,339,263	\$ 4,544,946
System Development Charges*	\$ 215,751	\$ -	\$ -	\$ -	\$ -
Budgeted Grants	\$ -	\$ 20,000	\$ 13,756	\$ -	\$ -
Miscellaneous	\$ 184,026	\$ 169,728	\$ 16,794	\$ 128,000	\$ 263,900
Interest	\$ 23,514	\$ 15,875	\$ 1,679	\$ 5,000	\$ 3,000
	<u>\$ 3,679,572</u>	<u>\$ 4,243,016</u>	<u>\$ 4,276,557</u>	<u>\$ 4,472,263</u>	<u>\$ 4,811,846</u>

*\*System Development Charges (SDC) have been removed from Operational Revenue as of FY 2019-2020. They are transferred to the SDC Capital Reserve Fund following the approval vote at Annual Meeting.*

**-END-**