

MEMORANDUM

DATE: July 7, 2015
TO: William Stowe, CEO and General Manager
FROM: Peggy Freese, CFO
SUBJECT: 2016 Budget Preparation Timeline

Preparation of DMWW’s 2016 budget has begun. Departments across the Utility are compiling their operating and capital budgets. A brief outline of the process looks like this:

- Departmental teams prepare operating and capital budgets, including review by Senior Manager Through July 17
- A “review team” consisting of CEO, COO, CFO, and Controller reviews departmental budgets. July 27 – Aug. 17
- Initial review sessions are held with each senior manager and the review team. Each session is approximately a half-day. Aug. 3 – Aug. 18
- Departmental budget teams revise budgets based on feedback from the review sessions. By August 19
- Finance staff compiles revised departmental budgets into total utility budget.
- Senior Management team meets to balance available resources with budget requests. Separate balancing sessions are held for the operating budget and the capital budget. August 24 – Operating
August 31 – Capital
- Finance staff compiles and summarizes the budget and presents it for discussion and review at the October Finance and Audit Committee meeting. October 13

- Board reviews and discusses budget at October Board meeting. October 27
- Public hearing held and Board approves budget at November Board meeting. November 27
- Budget documents are forwarded to Des Moines City Clerk for receipt and file by City Council. December

Revenue projections are obviously a critical piece of the overall budget. Concurrent to the development of the spending side outlined above, Finance staff will do further analysis of the Cost of Service data. We will develop preliminary rate recommendations for discussion at the September Finance and Audit Committee meeting.

As you are aware, Finance and Engineering have been implementing a process for development of a multi-year capital improvement plan (CIP.) In January 2015, we presented a three-year CIP (2015-217) to the Finance and Audit Committee. We are extending the CIP process to a five-year CIP. Since a number of capital projects are multi-year, some development of the five-year CIP occurs during the budget process. Once the 2016 budget is completed, we will proceed with development of the CIP. We will present a CIP for 2016-2020 to the Finance and Audit Committee at their December meeting.