



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

# **2024 – 2025 BUDGET MEMO**

**2024 Annual Meeting**  
(Fiscal Year: 2024-2025)

**Date/Time:**  
Tuesday, March 26, 2024 at 7:00 pm

**Location:**  
Merrimack High School - Cafeteria  
36 McElwain St  
Merrimack, NH 03054

**PREPARED:** February 13, 2024

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

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

**RE:** Fiscal Year (FY) 2024-2025 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

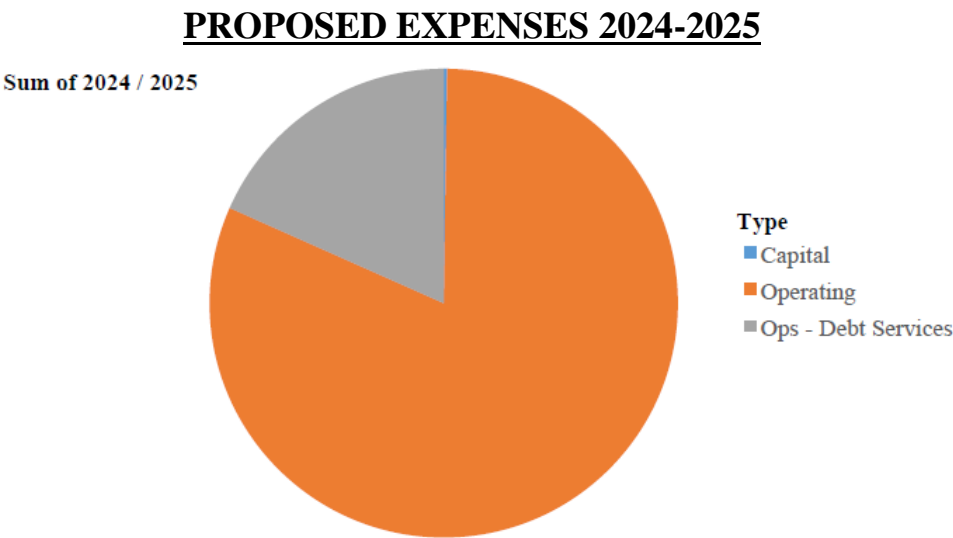
|                      | Approved<br><u>2023-2024</u> | Proposed<br><u>2024-2025</u> | 2024 vs. 2025<br><u>Increase/Decrease</u> |
|----------------------|------------------------------|------------------------------|---|
| Operating Budget     | \$5,988,666                  | \$6,266,356                  | \$277,690                                 |
| Capital Budget       | <u>\$31,000</u>              | <u>\$15,000</u>              | <u>(\$16,000)</u>                         |
| <b>TOTAL BUDGET:</b> | <b>\$6,019,666</b>           | <b>\$6,281,356</b>           | <b>\$261,690</b>                          |

The MVD Board of Commissioners recommendation for the 2024-2025 Total Budget, NOT including any Financial Warrant Articles, is \$6,281,356. This is equal to a 4.35% increase over the 2023-2024 Total Budget. If Grant Revenue is considered in offsetting operational expenses, the actual difference over the 2023-2024 **Total Budget is an increase of 1.4% over FY2024.**

The Total Budget being recommended will not require a rate increase for 2024-2025.

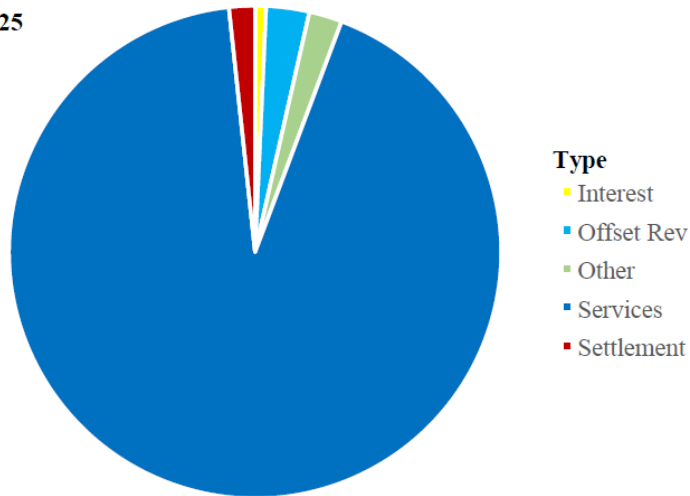
The 2024-2025 Total Budget includes \$15,000\* in Capital Budget costs that are required each year as part of the Town Ordinance deductible (\*refer to “Capital Budget Detail” section for further details). If the town does not perform any work, this will NOT be spent.

The graphic breakdown of the Proposed Expenditures and the Proposed Appropriations are shown below.



## **PROPOSED APPROPRIATIONS 2024-2025**

Sum of 2024 / 2025



The Revenues to support this Budget are projected to balance the Proposed Budget of \$6,281,356. 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), Telephone/Internet (60100), Heating Fuel (60400), and Gasoline/Diesel Fuel (60450/60) are estimates based on past usage and estimated future usage costs.

#### **PERSONNEL**

##### **Wages (50100-50200)**

This proposed budget was reduced by \$102,000 or 4.42% from FY2024. MVD will not be replacing one administrative position and not hiring a budgeted administrative position from FY2024 budget. 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)**

| <u>Actual</u><br><u>2019-2020</u> | <u>Actual</u><br><u>2020-2021</u> | <u>Actual</u><br><u>2021-2022</u> | <u>Actual</u><br><u>2022-2023</u> | <u>Approved</u><br><u>2023-2024</u> | <u>Proposed</u><br><u>2024-2025</u> |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| \$30,954                          | \$22,000                          | \$22,000                          | \$35,129                          | \$20,000                            | \$15,000                            |

This proposed budget has been reduced because older vehicles have been replaced with newer vehicles.

## **(OPERATIONAL ACCOUNTS CONTINUED)**

### **Chemicals (60600)**

MVD is typically notified of chemical cost increases each year that are effective January 1<sup>st</sup> and July 1<sup>st</sup>. 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. Besides cost increases, other factors cause projections to change; including Treatment Facility usage which varies based on weather conditions, water usage, and the level of iron & manganese in wells. This budget was reduced by \$57,000 or 7.5% from FY2024 due to a decrease in pricing and MVD's enhanced understanding of the requirements for each of the three Treatment Facilities.

|                 | <u>2020-2021</u> | <u>2021-2022</u> | <u>2022-2023</u> | <u>2023-2024</u> | <u>Proposed 2024-2025</u> |
|-----------------|------------------|------------------|------------------|------------------|---------------------------|
| <b>Approved</b> | \$162,684        | \$228,507        | \$488,900        | \$758,098        | \$701,000                 |
| <b>Actual</b>   | \$204,826        | \$166,541        | \$333,301        | TBD              | TBD                       |

### **Filtration (60650)**

This account is for the replacement of the Granular Activated Carbon (GAC) which is used in the filtration process at MVD's PFAS Treatment Facilities. This proposed budget has increased by 74.5% as all 3 PFAS Treatment Facilities are now fully operational. . The expenses for well the 4 & 5 Water Treatment Facility are offset by the Operations & Maintenance (O&M) settlement procured from St. Gobain.

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

MVD budgets for taxes on Wells 7&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. Each year's tax bill may vary depending on the Town of Hollis tax rate. MVD has budgeted \$7,020 for 2024-2025.

| <u>Actual</u><br><u>2020-2021</u> | <u>Actual</u><br><u>2021-2022</u> | <u>Actual</u><br><u>2022-2023</u> | <u>Approved</u><br><u>2023-2024</u> | <u>Proposed</u><br><u>2023-2024</u> |
|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| \$5,287                           | \$6,500                           | \$5,123                           | \$6,500                             | \$7,020                             |

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

MVD will continue upgrades to our existing main lines that are aging & problematic as well as those that may need to be looped. MVD will also diligently monitor hydrants and main lines for upgrades. This proposed budget includes \$44,000 for estimated new construction. The Service Charge Entrance Fee (revenue account 40413, new service connections) offset some of these costs.

### **R&M Meters (70450)**

This account is for the repair and maintenance of existing water meters. . This budget has increased 87% as MVD plans to exchange approximately 200 residential and 30 larger sized meters used at commercial and industrial locations.

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

This account is for our repair and maintenance of MVD's three Treatment Facilities throughout the year. The proposed budget of \$176,800 is for both the structure and the equipment associated with and around each Treatment Facility.

## Engineering (81900)

The proposed budget for the engineering account is \$323,750 for 2024-2025. 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 polluters. Other projects within this account are related to the design of sewer ejection from MVD's Distribution Warehouse and the Salt Mitigation Project. Additionally, the Federal Government via the EPA, should be covering \$125,000 of this budget.

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## CAPITAL BUDGET DETAIL

### Capital Budget Expense (90000)

The Capital Budget Expenses being proposed for 2024-2025 are:

- Town CIP Projects – Waterline Relocation \$15,000\*

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

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## DEBT SERVICES

|                                   | <u>Actual</u><br><u>2020-2021</u> | <u>Actual</u><br><u>2021-2022</u> | <u>Actual</u><br><u>2022-2023</u> | <u>Approved</u><br><u>2023-2024</u> | <u>Proposed</u><br><u>2024-2025</u> |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| <b>Principal</b> (90200/03/04/05) | \$451,393                         | \$500,032                         | \$683,091                         | \$893,003                           | \$898,171*                          |
| <b>Interest</b> (90300/03/04/05)  | <u>\$155,264</u>                  | <u>\$163,111</u>                  | <u>\$143,705</u>                  | <u>\$304,157</u>                    | <u>\$252,231</u>                    |
| <b>Total:</b>                     | <b>\$606,657</b>                  | <b>\$663,143</b>                  | <b>\$826,796</b>                  | <b>\$1,197,160</b>                  | <b>\$1,150,402</b>                  |

\*New Loan for the PFAS Remediation at wells 2, 7, 8 & 9, starts 2024-2025.

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## WARRANT ARTICLES

*(Money added to Capital Trusts)*

This money comes from the previous year's Unassigned Fund Balance

| <u>Capital Trust</u>              | <u>2022-2023</u> | <u>2023-2024</u> | <u>Article # FY2025</u> | <u>2024-2025</u> |
|-----------------------------------|------------------|------------------|-------------------------|------------------|
| <b>Acquisition of Land</b>        | \$0.00           | \$0.00           | n/a                     | \$0.00           |
| <b>System Development</b>         | \$248,162        | \$52,500         | #6                      | \$99,943         |
| <b>Equipment &amp; Facilities</b> | \$100,000        | \$200,000        | #7                      | \$800,000        |
| <b>Extraordinary Legal</b>        | \$0.00           | \$0.00           | n/a                     | \$0.00           |
| <b>Water &amp; WTP O&amp;M</b>    | \$100,000        | \$150,000        | #8                      | \$200,000        |

**System Development (#6)** – This proposed amount is the actual amount collected in revenue under System Development Charge (40600) from FY2023.

**Equipment & Facilities (#7)** – This proposed amount is an increase of \$600,000 from FY2024. This is to fund upcoming capital projects (i.e. development of a new water source). This amount was factored into the last rate increase.

**Water & WTP O&M (#8)** – This proposed amount in an increase of \$50,000 from FY2024. This capital trust is for unexpected expenses associated with the treatment of water. The increase to fund this account is also due to the fact that FY2025 will be the last year of St. Gobain's O&M annual settlement for the Well 4 & 5 Water Treatment Facility. This amount was also factored into the last rate increase.

## **REVENUE FOR FISCAL YEAR 2022-2023**

Actual revenues for 2022-2023 were \$5,710,451. This was \$898,605 over the projected \$4,811,846 for that fiscal year. The sources of revenues are summarized below.

|  | <b>Actual</b><br><b><u>2020-2021</u></b> | <b>Actual</b><br><b><u>2021-2022</u></b> | <b>Actual</b><br><b><u>2022-2023</u></b> | <b>BOC Projected</b><br><b><u>2023-2024</u></b> | <b>BOC Projected</b><br><b><u>2024-2025</u></b> |
|--|--|--|--|---|---|
| <b>Water Sales &amp; Service Charges</b> | \$4,144,822                              | \$4,763,500                              | \$5,404,964                              | \$5,747,666                                     | \$5,815,312                                     |
| <b>Budgeted Grants</b>                   | \$13,756                                 | \$20,000                                 | \$22,500                                 | \$0   | \$178,344                                       |
| <b>Miscellaneous*</b>                    | \$116,301                                | \$278,161                                | \$213,359                                | \$236,000                                       | \$242,700                                       |
| <b>Interest</b>                          | \$1,679                                  | \$1,286                                  | \$69,628                                 | \$36,000  | \$45,000  |
| <b>Total:</b>                            | <b>\$4,276,557</b>                       | <b>\$5,062,946</b>                       | <b>\$5,710,451</b>                       | <b>\$6,019,666</b>                              | <b>\$6,281,356</b>                              |

\*This includes MVD's O&M payment for the Treatment Facility for Wells 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>  |
|---------------------|--|
| Account(s):         | Defines a Financial Category within the Budget for Tracking  |
| 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. |
| 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 -**