



**WATER WORKS**  
[www.mvdwater.org](http://www.mvdwater.org)

# **2023 – 2024 BUDGET MEMO**

**2023 Annual Meeting**  
(Fiscal Year: 2023-2024)

**Date/Time:**

Tuesday, March 28, 2023 at 7:00 pm

**Location:**

James Mastricola Upper Elementary School - All Purpose Room  
26 Baboosic Lake Road  
Merrimack, NH 03054

**PREPARED:** February 15, 2023

**TO:** Merrimack Village District (MVD) Customers and Town of Merrimack Voters

**FROM:** MVD Board of Commissioners (BOC)

**RE:** Fiscal Year (FY) 2023-2024 Budget Information

The purpose of this memo is to assist in reviewing MVD’s proposed Budget as Recommended by the BOC.  
(Glossary on Last Page)

**BUDGET SUMMARY COMPARISON**

	<u>Approved 2021-2022</u>	<u>Approved 2022-2023</u>	<u>Proposed 2023-2024</u>	<u>2023 vs. 2024 Increase/Decrease</u>
Operating Budget	\$4,370,263	\$4,704,846	\$5,988,666	\$1,283,820
Capital Budget	\$102,000	\$107,000	\$31,000	(\$76,000)
<b>TOTAL BUDGET</b>	<b>\$4,472,263</b>	<b>\$4,811,846</b>	<b>\$6,019,666</b>	<b>\$1,207,820</b>

The MVD Board of Commissioners recommendation for the 2023-2024 Total Budget (NOT including any Financial Warrant Articles) is \$6,019,666. This is equal to a 25.1% increase over the 2022–2023 Total Budget. The 2023–2024 Total Budget includes \*\$31,000 in Capital Budget costs that are reasonable and responsible projections to continue to provide future improvements to MVD’s Operations and Infrastructure. \*Refer to “Capital Budget Detail” Section for further details

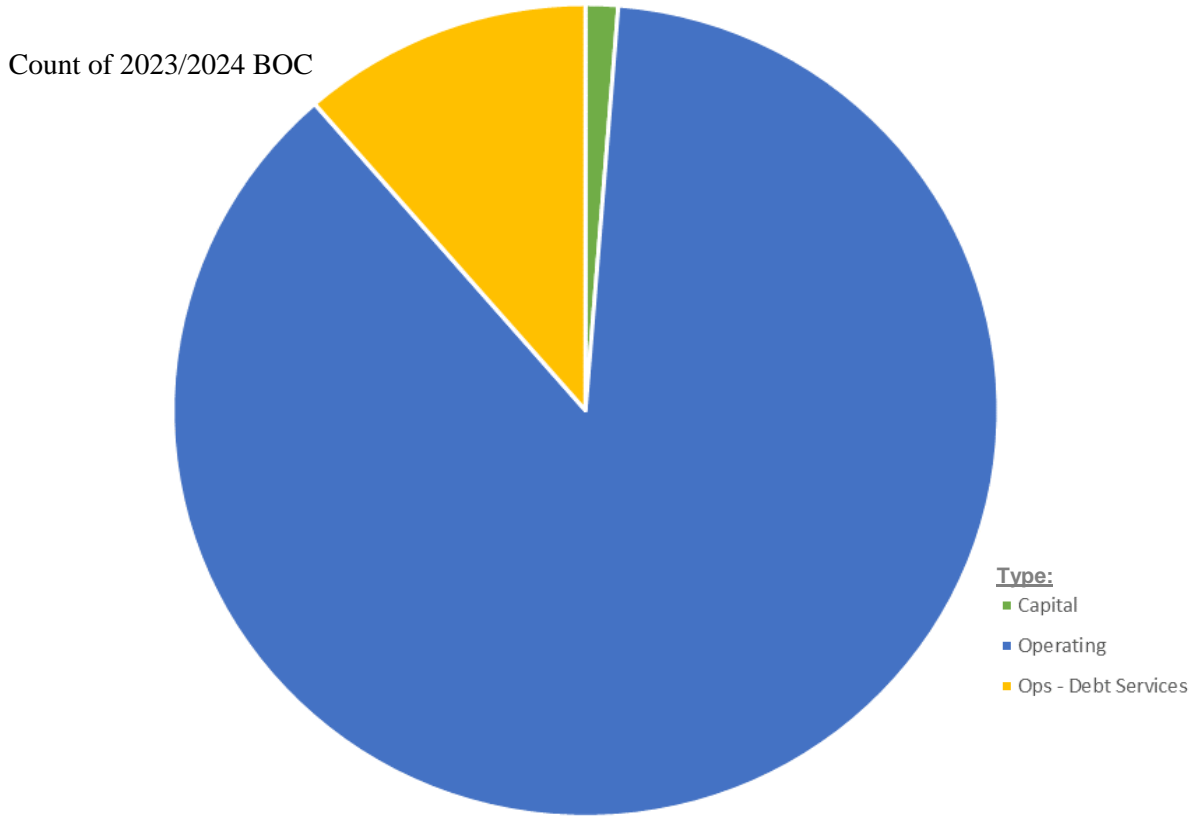
The 2023-2024 Operating Budget reflects an increase of \$1,283,820 which is 27.3% higher than the 2022–2023 Operating Budget. 23.2% of the Operating Budget is for water treatment costs (12.6% for chemicals and 10.6% is for the PFAS Remediation loan payment. The loan becomes effective for 2023-2024).

**NOTE: With all 3 Treatment Plants operational, expenses have increased significantly. If the chemical requirements were unchanged from 2022-2023 and the PFAS Remediation Loan Payment was not due yet, the increase would only be 6.26% higher than the 2022-2023 Operating Budget – which would have been in line with historical increases and actually 2% lower than the national inflation rate.**

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, etc.), wages and benefits. In October 2022, the BOC found it necessary to increase rates by 11%.

The graphic breakdown of proposed expenditures is shown below:

**PROPOSED APPROPRIATIONS 2023-2024**



The revenues to support this budget are projected to balance the proposed budget of \$6,019,666. **The BOC and staff have made considerable adjustments (both increases and decreases) in the proposed budget to match the proposed revenue projections.**

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

**OPERATING 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 the Finance department.

## OPERATIONAL ACCOUNTS

### **Motor Vehicle Maintenance (60500)**

Actual <u>2018-2019</u>	Actual <u>2019-2020</u>	Actual <u>2020-2021</u>	Actual <u>2021-2022</u>	Approved <u>2022-2023</u>	Proposed <u>2023-2024</u>
\$16,894	\$30,954	\$22,506	\$28,177	\$23,000	\$20,000

### **Chemicals (60600)**

MVD is typically notified of chemical cost increases each year that are effective January 1st and July 1st. There have been consistent double digit increases over the last few years. Projecting chemical costs 18 months in advance is difficult at best, especially due to the supply chain issues. That fact combined with the different uses of various treatment plants due to weather conditions, water usage and the level of iron and manganese experienced in several wells make projections even more difficult. In addition, MVD will also be purchasing chemicals for all 3 of the Treatment Plants this fiscal year.

### **Property Taxes (60850)**

MVD budgets for taxes on wells 7 and 8. These wells 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. MVD is not taxed on the 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. MVD has budgeted \$6,500 for 2023-2024.

Actual <u>2019-2020</u>	Actual <u>2020-2021</u>	Actual <u>2021-2022</u>	Approved <u>2022-2023</u>	Proposed <u>2023-2024</u>
\$5,423	\$5,287	\$6,500	\$6,500	\$6,500

### **New Meters & Entrances and Enhancements to the Water System (70040/70045)**

MVD will continue upgrades to our existing main lines that are old, problematic and those that may need to be looped. MVD has budgeted that 50 new dwellings will have finished construction and need meters to be added to the water system in 2023-2024. MVD is also diligently monitoring hydrants and mainlines for upgrades. This budget includes \$37,850 for these purposes.

### **R & M Treatment Plants (70675)**

This is a new account that combines old account 70150 R & M Chemical Injection & 70550 R & M Pump Stations, Divers & Wells, along with new items MVD now needs to budget for our 3 Treatment plants. The amount of \$175,800 is proposed for repairs and maintenance of both the structure and equipment associated with and around all the treatment plants.

### **Engineering (81900)**

The proposed budget for the engineering account is \$125,200 for 2023-2024. MVD's outside Engineers will continue to monitor sodium and chloride levels as well as track and plot quarterly sample data along with PFAS data. MVD has also designated funds within this account for additional Engineering costs for PFAS including investigation into PFAS pollutants. Additional projects needed in this account are related to Design of Sewer Ejection from MVD's Distribution Warehouse and Salt Mitigation.

## CAPITAL BUDGET DETAIL

### Capital Budget Expense (90000)

The Capital Budget Expenses being proposed for 2023 – 2024 are:

- ◆ Additional Monitoring wells to monitor sodium and chloride \$16,000
- ◆ 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> <u>2019-2020</u>	<u>Actual</u> <u>2020-2021</u>	<u>Actual</u> <u>2021-2022</u>	<u>Approved</u> <u>2022-2023</u>	<u>Proposed</u> <u>2023-2024</u>
Principal (90200/03/04/05)	\$447,714	\$451,393	\$500,032	\$506,988	*\$893,003
Interest (90300/03/04/05)	\$171,393	\$155,264	\$163,111	\$143,705	\$304,157
<b>TOTAL:</b>	<b>\$619,107</b>	<b>\$606,657</b>	<b>\$663,143</b>	<b>\$650,693</b>	<b>\$1,197,160</b>

\*New Loan for the PFAS Remediation at wells 2, 7, 8 & 9, starts 2023-2024.

## REVENUE

Actual revenues for 2021-2022 were \$5,062,946. This was \$590,683 over the projected \$4,472,263 for that fiscal year. The sources of revenues are summarized below.

	<u>Actual</u> <u>2019-2020</u>	<u>Actual</u> <u>2020-2021</u>	<u>Actual</u> <u>2021-2022</u>	<u>BOC</u> <u>Projected</u> <u>2022-2023</u>	<u>BOC</u> <u>Projected</u> <u>2023-2024</u>
Water Sales & Service Charges	\$4,037,413	\$4,136,823	\$4,707,263	\$4,539,946	\$5,697,666
Budgeted Grants	\$20,000	\$13,756	\$20,000	\$0	\$0
*Miscellaneous	\$169,728	\$124,299	\$334,397	\$268,900	\$286,000
Interest	\$15,875	\$1,679	\$1,286	\$3,000	\$36,000
<b>TOTAL:</b>	<b>\$4,243,016</b>	<b>\$4,276,557</b>	<b>\$5,062,946</b>	<b>\$4,811,846</b>	<b>\$6,019,666</b>

\*This includes MVD's first Operations & Maintenance payment for the Treatment Plant 4&5 from St. Gobain as part of the PFAS Settlement. As Merrimack grows and new residents join our water system, along with existing residents moving from private wells to our system, revenues will increase.

## **GLOSSARY**

<b>TERM</b>	<b>DEFINITION</b>
Capital Budget:	Funds that are used to acquire, repair, update, or improve MVD's Fixed Assets. Funds from the Capital Expense Budget are specific and may not be used for operating costs.
Fiscal Year (FY):	Yearly accounting period. MVD's Fiscal Year is July 1 <sup>st</sup> – June 30 <sup>th</sup>
Fixed Asset(s):	Item(s) that have a long-term use, such as buildings, vehicles, equipment, and the like.
Operating Budget:	Expenses needed for MVD to operate, such as chemicals, utility costs, office supplies, postage, payroll, repairs and maintenance.
R&M:	Repair and Maintenance
Total Budget:	The total of BOTH the Operating Budget and the Capital Budget
Warrant Article(s):	Items to be voted on during MVD's Annual Meeting. There are multiple types of Warrant Articles such as Election, Financial, and Petitioned.

**- END -**