



DES MOINES WATER WORKS
Board of Water Works Trustees

Agenda Item No. _____
Meeting Date: November 25, 2014
Chairperson's Signature Yes No

AGENDA ITEM FORM

SUBJECT: Proposed 2015 Budget

SUMMARY:

- The budget for 2015 is based on total operating revenue of \$55.7 million.
- The proposed operating budget totals \$36.8 million which is an increase of 4.5% (or \$1.6 million) over the approved 2014 budget. The increase is due to additional labor hours in the operating budget (versus capital budget), the negotiated wage rate increase, higher expenses for maintenance contracts in the I.T. department, budgeting for more main breaks in 2015 to correlate with actual trends, and an increase in other purchased services such as right-of-way fees, PILOT to the City of DSM, and consultants for Engineering Studies.
- Capital expenditures budgeted for 2015 total \$18.4 million.
- The utility's debt service obligations for the year total \$6.5 million, \$4.3 million of which will be reimbursed by the political subdivisions who have participated in bond issues in past years.
- The proposed budget allows for approximately \$500,000 to be added to operating reserves.

See the attached memo for detailed information concerning the proposed 2015 budget.

These materials were discussed at the October Finance & Audit committee meeting and the October Board Meeting.

FISCAL IMPACT:

This budget establishes the guidelines for the 2015 operations and capital replacement program for the utility.

RECOMMENDED ACTION:

Approve the Des Moines Water Works 2015 budget.

BOARD REQUIRED ACTION:

Public Hearing – Opened by Chairperson for comments from the public regarding the budget for 2015.
Chairperson closes the hearing.
Motion for the approval of the 2015 Des Moines Water Works budget.

_____/_____ Michelle Holland (date) Controller	_____/_____ Peggy Freese (date) CFO	_____/_____ William G. Stowe (date) CEO and General Manager
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Attachments: 2015 Budget Memo

MEMORANDUM

DATE: November 7, 2014

TO: Honorable Des Moines Water Works Trustees

FROM: Bill Stowe, CEO and General Manager

SUBJECT: 2015 Budget Overview

Following last month's action to approve the 2015 DMWW Rates, you will hold a Public Hearing to take action on the 2015 DMWW Operations and Maintenance, and Capital Improvement Budget during your November 25, 2015 Board Meeting. While I encourage your review of the Budget Detail and Narrative enclosed, I've highlighted several considerations below which have impacts in 2015 and beyond.

PROCESS

The 2015 Budget preparations by staff have been consistent with prior years, although the Board presentation of materials has avoided the "work plan" emphasis that has provided little insight to Board considerations of the budget at its highest level. Moreover, budget presentations by each department were replaced by topical presentations through the year, emphasizing major Operating and Capital considerations (e.g., main break experiences in 2014 and Maffitt Raw Water projects). In January, 2015, a multiyear CIP overview will be provided to the Finance and Audit Committee, explaining staff's current view of CIP issues beyond 2015. In short, the fundamentals of utility accounting vital to Cost of Service have been maintained with an attempt to provide more meaningful policy level presentation of Budget data to this Board.

FUTURE OPERATING & MAINTENANCE AND CAPITAL IMPROVEMENT PROJECTS BUDGET CONSIDERATIONS

Staffing

With the initiation of the Water Production Specialist Apprenticeship, our current staffing levels should stabilize for the foreseeable future. The year 2015 will include AFSCME-DMWW labor negotiations, although labor costs (including wages, salaries and benefit costs) will moderate, reflecting basic inflationary pressures. Previous Board actions to reduce pension costs and to leverage City of Des Moines market pricing for benefits

have provided savings to both DMWW ratepayers and our workforce, unionized and CPS. The on-going Total Compensation study will provide market data critical to the 2016 Budget and beyond, as well as a process for better supporting reorganizational changes.

Regionalization Review

The study led by Black and Veatch will provide options for Board consideration in early 2016. Any actions here may have budget impacts in outlying years. Moreover, should no actions be taken to change our current wholesale relationship with suburban customers, the Cost of Service methodology used by DMWW to support rate making will be studied to provide greater consensus in how costs are ascribed to DMWW customers. A process to better define DMWW's long-term business plan awaits regionalization discussions to ensure appropriate stakeholder inclusion in reviewing DMWW's long-term business plan and strategies.

Source Water Concerns

Unacceptably high nitrate concentrations and ammonia levels in the Raccoon and Des Moines Rivers will continue to require significant investments of DMWW O & M and CIP dollars. Our nitrate removal facility provides high cost treatment, while creating environmentally harmful waste slurry. Moreover, this process does not denitrify sufficiently high amounts of water to provide adequate protection to our customers in periods of high demand. DMWW will continue to look to other methods of denitrification, including purchasing ponds and improving well productivity at our Maffitt plant as well as our Fleur Drive facility.

- SWTP - The Saylorville Water Treatment Plant (SWTP) has never met our performance objectives. DMWW currently is engaged in discussions with General Electric (the provider of filtration membranes and technical advice) about both replacing existing filters and adding additional capacity at SWTP. Additional investments at SWTP will be critical to meeting customer demands in northern Polk County.
- TTHM - Both Polk County and Des Moines customers have received 2014 notices about potentially harmful Disinfectant By-Product (DBP) exposures in the specific form of Total Trihalomethanes (TTHM). DMWW has engaged CH2M Hill, an engineering consultant, to provide specific recommendations on reducing DBPs in our delivered water. These recommendations will involve CIP or O&M investments in outlying years to reduce this unacceptable risk to our customers.
- Lost Planet Remediation - Since the construction of the Fleur Drive Treatment Plant, a slurry of removed soils from the Raccoon River water treatment process has been conveyed to an area on the north bank of the Raccoon River known as the "Lost Planet". Over time, the deposits in this area have destabilized areas near the Raccoon River and required grading and containment efforts; the underlying process of depositing materials in this area requires engineering analysis and action to avoid long-term degradation of the area.

CONCLUSION

DMWW's long-term commitments to our customers require a number of commitments not mentioned above, including implementation of our Enterprise Asset Management System (EAM) (to provide data to better manage our business investments and work practices), review of our methods of asset depreciation, and continued water main replacement investments (through our annual Water System Improvement capital investments), to name a few. Our success in serving our customers will continue to rely on the skills of our workforce, our leveraging of technologies, and the benefits of public participation in governance and planning. While unanticipated issues will arise, we remain committed to providing safe, affordable and abundant drinking water to Central lowans.

Attachment

DATE: November 18, 2014
TO: William Stowe, CEO & General Manager
FROM: Peggy Freese, CFO
Michelle Holland, Controller
SUBJECT: Proposed 2015 Budget

In early June, the Finance staff kicked off the budgeting process for 2015. The attached document contains the following:

- 2015 Budget Overview
- Proposed 2015 Budget Summary and Comparison to 2014 Budget
- Des Moines Water Works Budget Process
- Details of Proposed Revenue, Operating Expenses, and Capital Expenses
- 2015 Budget by Department
- 2015 Operating Work Plans Recommended for Funding
- 2015 Capital Work Plans Recommended for Funding

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The budget was presented to the Finance & Audit committee on October 14, 2014. It was noted during that meeting that there would be changes to the capital budget due to the Microsoft project not using as much water as originally projected.

This packet contains revised information based on the new projections.

The capital work plan for the Army Post Road ASR Well has been taken out of the budget along with the outside funding from West Des Moines that was included for that project. Additional outside funding was also removed for some of the projects to provide additional raw water at Maffitt. These projects will continue at a slightly different schedule but the outside funding is no longer being provided. In order to balance the budget, a few other capital projects were changed for 2015, including WSI – DSM, DBP Mitigation, and Customer Service Capital. And finally, in taking out some capital projects, labor hours were then needed to be reallocated to other projects. In some cases, these hours were ‘put back into’ other capital projects but there were some labor hours adjusted back into the operating labor section of the budget.

Overall, these three areas had changes from the F&A meeting:  
Additional Funding – down \$3.8 million  
Operating Labor – down \$10,000  
Capital Expenditures – down \$3.8 million

## Overview

**Revenue** – Total revenue for 2015 is budgeted at \$55.7 million. This is up nearly \$3.6 million compared to the 2014 budget. Water pumpage is budgeted at 17.0 billion gallons which is the same as the 2014 budget. City of Des Moines and other full service customers are budgeted for a water rate increase of 7% for 2015. In addition, the budget includes implementing capital improvement fee of \$1.50 per thousand gallons in the Polk County service area. This will address the capital needs of the area for main replacement and main extension. Wholesale customers are budgeted for a 5% rate increase in 2015.

**Additional Funding** – This includes unspent funds that have been carried over from the prior year's budget, purchased capacity funding, and other funding from outside entities; including Johnston and Pleasant Hill. The amount budgeted for 2015 is \$6.4 million.

**Operating Expenses** – Total operating expenses are budgeted at \$36.8 million for 2015. This is an increase of \$1,577,000 from the 2014 budget. There are several drivers of this increase which are detailed on page 7.

**Capital Expenses** – Total capital expenditures are budgeted at \$18.4 million. Funding sources (mentioned above in Additional Funding) of \$6.4 million leaves approximately \$12 million of capital projects to be funded from the utility's revenues. This compares to approximately \$10 million of capital projects budgeted from the utility's revenues in 2014. That is: \$18.8 million capital budget less \$8.8 million funded equals \$10 million budgeted from utility revenues in 2014.

**DES MOINES WATER WORKS  
PROPOSED 2015 BUDGET SUMMARY AND COMPARISON TO 2014 BUDGET**

|                                                                       | <b>2015<br/>Proposed Budget</b> | <b>2014<br/>Approved Budget</b> | <b>Percentage<br/>Change</b> |
|-----------------------------------------------------------------------|---------------------------------|---------------------------------|------------------------------|
| <b>REVENUE:</b>                                                       |                                 |                                 |                              |
| Water sales                                                           | \$47,224,917                    | \$ 43,831,649                   | 7.7%                         |
| Debt service payments reimbursements                                  | 4,300,823                       | 4,309,793                       | (0.2%)                       |
| Penalties and fees                                                    | 250,000                         | 230,000                         | 8.7%                         |
| Other sales and services                                              | 1,828,113                       | 1,846,767                       | (1.0%)                       |
| Billing service revenue                                               | 1,336,470                       | 1,255,517                       | 6.4%                         |
| Land & building use revenue                                           | 180,000                         | 197,000                         | (8.6%)                       |
| Connection Fees                                                       | 325,000                         | 250,000                         | 30.0%                        |
| Interest income                                                       | 268,567                         | 233,792                         | 14.9%                        |
|                                                                       | <hr/>                           | <hr/>                           |                              |
| Total revenue available for expenses                                  | \$ 55,713,890                   | \$ 52,154,517                   | 6.8%                         |
| <b>ADDITIONAL FUNDING:</b>                                            |                                 |                                 |                              |
| Unspent funds carried over from prior year's approved budget          | 3,534,785                       | 1,868,956                       | 89.1%                        |
| Purchased Capacity Funding                                            | 1,211,785                       | 3,232,115                       | (62.5%)                      |
| Development Plan Review                                               | 9,800                           | 9,800                           | 0.0%                         |
| Park Improvement Plan (capital) - funded by donations                 | -                               | 2,025,356                       | (100.0%)                     |
| Other projects funded by outside entities (Johnston, Pleasant Hill)   | 1,673,522                       | 1,645,316                       | 1.7%                         |
|                                                                       | <hr/>                           | <hr/>                           |                              |
| Total additional funding available for expenses                       | \$ 6,429,892                    | \$ 8,781,544                    | (26.8%)                      |
| <b>Total revenue and additional funding</b>                           | <b>\$ 62,143,782</b>            | <b>\$ 60,936,061</b>            | <b>2.0%</b>                  |
| <b>EXPENSES:</b>                                                      |                                 |                                 |                              |
| <i>Operating expenses:</i>                                            |                                 |                                 |                              |
| Labor                                                                 | 13,163,714                      | 12,571,984                      | 4.7%                         |
| Benefits                                                              | 6,760,010                       | 6,767,009                       | (0.1%)                       |
| Postage                                                               | 503,163                         | 467,532                         | 7.6%                         |
| Telephone                                                             | 198,600                         | 176,100                         | 12.8%                        |
| Insurance                                                             | 1,100,000                       | 1,080,000                       | 1.9%                         |
| Casualty Loss                                                         | 60,000                          | 60,000                          | 0.0%                         |
| Loss on Bad Accounts                                                  | 90,000                          | 90,000                          | 0.0%                         |
| Purchased Services                                                    | 4,294,134                       | 3,703,348                       | 16.0%                        |
| Residual Removal                                                      | 750,200                         | 881,628                         | (14.9%)                      |
| Training                                                              | 125,406                         | 107,870                         | 16.3%                        |
| Materials and Equipment                                               | 2,708,273                       | 2,380,575                       | 13.8%                        |
| Chemicals                                                             | 4,355,693                       | 4,345,606                       | 0.2%                         |
| Utilities                                                             | 2,285,664                       | 2,205,865                       | 3.6%                         |
| Gasoline/Fuel                                                         | 355,250                         | 336,070                         | 5.7%                         |
|                                                                       | <hr/>                           | <hr/>                           |                              |
| Subtotal - Operating expenses                                         | \$ 36,750,107                   | \$ 35,173,587                   | 4.5%                         |
| <i>Capital expenditures:</i>                                          |                                 |                                 |                              |
| Requests for new capital projects                                     | 14,894,675                      | 14,899,718                      | (0.0%)                       |
| Multiple-year capital projects began before 2014 (carryover)          | 3,534,785                       | 1,868,956                       | 89.1%                        |
| Park Improvement Plan project (separated from above capital projects) | -                               | 2,025,356                       | (100.0%)                     |
|                                                                       | <hr/>                           | <hr/>                           |                              |
| Subtotal - Capital expenditures                                       | \$ 18,429,460                   | \$ 18,794,030                   | (1.9%)                       |
| <i>Debt service obligations:</i>                                      |                                 |                                 |                              |
| Des Moines Water Works' direct obligation                             | 2,043,392                       | 2,038,652                       | 0.2%                         |
| Political subdivisions' obligation                                    | 4,420,823                       | 4,429,792                       | (0.2%)                       |
|                                                                       | <hr/>                           | <hr/>                           |                              |
| Subtotal - Debt service obligations                                   | \$ 6,464,215                    | \$ 6,468,444                    | (0.1%)                       |
| <i>Addition to operating reserves</i>                                 | 500,000                         | 500,000                         |                              |
|                                                                       | <hr/>                           | <hr/>                           |                              |
| <b>Total projected uses</b>                                           | <b>\$ 62,143,782</b>            | <b>\$ 60,936,061</b>            | <b>2.0%</b>                  |
| Net position of revenues to expenses                                  | (0)                             | (0)                             |                              |

## Des Moines Water Works Budget Process

DMWW budgeting is very detailed and requires a high level of participation across the utility. We use an activity-based methodology which correlates to our internal financial reporting. Activity-based costing provides the cost tracking and allocations required for our Cost of Service calculations. Budgets are prepared by “project” or activity. The process is lengthy, involved, and quite demanding at times. However, participants understand the benefits gained from the methodology, which include supporting our annual Cost of Service Study and fostering accountability for actual results.

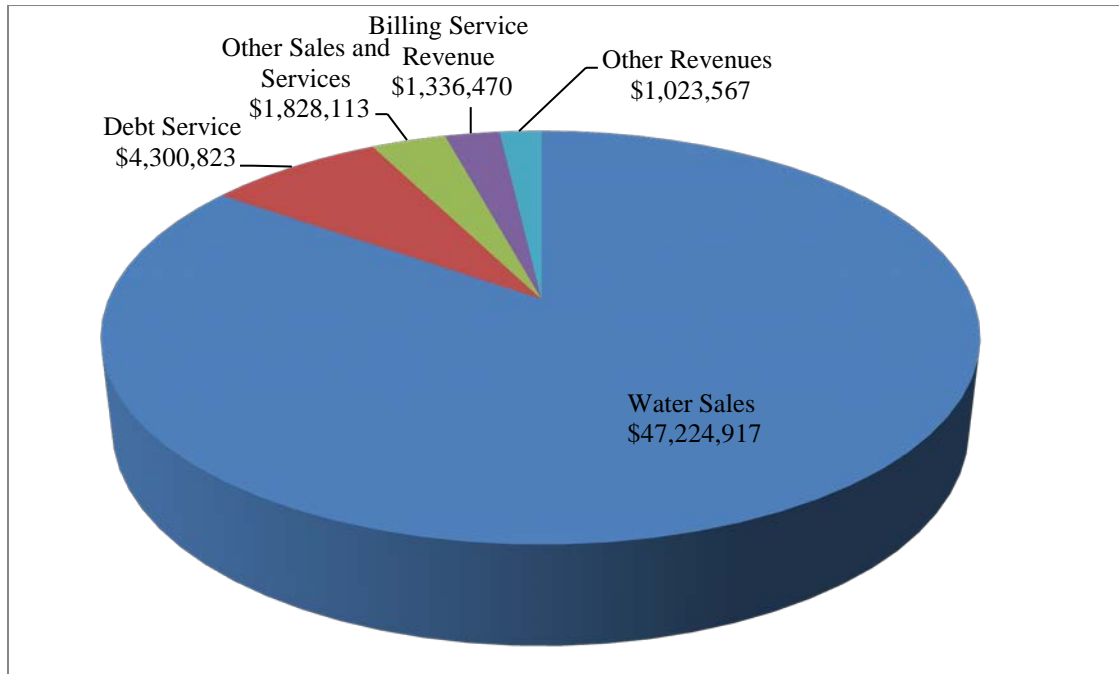
### Steps:

- Finance prepares budget templates for 2015 budget entry.
- Finance provides budget training/refresher.
- Departmental teams prepare project/work plan budgets which include labor hours by position (which results in labor dollars) and non-labor resources requested. A work plan is a grouping of like projects. For example:
  - Department: Water Production
  - Work Plan: Fleur Maintenance
  - Projects: Raw Intake/Pumping, Basins, Chemical Systems, Filter Plant, etc.
  
- Senior managers review the work plans of their department.
- Review of all work plans by “review team” which consists of CEO/GM, Chief Operating Officer, Director of Finance, and Controller.
- Initial review session with department senior manager and the review team
- Teams revise work plans based on feedback from their review session.
- Finance staff compiles work plans into utility budget.
- Senior management team meets to balance available resources with budget requests.
- Finance staff presents budget for discussion and review at Board Committee meetings.
- Board reviews and discusses budget at October meeting.
- Public hearing held and Board approves budget at November meeting.
- Budget documents are forwarded to Des Moines City Clerk for receipt and file by City Council.



# REVENUE

Operating revenue for 2015 is projected at \$55.7 million which results in a 6.8% increase over the approved 2014 budget.



**Water Sales** are the most significant source of operating revenue making up nearly 85% of the total revenue of \$55.7 million. This is nearly \$3,400,000 higher than the 2014 water sales budget. The 2015 pumpage budget remains the same as the 2014 budget of 17.0 billion gallons.

Rate increases are budgeted at 5% for wholesale customers and 7% for the rest of the full service areas, which includes the City of Des Moines. Additionally, the Polk County service area is budgeted to implement a capital improvement rate of \$1.50 per thousand gallons to fund needed main replacement and main extension in their service area.

**Debt Service Reimbursements** are payments DMWW receives from wholesale customers who participated in bond issues. This totals \$4.3 million.

**Other Sales and Services** are budgeted at \$1.8 million. These revenues represent amounts budgeted within the departmental work plans. This includes reconnect fees, stop box repairs, distribution system repairs, lab testing, credit card convenience fees, etc.

**Billing Service Revenue** is budgeted at \$1.3 million. This represents fees charged to various cities, including Des Moines, Pleasant Hill, Windsor Heights, and others, for billing and collection services. This also includes revenue from HomeServe USA for billing and collection of fees from the optional service line maintenance program for residential customers.

**Other Revenues** are budgeted at approximately \$1,000,000 and is made up of:

|                           |           |
|---------------------------|-----------|
| Penalties & Fees          | \$250,000 |
| Connection Fees           | \$325,000 |
| Land & Bldg Lease Revenue | \$180,000 |
| Interest Income           | \$268,000 |
| (on invested reserves)    |           |

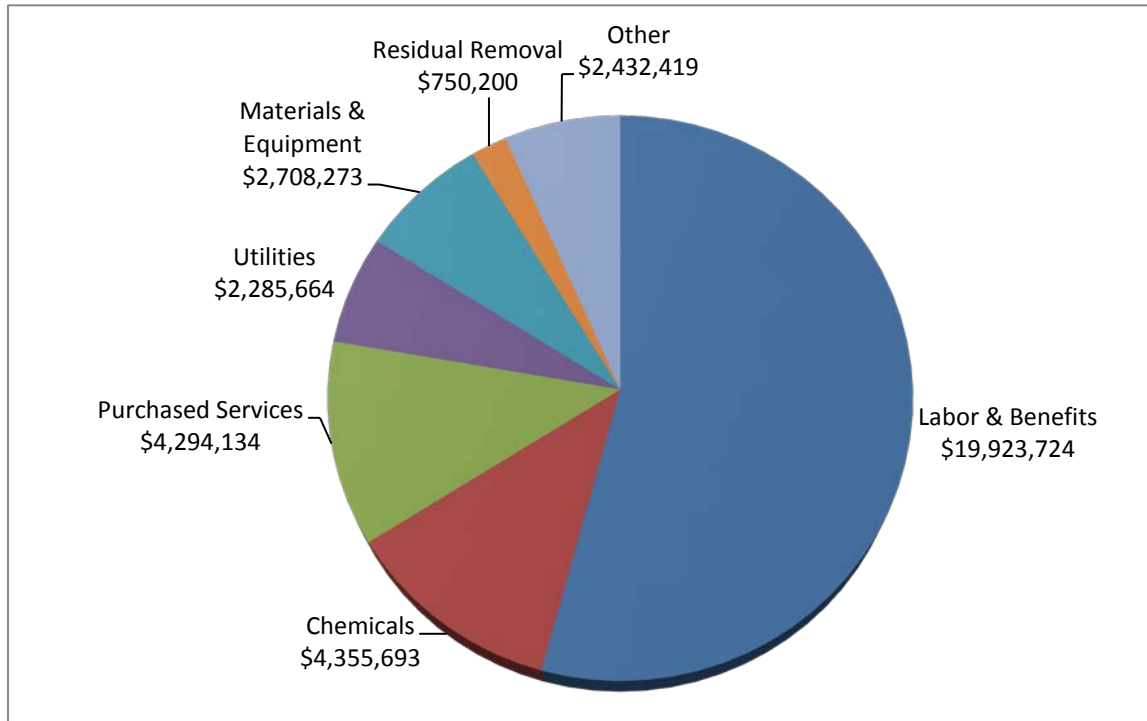
## **ADDITIONAL FUNDING**

These are additional resources which include purchased capacity funds, bond proceeds, funding of projects by other outside entities, and prior year capital carryover. The total of Additional Funding is \$6.4 million for the 2015 budget.

## OPERATING BUDGET

The operating budget reflects the budgeted costs of the day to day operations of the utility. As noted previously, operating expenses are budgeted (and reported) by project. There are nearly 300 operating projects that have been budgeted for 2015.

The proposed operating budget totals \$36.8 million. This is an increase of 4.5% or nearly \$1.6 million from the approved 2014 budget.



Expenses for labor and benefits represent 54% of the operating budget.

Budgeted expense for **labor** is 4.7% higher than the 2014 approved budget. This equates to approximately \$600,000. Labor rates are expected to increase an average of 3.7% in 2015. Per the union contract, the increase in the range is 3.0% for 2015. Union employees who are not at the top of their range (Step 6) will receive a step increase as well (per union contract). Therefore, the 3.7% percentage increase is the overall average increase in wages. A similar average increase is also budgeted for CPS employees. Along with the wage rate increase, there are more labor hours being budgeted to operating projects in 2015. The offset is fewer labor hours being budgeted in capital projects in 2015. Fluctuation between the two types of projects (operating versus capital) occurs every year to varying degrees.

**Benefit** expenses are nearly flat compared to the 2014 budget. With the pension plan being frozen, the ARC is budgeted to go down by \$55,000. The utility's contribution to employees' medical premiums is budgeted to increase \$67,000.

**Chemical expenses** are fairly flat to the 2014 budget. Most chemical prices are budgeted to increase approximately 5-7% for 2015 per initial indications from chemical vendors. This moderate increase in pricing is offset by the budgeted difference in lime suppliers at Fleur. The 2014 budget included changing to Mississippi Lime at the Fleur Plant. This lime has a higher price than Linwood Lime. DMWW staff ultimately elected to continue to use Linwood Lime in 2014 and intends to do the same in 2015.

**Purchased Services** budgeted in 2015 include:

|                                   |                    |
|-----------------------------------|--------------------|
| PILOT                             | \$ 775,000         |
| Stop Box Repairs                  | \$ 224,000         |
| Banking/Audit Fees                | \$ 104,000         |
| Credit Card/E-check/Bill-pay Fees | \$ 260,000         |
| I.T. Maintenance Contracts        | \$ 458,000         |
| Security                          | \$ 245,000         |
| Plant Maintenance                 | \$ 838,000         |
| Governance Study                  | \$ 100,000         |
| Right of Way Fees (City of DSM)   | \$ 100,000         |
| Distribution Maintenance/Repair   | \$ 135,000         |
| “Other” Services (numerous)       | <u>\$1,055,000</u> |
| Total                             | \$4,294,000        |

These expenses are up 16% or \$591,000 from the 2014 budget.

Large increases in purchased services:

|                                   |           |
|-----------------------------------|-----------|
| I.T. Maintenance Contracts        | \$118,000 |
| Right-of-Way Fees (City of DSM)   | \$ 70,000 |
| Main Break Repairs                | \$ 48,000 |
| Temps – EAM                       | \$ 83,000 |
| PILOT (estimate)                  | \$ 45,000 |
| Engineering Studies – Consultants | \$ 38,000 |
| Payroll Outsourcing               | \$ 32,000 |
| Energy Mgmt Audit                 | \$ 22,000 |
| Facility Cleaning                 | \$ 20,000 |

The increase in I.T maintenance contracts relates to the inclusion of maintenance for new software to track annual electrical costs at the plant. Additionally, there are increased costs associated with GIS maintenance and outside support.

**Utilities** expense is up nearly \$80,000 over the 2014 budget. There are two main changes in our electric expenses in 2015. First, DMWW is now being billed “time of use” rates by Mid-American Energy at the three treatment plants and at the LP Moon Pumping Station. This is

lower rate since our peak electrical usage is during Mid-American's off-peak hours. This is budgeted as a savings of nearly \$100,000 compared to the 2014 budget. Offsetting this is the increased water production at the Saylorville Treatment Plant. This plant has higher electrical use per million gallons produced. The increased treatment correlates into higher utility expenses of approximately \$200,000.

**Materials & Equipment** expenses include the supplies and materials used primarily in distribution, plant and remote site maintenance, laboratory supplies, and facility and vehicle maintenance. Expenses are budgeted 13% higher in 2015.

Nearly half of the increase relates to the materials used to fix main breaks. There is an increase in budgeted material costs – pipe, concrete, asphalt, aggregate – to fix main breaks but the larger driver is the increase in number of main breaks budgeted in 2015 versus 2014. The 2015 budget has the number of main breaks at 335 versus 285 budgeted in 2014. This is reflective of current trends. The rest of the increase is due to moderate increases in the remainder of the numerous materials and inventory items used throughout the utility.

**Residual (lime) Removal** expenses are down \$130,000 versus the 2014 budget. Residual removal at the Fleur plant continues to remain flat. Removal costs at McMullen are budgeted to be lower due to a change in process and timing in removal. The capital budget includes a project to build a third lagoon at McMullen to store and dry the lime residuals. Removal of residuals requires three general steps - fill lagoon, allow material to dry, haul away. We are finding that it generally takes two years for the residuals to dry to an acceptable level for hauling. A third lagoon will use some of the current residuals at the site to construct the lagoon and will better allow for the normal three year cycle.

**Other** expenses include: corporate insurance, postage expenses, telephone, casualty losses, bad debt write-off, etc. The amount budgeted for 2015 is 4%, or nearly \$100,000, higher than the 2014 budget. Postage rates are budgeted to increase in 2015. Additionally, the 2014 budget was under-budgeted as the actual increase (3 cents) was higher than the budgeted 2 cent increase. Corporate insurance premiums are budgeted to be \$20,000 higher and fuel is budgeted to be \$20,000 higher as well.

Details of all the Operating Work Plans and the comparison between the 2015 Proposed Budget and the 2014 Approved Budget begin on page 13.

# CAPITAL BUDGET

The 2015 capital budget includes \$18.4 million of capital requests.

Nearly \$3.5 million of the capital budget is for projects that are carried over from the prior year budget. Due to the efforts involved in planning, designing, bidding, and constructing large capital items, it is common for the spending to occur over multiple calendar years. Two large projects make up a majority of the carry over funds. The SWTP Feeder Main and the Crystal Lake Pump Station were budgeted in 2014 but will have expenses to be incurred in 2015.

Another set of projects that have been budgeted are those with outside funding. Included in those projects are:

- Design and construction of a feeder main going from the Saylorville Water Treatment Plant to the City of Johnston and then to the 24" feeder main at Merle Hay Road and Beaver Creek.
- The first phase to install a feeder main which will provide additional water from the Saylorville Water Treatment Plant to the City of Johnston, Tenny Standpipe, and LP Moon Pumping Station.
- There are a few smaller projects budgeted in Pleasant Hill which are expected to be funded by the City of Pleasant Hill. These projects include painting the interior of the tower and installing a mixing system to keep water from freezing upon entering the tank.

That leaves approximately \$12 million of capital projects from the utility's revenue. There are several capital items that are budgeted each year to maintain and upgrade assets. While the projects continue to be budgeted each year, the same review process and prioritization occurs as with the other capital requests to determine the overall capital budget.

- DMWW budgets for water system improvements (WSI) to maintain and upgrade the distribution system by replacing mains that have a history of breaks, to improve the fire flow, relocating to accommodate city, county, or state construction projects, and upgrading mains to meet the needs of customers.
- Within the Water Distribution capital budget, replacing hydrants and valves, expanding the cathodic protection program, and other upgrades are budgeted.
- Customer Service budgets for meter replacement and MTU change-outs.
- I.T. has a budget for new hardware and software to replace aging equipment.
- Vehicle and equipment replacement is included in the Water Production budget.

Details of the Capital Work Plans begin on page 24.

## **BUDGET BY DEPARTMENT**

The next page shows expenses by department sliced a little differently than the project/work plan method that the utility uses for financial reporting, cost of service, etc.

The table shows the Non-Labor expenses by department. These expenses include Materials/Inventory, Services, Utilities and are shown in the department that budgets for those expenses.

The table shows the Labor expenses for each department. This is based on which department the employee works in and does not take into consideration where that employee charges his/her time.

## 2015 Budget by Department

This table shows non-labor expenses by department - that is, the department where the materials, services, etc. are budgeted. It shows the labor expenses for each department - that is, the employee's department and doesn't take into consideration where that employee charges his/her time.

| NON LABOR EXPENSES                    | CEO            | Customer Service | Engineering       | Finance             | Human Resources   | Information Technology | Water Distribution | Water Production  | Unallocated Benefits | Total             |
|---------------------------------------|----------------|------------------|-------------------|---------------------|-------------------|------------------------|--------------------|-------------------|----------------------|-------------------|
| <b>OPERATING</b>                      |                |                  |                   |                     |                   |                        |                    |                   |                      |                   |
| Company-Wide                          | -              | 90,000           | -                 | 1,100,000           | -                 | -                      | 60,000             | -                 | 6,760,010            | 8,010,010         |
| Inventory                             | 1,000          | 109,490          | 15,000            | 78,000              | 2,000             | 2,150                  | 182,138            | 4,990,965         | -                    | 5,380,743         |
| Materials                             | 62,385         | 73,761           | 35,316            | 559,040             | 34,980            | 46,850                 | 981,834            | 747,471           | -                    | 2,541,636         |
| Services                              | 170,650        | 231,900          | 144,840           | 578,116             | 133,975           | 646,300                | 1,690,933          | 1,573,026         | -                    | 5,169,740         |
| Utilities                             | -              | 33,600           | -                 | -                   | -                 | 165,000                | 8,600              | 2,277,064         | -                    | 2,484,264         |
| <b>Total Operating</b>                | <b>234,035</b> | <b>538,751</b>   | <b>195,156</b>    | <b>\$ 2,315,156</b> | <b>\$ 170,955</b> | <b>\$ 860,300</b>      | <b>2,923,504</b>   | <b>9,588,526</b>  | <b>6,760,010</b>     | <b>23,586,393</b> |
| <b>CAPITAL</b>                        | <b>-</b>       | <b>917,687</b>   | <b>13,440,921</b> | <b>-</b>            | <b>-</b>          | <b>917,300</b>         | <b>396,379</b>     | <b>1,331,500</b>  | <b>-</b>             | <b>17,003,786</b> |
| <b>LABOR EXPENSES (by department)</b> | <b>381,491</b> | <b>2,299,823</b> | <b>1,482,789</b>  | <b>803,449</b>      | <b>247,739</b>    | <b>786,790</b>         | <b>4,454,545</b>   | <b>4,132,762</b>  | <b>-</b>             | <b>14,589,387</b> |
| <b>TOTAL</b>                          | <b>615,526</b> | <b>3,756,261</b> | <b>15,118,866</b> | <b>\$ 3,118,605</b> | <b>\$ 418,694</b> | <b>\$ 2,564,390</b>    | <b>7,774,427</b>   | <b>15,052,788</b> | <b>6,760,010</b>     | <b>55,179,567</b> |
| Full-Time Equivalents                 | 3.0            | 37.5             | 19.8              | 10.6                | 3.8               | 9.0                    | 69.5               | 63.2              |                      | 216.4             |

|                                       |                   |
|---------------------------------------|-------------------|
| Reconciliation to 2015 Budget Summary |                   |
| Operating Expenses                    | 36,750,107        |
| Capital Expenses                      | 18,429,460        |
| <b>Total Expenses</b>                 | <b>55,179,567</b> |



| Work Plan & Description                                                                                                                                                                                                                              |           | 2015 Proposed<br>Budget | 2014 Approved<br>Budget | Inc / (Dec)        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|--------------------|
| <b>Board Activities</b>                                                                                                                                                                                                                              |           |                         |                         |                    |
| Facilitation of all Board-related activities to assure a well-informed Board of Trustees fully prepared to render policy decisions for the optimal benefit of the utility.                                                                           | Labor     | 103,518                 | 81,659                  |                    |
|                                                                                                                                                                                                                                                      | Non Labor | 142,600                 | 168,950                 |                    |
|                                                                                                                                                                                                                                                      | Total     | 246,118                 | 250,609                 | (4,491) A<br>-1.8% |
| <b>CEO Office Operations</b>                                                                                                                                                                                                                         |           |                         |                         |                    |
| Provides for the efficient administrative and leadership support for the Office of the CEO including staff appraisals, professional support for Directors on miscellaneous non-project issues, and communication/support with outside organizations. | Labor     | 100,152                 | 88,108                  |                    |
|                                                                                                                                                                                                                                                      | Non Labor | 64,880                  | 62,865                  |                    |
|                                                                                                                                                                                                                                                      | Total     | 165,032                 | 150,973                 | 14,059<br>9.3%     |
| <b>Business Strategy</b>                                                                                                                                                                                                                             |           |                         |                         |                    |
| Provides for the costs associated with the visionary leadership of the utility and includes the development of the long range strategic plan along with the Balanced Business Approach (BBA) goals that support the strategic plan.                  | Labor     | 107,768                 | 103,525                 |                    |
|                                                                                                                                                                                                                                                      | Non Labor | 3,805                   | 1,405                   |                    |
|                                                                                                                                                                                                                                                      | Total     | 111,573                 | 104,930                 | 6,644<br>6.3%      |
| <b>Project Management - NEW in OCEO</b>                                                                                                                                                                                                              |           |                         |                         |                    |
| Provides costs associated with managing operational projects as assigned by the CEO.<br>For 2015, the work plan includes costs to lead and manage DMWW's efforts to earn ISO 50001 and DOE SEP certifications.                                       | Labor     | 52,295                  | -                       |                    |
|                                                                                                                                                                                                                                                      | Non Labor | 22,750                  | -                       |                    |
|                                                                                                                                                                                                                                                      | Total     | 75,045                  | -                       | 75,045<br>100.0% B |
| <b>Total Office of the CEO</b>                                                                                                                                                                                                                       |           |                         |                         |                    |
|                                                                                                                                                                                                                                                      | Labor     | 363,734                 | 273,291                 |                    |
|                                                                                                                                                                                                                                                      | Non Labor | 234,035                 | 233,220                 |                    |
|                                                                                                                                                                                                                                                      | Total     | 597,769                 | 506,511                 | 91,257<br>18.0%    |

Explanation of Significant Variances

Increase in labor hours (and therefore dollars) is due to budgeting where actual hours are being incurred.

**A** - Board Activities

Non-labor - Budgeted amount for governance study is \$25,000 lower in 2015 than 2014.

**B** - Project Management - NEW

See description above.

| Work Plan & Description                                                                                                                                                                                                                                                                                                                                                        |           | 2015 Proposed<br>Budget | 2014 Approved<br>Budget | Inc / (Dec) |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|-------------|-------------|
| <b>Customer Service Administration</b><br>Captures the general and administrative costs of customer service, including training.                                                                                                                                                                                                                                               | Labor     | 76,126                  | 81,950                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 22,050                  | 41,255                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 98,176                  | 123,205                 | (25,029)    | A<br>-20.3% |
| <b>Customer Service Contact Center &amp; Data Quality</b><br>Costs to provide quality customer service to both external and internal customers. This includes providing walk-in, written and telephone customer service to the customers of DMWW, as well as our billing and collecting customers. Also encompasses account maintenance and collection activities.             | Labor     | 766,332                 | 757,606                 |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 134,100                 | 147,500                 |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 900,432                 | 905,106                 | (4,675)     | -0.5%       |
| <b>Meter Reading</b><br>Includes costs to collect meter readings from both DMWW customers and our contracted service customers.                                                                                                                                                                                                                                                | Labor     | 14,443                  | 14,049                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 39,100                  | 32,750                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 53,543                  | 46,799                  | 6,744       | 14.4%       |
| <b>Field Customer Service</b><br>Includes the costs of field service workers in completing work orders, repairing meters, administration of contracted plumbers, and repairing stop boxes.                                                                                                                                                                                     | Labor     | 1,021,965               | 1,012,366               |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 134,290                 | 125,568                 |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 1,156,255               | 1,137,934               | 18,321      | 1.6%        |
| <b>Communications &amp; Public Relations</b><br>Provides for public relations efforts, communications materials, Web site support, graphics services, and revenue generating services for the Utility.                                                                                                                                                                         | Labor     | 67,354                  | 77,401                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 85,050                  | 78,500                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 152,404                 | 155,901                 | (3,497)     | -2.2%       |
| <b>New Business, Community &amp; Economic Development, Existing Relationships</b><br>Includes client contact with key wholesale and commercial/industrial customers and the development and execution of action plans as a result of identified new business opportunities. Includes the contribution to the Greater Des Moines Partnership.                                   | Labor     | 39,549                  | 80,816                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 80,200                  | 58,200                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 119,749                 | 139,016                 | (19,267)    | B<br>-13.9% |
| <b>Public Policy - WS Advocate</b><br>This work plan includes activities to influence and monitor public policy and resource allocation decisions of state and federal legislative and regulatory initiatives which have a potential impact on the utility and/or drinking water industry's ability to provide safe and cost effective drinking water in a sustainable manner. | Labor     | 27,129                  | 63,197                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 35,100                  | 8,385                   |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 62,229                  | 71,582                  | (9,353)     | C<br>-13.1% |
| <b>Utility Education</b><br>Coordinates and presents environmental education programs to educate the public about water treatment and watershed protection.                                                                                                                                                                                                                    | Labor     | 60,083                  | 71,772                  |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 8,861                   | 8,121                   |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 68,944                  | 79,893                  | (10,949)    | -13.7%      |
| <b>Total Customer Service</b>                                                                                                                                                                                                                                                                                                                                                  | Labor     | 2,072,980               | 2,159,157               |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Non Labor | 538,751                 | 500,279                 |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                | Total     | 2,611,731               | 2,659,436               | (47,705)    | -1.8%       |

Explanation of Significant Variances

**A - Customer Service Admin**

Down \$20,000 due to not budgeting Voice of the Customer in 2015. It was budgeted - and done - in 2014.

**B - New Business, Community & Economic Development, Existing Relationships**

Labor hours down to reflect actual hours being charged to this project.

Non-labor dollars up due to increase in legal expenses. The 2015 budgeted amount is more in-line with actual costs.

**C - Public Policy - WS Advocate**

Labor dollars decrease due to retirement of staff. This is offset by increase in non-labor dollars due to hiring of a contracted lobbyist.

2015 Operating Work Plans Recommended for Funding  
Engineering

| Work Plan & Description                                                                                                                                                                                                                                             |           | 2015 Proposed<br>Budget | 2014 Approved<br>Budget | Inc / (Dec) |       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|-------------|-------|
| <b>Engineering Management</b><br>Tracks operating costs including: communication with staff, customer service, support for the department and utility, training, tracking Engineering costs, attendance at city pre-app meetings, etc.                              | Labor     | 231,286                 | 194,167                 |             |       |
|                                                                                                                                                                                                                                                                     | Non Labor | 55,556                  | 37,110                  |             |       |
|                                                                                                                                                                                                                                                                     | Total     | 286,842                 | 231,277                 | 55,565      | 24.0% |
| <b>Engineering Studies</b><br>Covers the cost to conduct engineering studies to determine the feasibility of future capital projects. Studies include: gallery study and assessment, tank inspections, Raccoon River intake upgrades, distribution system modeling. | Labor     | 91,793                  | 112,810                 |             |       |
|                                                                                                                                                                                                                                                                     | Non Labor | 139,600                 | 109,550                 |             |       |
|                                                                                                                                                                                                                                                                     | Total     | 231,393                 | 222,360                 | 9,034       | 4.1%  |
| <b>Total Engineering</b>                                                                                                                                                                                                                                            | Labor     | 323,080                 | 306,977                 |             |       |
|                                                                                                                                                                                                                                                                     | Non Labor | 195,156                 | 146,660                 |             |       |
|                                                                                                                                                                                                                                                                     | Total     | 518,236                 | 453,637                 | 64,599      | 14.2% |

Explanation of Significant Variances

**A - Engineering Management**

Increase in labor hours is as a result of where actual hours are being charged.  
Increase in non-labor is due to hand tools & accessories and PPE being charged here.

**B - Engineering Studies**

The number of studies and amount of internal labor and external services can vary from year to year depending on upcoming capital needs at the utility.

2015 Operating Work Plans Recommended for Funding  
Finance

| Work Plan & Description                                                                                                                                                                                                                                                                                                                                           | 2015 Proposed |           | 2014 Approved |         | Inc / (Dec) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------|---------------|---------|-------------|
|                                                                                                                                                                                                                                                                                                                                                                   |               | Budget    | Budget        |         |             |
| <b>Finance Administration</b><br>Summarizes the administrative costs for the Finance department including clerical support, performance management, and training.                                                                                                                                                                                                 | Labor         | 61,047    | 65,280        |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Non Labor     | 34,170    | 34,025        |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Total         | 95,217    | 99,305        | (4,087) | -4.1%       |
| <b>Financial Services</b><br>Summarizes the costs related to the financial services performed throughout, and for the benefit of, the entire utility. Services include, but are not limited to: payroll, accounts payable, financial reporting, banking, annual audit, cost of service study, etc. This work plan also includes the corporate insurance premiums. | Labor         | 383,822   | 363,235       |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Non Labor     | 1,256,100 | 1,202,169     |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Total         | 1,639,922 | 1,565,404     | 74,519  | A<br>4.8%   |
| <b>Payment Processing</b><br>Summarizes the costs to perform accounts receivable billing, collection, and balancing functions for the utility.                                                                                                                                                                                                                    | Labor         | 57,189    | 56,288        |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Non Labor     | 281,688   | 254,610       |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Total         | 338,877   | 310,898       | 27,979  | B<br>9.0%   |
| <b>Mail Processing</b><br>Summarizes the costs to prepare and mail customer bills.                                                                                                                                                                                                                                                                                | Labor         | 35,967    | 37,492        |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Non Labor     | 567,096   | 502,937       |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Total         | 603,063   | 540,429       | 62,634  | C<br>11.6%  |
| <b>Purchasing &amp; Central Stores</b><br>Provides support to our internal customers for purchasing, warehousing and delivering of product in a cost effective and timely manner.                                                                                                                                                                                 | Labor         | 168,362   | 151,093       |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Non Labor     | 4,200     | 2,300         |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Total         | 172,562   | 153,393       | 19,169  | 12.5%       |
| <b>Greater Des Moines Botanical Gardens</b><br>Captures administrative operations, education services, horticulture services, facility maintenance, gift shop, catering and marketing public relations.                                                                                                                                                           | Labor         | 28,098    | 32,906        |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Non Labor     | 171,902   | 167,094       |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Total         | 200,000   | 200,000       | 0       | 0.0%        |
| <b>Total Finance</b>                                                                                                                                                                                                                                                                                                                                              | Labor         | 734,486   | 706,293       |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Non Labor     | 2,315,156 | 2,163,135     |         |             |
|                                                                                                                                                                                                                                                                                                                                                                   | Total         | 3,049,642 | 2,869,429     | 180,214 | 6.3%        |

Explanation of Significant Variances

**A - Financial Services**

Increases in corporate insurance (\$20,000) and outsourced payroll processing (\$36,000).

**B - Payment Processing**

Credit card processing fees are increasing along with a slight shift of customers towards paying by credit cards - which is the highest cost method of payment.

**C - Mail Processing**

Increase in postage - \$35,000

Rather than purchase a new inserter, we have decided to lease an inserter at a lease cost of approximately \$19,000 per year.

This equates in a \$10,000 unfavorable variance to the operating budget as the only expense here in 2014 was the annual maintenance cost.

Overall, leasing will reduce overall costs - both capital and operating.

2015 Operating Work Plans Recommended for Funding  
Human Resources

| <b>Work Plan &amp; Description</b>                                                                                                                                                                                                                                                                                       |              | <b>2015 Proposed<br/>Budget</b> | <b>2014 Approved<br/>Budget</b> | <b>Inc / (Dec)</b>          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------|---------------------------------|-----------------------------|
| <b>HR Administration</b><br>Captures the general clerical and administrative costs of the Human Resources department.                                                                                                                                                                                                    | Labor        | 61,762                          | 64,499                          |                             |
|                                                                                                                                                                                                                                                                                                                          | Non Labor    | 9,855                           | 6,161                           |                             |
|                                                                                                                                                                                                                                                                                                                          | <b>Total</b> | <b>71,617</b>                   | <b>70,660</b>                   | 957<br>1.4%                 |
| <b>Employee Relations</b><br>Includes costs for the use of focus groups, labor/management committees, recognition initiatives, the Spigot employee newsletter, employee meetings, one-on-one issue identification and resolution, formal grievance resolution, and administration of DMWW's drug-free workplace program. | Labor        | 169,205                         | 142,181                         |                             |
|                                                                                                                                                                                                                                                                                                                          | Non Labor    | 39,545                          | 25,910                          |                             |
|                                                                                                                                                                                                                                                                                                                          | <b>Total</b> | <b>208,750</b>                  | <b>168,091</b>                  | 40,659<br>24.2% <b>A</b>    |
| <b>Employment</b><br>Provides resources for recruiting and selecting quality new employees for vacant positions. Equal Employment Opportunity and affirmative action compliance is also assured.                                                                                                                         | Labor        | 36,655                          | 34,430                          |                             |
|                                                                                                                                                                                                                                                                                                                          | Non Labor    | 20,920                          | 18,120                          |                             |
|                                                                                                                                                                                                                                                                                                                          | <b>Total</b> | <b>57,575</b>                   | <b>52,550</b>                   | 5,025<br>9.6%               |
| <b>Compensation &amp; Benefits</b><br>Includes costs associated with maintaining and enhancing a competitive, cost-effective and compliant employee compensation and benefits program.                                                                                                                                   | Labor        | 35,559                          | 31,873                          |                             |
|                                                                                                                                                                                                                                                                                                                          | Non Labor    | 35,285                          | 64,425                          |                             |
|                                                                                                                                                                                                                                                                                                                          | <b>Total</b> | <b>70,844</b>                   | <b>96,298</b>                   | (25,454)<br>-26.4% <b>B</b> |
| <b>Employee Learning &amp; Growth</b><br>Provides for the administration and coordination of utility-wide employee training, continual learning, career planning, and work-life balance initiatives.                                                                                                                     | Labor        | 7,475                           | 7,653                           |                             |
|                                                                                                                                                                                                                                                                                                                          | Non Labor    | 65,350                          | 75,350                          |                             |
|                                                                                                                                                                                                                                                                                                                          | <b>Total</b> | <b>72,825</b>                   | <b>83,003</b>                   | (10,179)<br>-12.3% <b>C</b> |
| <b>Total Human Resources</b>                                                                                                                                                                                                                                                                                             | Labor        | 310,656                         | 280,637                         |                             |
|                                                                                                                                                                                                                                                                                                                          | Non Labor    | 170,955                         | 189,966                         |                             |
|                                                                                                                                                                                                                                                                                                                          | <b>Total</b> | <b>481,611</b>                  | <b>470,603</b>                  | 11,008<br>2.3%              |

Explanation of Significant Variances

**A - Employee Relations**

Includes expenses for union contract negotiations which will occur in 2015.

**B - Compensation & Benefits**

2014 budget included funds to complete a compensation study.

**C - Employee Learning & Growth**

Overall apprenticeship training, tuition, and textbooks are down \$20,000 in this work plan compared to the 2014 budget.

2015 Operating Work Plans Recommended for Funding  
Information Technology

| Work Plan & Description                                                                                                                                                                                                                                                                                         | 2015 Proposed |           | 2014 Approved | Inc / (Dec)              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------|---------------|--------------------------|
|                                                                                                                                                                                                                                                                                                                 | Budget        |           | Budget        |                          |
| <b>I.T. Administration</b>                                                                                                                                                                                                                                                                                      | Labor         | 82,139    | 61,923        |                          |
| Captures the general and administrative costs of the I.T. department including: invoice processing, budget tracking, performance management and training.                                                                                                                                                       | Non Labor     | 37,495    | 31,150        |                          |
|                                                                                                                                                                                                                                                                                                                 | Total         | 119,634   | 93,073        | 26,561<br>28.5%          |
| <b>Technical Services</b>                                                                                                                                                                                                                                                                                       | Labor         | 91,508    | 72,450        |                          |
| Provides technical support for all hardware and software components used for client computing. This includes file serving, printing, PC software and hardware maintenance, computer operations, helpdesk support, PC upgrades and patches. Additionally, IP operations are supported around nightly processing. | Non Labor     | 106,700   | 93,550        |                          |
|                                                                                                                                                                                                                                                                                                                 | Total         | 198,208   | 166,000       | 32,208<br>19.4% <b>A</b> |
| <b>I.T. Development</b>                                                                                                                                                                                                                                                                                         | Labor         | 71,342    | 53,390        |                          |
| Provides technical support for all applications and software components used for corporate computing. This includes application support, custom software development, and technical consulting for software packages such as CRM, PeopleSoft, CASSWORKS, Microstation, Lab Lite, etc.                           | Non Labor     | 50,000    | 53,000        |                          |
|                                                                                                                                                                                                                                                                                                                 | Total         | 121,342   | 106,390       | 14,952<br>14.1%          |
| <b>System Services</b>                                                                                                                                                                                                                                                                                          | Labor         | 112,372   | 99,590        |                          |
| Provides technical support for all network hardware, software, and components used for utility computing. This includes all networking, file serving, printing, disaster recovery, security, backups, internet connectivity, upgrades, and patches.                                                             | Non Labor     | 287,755   | 239,605       |                          |
|                                                                                                                                                                                                                                                                                                                 | Total         | 400,127   | 339,195       | 60,932<br>18.0% <b>B</b> |
| <b>I.T. Services</b>                                                                                                                                                                                                                                                                                            | Labor         | 221,805   | 247,689       |                          |
| Provides resources to support all facets of software and hardware as they relate to core I.T. services including in-house software applications, purchased applications, support, reporting, and technical consulting.                                                                                          | Non Labor     | 378,350   | 333,550       |                          |
|                                                                                                                                                                                                                                                                                                                 | Total         | 600,155   | 581,239       | 18,916<br>3.3% <b>C</b>  |
| <b>Total I.T.</b>                                                                                                                                                                                                                                                                                               | Labor         | 579,166   | 535,043       |                          |
|                                                                                                                                                                                                                                                                                                                 | Non Labor     | 860,300   | 750,855       |                          |
|                                                                                                                                                                                                                                                                                                                 | Total         | 1,439,466 | 1,285,898     | 153,568<br>11.9%         |

Explanation of Significant Variances

Overall labor hours are ~700 hours higher in 2015 for I.T. operating projects.  
Hours are shifting back to operating projects from labor intensive capital projects, namely EAM.

**A - Technical Services**

Increase of miscellaneous hardware and software expenses of \$10,000. This more accurately reflects the usage of these items by the utility.

**B - System Services**

Increases in maintenance contracts for phone systems, networks, and servers to more accurately reflect actual costs.  
Telephone and cell phone expenses also increasing.

**C - I.T. Services**

Maintenance contract expenses increasing - primarily for EAM (Motors@Work) and GIS.

2015 Operating Work Plans Recommended for Funding  
Water Distribution

| Work Plan & Description                                                                                                                                                                                                                                                                                                                      |           | 2015 Proposed Budget | 2014 Approved Budget | Inc / (Dec) |            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------|----------------------|-------------|------------|
| <b>Distribution Administration (Distribution Support)</b><br>Administrative costs for the Distribution department including clerical support, employee meetings, performance management, and training                                                                                                                                        | Labor     | 149,065              | 149,318              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 37,320               | 36,340               |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 186,385              | 185,658              | 727         | 0.4%       |
| <b>Des Moines Field Support</b><br>Tasks required to support distribution system maintenance and utility locates; including work order processing, twenty-four hour dispatch, record updates, database maintenance, and customer contact.                                                                                                    | Labor     | 261,251              | 219,055              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 33,655               | 33,225               |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 294,906              | 252,280              | 42,625      | 16.9%      |
| <b>Distribution System Maintenance &amp; Repair</b><br>Costs for distribution system maintenance and repair tasks which include repairing broken water mains, hydrant and valve maintenance and repair, flushing dead end water mains, adjusting valve boxes to grade for city paving projects, and maintaining cathodic protection systems. | Labor     | 1,414,100            | 1,267,556            |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 1,099,513            | 825,165              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 2,513,613            | 2,092,721            | 420,891     | A<br>20.1% |
| <b>Leak Detection and Locating</b><br>Costs for leak detection, locating, customer distribution services (complaints/inquiries), and feeder signage maintenance.                                                                                                                                                                             | Labor     | 529,747              | 504,607              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 37,000               | 36,771               |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 566,747              | 541,378              | 25,368      | 4.7%       |
| <b>Distribution Billed Services</b><br>Costs for billed services including making taps for new service lines, providing contracted leak location services, repairing damaged facilities, and repairing inoperable service valves.                                                                                                            | Labor     | 143,863              | 148,235              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 390,980              | 363,245              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 534,843              | 511,480              | 23,362      | B<br>4.6%  |
| <b>Distribution Water Quality</b><br>Maintain the quality of the water in the distribution system through administration of the cross-connection control program and the implementation of the initiatives that will maintain water quality and response to water quality complaints.                                                        | Labor     | 122,830              | 86,871               |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 5,047                | 5,047                |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 127,877              | 91,918               | 35,958      | 39.1%      |
| <b>Risk &amp; Incident Management</b><br>Costs including park police, contract security, access control, surveillance, emergency operations, and flood protective measures. Also includes costs associated with liability claims.                                                                                                            | Labor     | 202,546              | 211,744              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 368,500              | 360,500              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 571,046              | 572,244              | (1,198)     | -0.2%      |
| <b>Grounds Maintenance</b><br>Management and maintenance of DMWW properties as well as properties maintained under 28E agreements with the City of Des Moines. Includes labor and materials to administer park events that are held in Water Works Park                                                                                      | Labor     | 480,411              | 468,013              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 872,850              | 802,502              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 1,353,261            | 1,270,515            | 82,747      | C<br>6.5%  |
| <b>Safety</b><br>Captures the general and administrative costs of the safety program - which includes labor, outside consultants to provide training, and safety materials and supplies.                                                                                                                                                     | Labor     | 115,179              | 110,530              |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 78,640               | 44,404               |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 193,819              | 154,934              | 38,885      | D<br>25.1% |
| <b>Total Water Distribution</b>                                                                                                                                                                                                                                                                                                              | Labor     | 3,418,991            | 3,165,931            |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Non Labor | 2,923,504            | 2,507,198            |             |            |
|                                                                                                                                                                                                                                                                                                                                              | Total     | 6,342,495            | 5,673,129            | 669,366     | 11.8%      |

Explanation of Significant Variances

Operating labor is up in nearly all the work plans due to more hours being budgeted in the Water Distribution operating projects. There is no additional Distribution staff budgeted in 2015. However, hours shifted from Distribution capital projects to operating projects.

**A** - Distribution System Maintenance & Repair

Non-labor expenses increased due to increased cost of materials being used for main breaks (asphalt, pipe, etc.) as well as the number of main breaks is increasing for 2015 based on trending.

**B** - Distribution Billed Services

Non-labor expenses increased due to increasing cost of tap materials.

**C** - Grounds Maintenance

PILOT expense increased by \$45,000.

Tree removal expenses up by \$20,000 due to removal of ash trees.

**D** - Safety

Increase in consultants to provide safety training. Increase in materials to get first aid kits in cabinets and vehicles brought up to current dates.

| <b>Work Plan &amp; Description</b>                                                                                                                                                                                                                                              |              | <b>2015 Proposed<br/>Budget</b> | <b>2014 Approved<br/>Budget</b> | <b>Inc / (Dec)</b> |                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------|---------------------------------|--------------------|-----------------|
| <b>Water Production Administration</b><br>Administrative and support costs for the Water Production department including clerical support, employee meetings, performance management, and training                                                                              | Labor        | 189,139                         | 179,341                         |                    |                 |
|                                                                                                                                                                                                                                                                                 | Non Labor    | 71,450                          | 75,380                          |                    |                 |
|                                                                                                                                                                                                                                                                                 | <b>Total</b> | <b>260,589</b>                  | <b>254,721</b>                  | 5,868              | 2.3%            |
| <b>Water Production Operations</b><br>To provide a safe and reliable drinking water supply to the customers of Des Moines Water Works in sufficient quantities and at adequate pressures to meet their needs.                                                                   | Labor        | 806,329                         | 753,722                         |                    |                 |
|                                                                                                                                                                                                                                                                                 | Non Labor    | 30,680                          | 18,395                          |                    |                 |
|                                                                                                                                                                                                                                                                                 | <b>Total</b> | <b>837,009</b>                  | <b>772,117</b>                  | 64,892             | 8.4% <b>A</b>   |
| <b>Fleur Plant Chemicals &amp; Energy</b><br>Provide the water treatment chemicals and energy necessary to insure the production of safe, high quality water in sufficient quantities to meet our customers' needs. Provides funding for the removal of softening residuals.    | Labor        | 11,924                          | 11,219                          |                    |                 |
|                                                                                                                                                                                                                                                                                 | Non Labor    | 4,035,268                       | 4,292,122                       |                    |                 |
|                                                                                                                                                                                                                                                                                 | <b>Total</b> | <b>4,047,193</b>                | <b>4,303,340</b>                | (256,148)          | -6.0% <b>B</b>  |
| <b>McMullen Plant Chemicals &amp; Energy</b><br>Provide the water treatment chemicals and energy necessary to insure the production of safe, high quality water in sufficient quantities to meet our customers' needs. Provides funding for the removal of softening residuals. | Labor        | 58,740                          | 61,425                          |                    |                 |
|                                                                                                                                                                                                                                                                                 | Non Labor    | 1,807,384                       | 2,160,452                       |                    |                 |
|                                                                                                                                                                                                                                                                                 | <b>Total</b> | <b>1,866,125</b>                | <b>2,221,878</b>                | (355,753)          | -16.0% <b>C</b> |
| <b>SWTP Chemicals &amp; Energy</b><br>Provide the water treatment chemicals and energy necessary to insure the production of safe, high quality water in sufficient quantities to meet our customers' needs.                                                                    | Labor        | 53,313                          | 53,582                          |                    |                 |
|                                                                                                                                                                                                                                                                                 | Non Labor    | 956,645                         | 401,897                         |                    |                 |
|                                                                                                                                                                                                                                                                                 | <b>Total</b> | <b>1,009,958</b>                | <b>455,480</b>                  | 554,478            | 121.7% <b>D</b> |
| <b>Fleur Maintenance</b><br>Includes all maintenance and repair expenses of the Fleur Drive treatment plant, Des Moines River intake/pump station, Fleur electric substation, flooding station, and pressed sludge lagoons.                                                     | Labor        | 679,957                         | 588,213                         |                    |                 |
|                                                                                                                                                                                                                                                                                 | Non Labor    | 585,936                         | 549,113                         |                    |                 |
|                                                                                                                                                                                                                                                                                 | <b>Total</b> | <b>1,265,893</b>                | <b>1,137,326</b>                | 128,567            | 11.3% <b>E</b>  |
| <b>McMullen Maintenance</b><br>Includes all maintenance and repair expenses of the McMullen Treatment Plant, radial collector wells, Crystal Lake, and ASR.                                                                                                                     | Labor        | 154,698                         | 148,820                         |                    |                 |
|                                                                                                                                                                                                                                                                                 | Non Labor    | 147,268                         | 126,826                         |                    |                 |
|                                                                                                                                                                                                                                                                                 | <b>Total</b> | <b>301,966</b>                  | <b>275,646</b>                  | 26,320             | 9.5%            |
| <b>SWTP Maintenance</b><br>Includes mechanical and electrical maintenance for the Saylorville Water Treatment Plant.                                                                                                                                                            | Labor        | 112,579                         | 100,044                         |                    |                 |
|                                                                                                                                                                                                                                                                                 | Non Labor    | 105,283                         | 85,140                          |                    |                 |
|                                                                                                                                                                                                                                                                                 | <b>Total</b> | <b>217,862</b>                  | <b>185,184</b>                  | 32,678             | 17.6% <b>F</b>  |

Explanation of Significant Variances

**A - Water Production Operations**

Labor hours increased due to new WP Specialists' (apprentices) hours being added.

**B, C, D - Treatment Chemicals & Energy**

The 2015 budget includes lower pumpage at Fleur and McMullen and increased pumpage at SWTP. Therefore the chemicals & energy budgets mirror the change in pumpage.

**E - Fleur Maintenance**

Labor hours increased due to new WP Specialists' (apprentices) hours being added.  
 Materials have increased to reflect additional tasks and moderate price increases, especially for "original equipment manufacturer" parts.  
 Vibration analysis and testing of outdoor switch gears and relays were added in 2015.

**F - SWTP Maintenance**

Additional preventative maintenance costs added for vibration analysis.  
 Moderate increases in repair & maintenance materials.



| Work Plan & Description                                                                                                                                                                                                                                                                                            |           | 2015 Proposed<br>Budget | 2014 Approved<br>Budget | Inc / (Dec) |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|-------------|------------|
| <b>Water Production Maintenance Oversight</b><br>Provides oversight efforts for the daily planning of maintenance in Water Production. Also encompasses the efforts to maintain the CMMS system.                                                                                                                   | Labor     | 169,695                 | 149,052                 |             |            |
|                                                                                                                                                                                                                                                                                                                    | Non Labor | 83,200                  | -                       |             |            |
|                                                                                                                                                                                                                                                                                                                    | Total     | 252,895                 | 149,052                 | 103,843     | A<br>69.7% |
| <b>Louise P. Moon Pumping Maintenance</b><br>Provides for maintenance of the Louise P. Moon Storage and Pumping Facility, the Waukee Booster Station, and the LPM ASR facility by performing vibration analysis, completing repairs as necessary, and maintaining the equipment and control systems.               | Labor     | 36,050                  | 32,413                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Non Labor | 253,576                 | 263,273                 |             |            |
|                                                                                                                                                                                                                                                                                                                    | Total     | 289,626                 | 295,686                 | (6,060)     | -2.0%      |
| <b>Polk County Storage &amp; Pumping</b><br>Provides for maintenance of the Polk County Pumping Station which will ensure water is provided to our Ankeny and Polk County customers in acceptable quantities at desirable pressures.                                                                               | Labor     | 23,066                  | 22,727                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Non Labor | 86,756                  | 69,981                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Total     | 109,822                 | 92,708                  | 17,114      | B<br>18.5% |
| <b>Des Moines Remote Storage</b><br>Provides for the maintenance of remote facilities within the cities of Des Moines and Pleasant Hill, the Norwalk booster station, Polk City booster station, Southeast Polk/Bondurant chloramination facility, and new sites in Runnells for water and waste water operations. | Labor     | 113,363                 | 110,599                 |             |            |
|                                                                                                                                                                                                                                                                                                                    | Non Labor | 238,391                 | 236,756                 |             |            |
|                                                                                                                                                                                                                                                                                                                    | Total     | 351,754                 | 347,355                 | 4,399       | 1.3%       |
| <b>Lab Operations</b><br>Routine, non-investigative testing in the chemistry laboratory related to regulatory compliance and assessment of treatment plant processes.                                                                                                                                              | Labor     | 218,489                 | 179,732                 |             |            |
|                                                                                                                                                                                                                                                                                                                    | Non Labor | 89,000                  | 80,000                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Total     | 307,489                 | 259,732                 | 47,757      | C<br>18.4% |
| <b>Microbiology Operations</b><br>Routine, non-investigative testing in the microbiology laboratory related to regulatory compliance and assessment of treatment plant processes.                                                                                                                                  | Labor     | 93,346                  | 91,692                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Non Labor | 44,000                  | 30,000                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Total     | 137,346                 | 121,692                 | 15,653      | D<br>12.9% |
| <b>Water Quality Research</b><br>Investigative testing concerning water quality and plant process improvements.                                                                                                                                                                                                    | Labor     | 51,886                  | 52,633                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Non Labor | 8,000                   | 8,000                   |             |            |
|                                                                                                                                                                                                                                                                                                                    | Total     | 59,886                  | 60,633                  | (747)       | -1.2%      |
| <b>Source Water Quality Monitoring</b><br>Investigation of source water quality related to CPS objectives, ACWA/ISA monitoring, Urban Snapshot monitoring, and the IDNR/DMWW cooperative monitoring project.                                                                                                       | Labor     | 33,468                  | 31,291                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Non Labor | 18,000                  | 11,000                  |             |            |
|                                                                                                                                                                                                                                                                                                                    | Total     | 51,468                  | 42,291                  | 9,177       | 21.7%      |

Explanation of Significant Variances

**A - Water Production Maintenance Oversight**

Includes temporary labor (budgeted as non-labor) to enter key data into EAM which includes: completing work related to critical equipment nameplate data, to complete critical document links, and to build/program links between SCADA and EAM (run times, electrical rates/totals, pressure, flow, etc.)

**B - Polk County Storage & Pumping**

Increase in non-labor expenses is attributable to higher electrical costs which are trending upwards.

**C - Lab Operations**

Additional hours were budgeted in this work plan to align where actual hours are charged. This increase in hours is offset in other laboratory work plans.

**D - Microbiology**

Budgeting for outside lab to do long term surface water testing. This is done approximately every 5 years.

| <b>Work Plan &amp; Description</b>                                                                                                                                                              |              | <b>2015 Proposed<br/>Budget</b> | <b>2014 Approved<br/>Budget</b> | <b>Inc / (Dec)</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------|---------------------------------|--------------------|
| <b>Radio Communication Equipment</b><br>Maintenance and supervision expenses of the trunked radio system and telemetry system.                                                                  | Labor        | 6,005                           | 7,286                           |                    |
|                                                                                                                                                                                                 | Non Labor    | 28,400                          | 26,000                          |                    |
|                                                                                                                                                                                                 | <b>Total</b> | <b>34,405</b>                   | <b>33,286</b>                   | 1,120<br>3.4%      |
| <b>HVAC Operations</b><br>To operate, maintain, and repair all heating, air conditioning, and ventilation equipment for all DMWW facilities.                                                    | Labor        | 39,097                          | 37,277                          |                    |
|                                                                                                                                                                                                 | Non Labor    | 30,227                          | 30,344                          |                    |
|                                                                                                                                                                                                 | <b>Total</b> | <b>69,324</b>                   | <b>67,621</b>                   | 1,703<br>2.5%      |
| <b>Facility Maintenance</b><br>Captures the general and administrative costs of building upkeep and general facility maintenance.                                                               | Labor        | 136,927                         | 164,074                         |                    |
|                                                                                                                                                                                                 | Non Labor    | 353,811                         | 327,031                         |                    |
|                                                                                                                                                                                                 | <b>Total</b> | <b>490,738</b>                  | <b>491,105</b>                  | (366)<br>-0.1%     |
| <b>Vehicle Maintenance</b><br>Costs for maintaining the vehicles and equipment for our internal users. It also provides support to fabricating and repairing tools and parts for our customers. | Labor        | 354,461                         | 339,729                         |                    |
|                                                                                                                                                                                                 | Non Labor    | 615,250                         | 551,570                         |                    |
|                                                                                                                                                                                                 | <b>Total</b> | <b>969,711</b>                  | <b>891,299</b>                  | 78,413<br>8.8%     |
| <b>Total Water Production</b>                                                                                                                                                                   | Labor        | 3,342,533                       | 3,114,871                       |                    |
|                                                                                                                                                                                                 | Non Labor    | 9,588,526                       | 9,343,280                       |                    |
|                                                                                                                                                                                                 | <b>Total</b> | <b>12,931,060</b>               | <b>12,458,151</b>               | 472,908<br>3.8%    |

Explanation of Significant Variances

**A - Facility Maintenance**

Overall flat to 2014 budget. However, decrease in custodian labor offset by contracted facility cleaning.

**B - Vehicle Maintenance**

Non-labor increasing due to additional GPS units being added to the fleet as well as repair parts and outside services continue to increase in price.

2015 Operating Work Plans Recommended for Funding

| Summary Operating Expenses                                                                                                                 | 2015 Proposed<br>Budget | 2014 Approved<br>Budget | Inc / (Dec)              |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|--------------------------|
| <b>Total by Department</b>                                                                                                                 |                         |                         |                          |
| CEO                                                                                                                                        | 597,769                 | 506,511                 | 91,257                   |
| Customer Service                                                                                                                           | 2,611,731               | 2,659,436               | (47,705)                 |
| Engineering                                                                                                                                | 518,236                 | 453,637                 | 64,599                   |
| Finance                                                                                                                                    | 3,049,642               | 2,869,429               | 180,214                  |
| HR                                                                                                                                         | 481,611                 | 470,603                 | 11,008                   |
| IT                                                                                                                                         | 1,439,466               | 1,285,898               | 153,568                  |
| Water Distribution                                                                                                                         | 6,342,495               | 5,673,129               | 669,366                  |
| Water Production                                                                                                                           | 12,931,060              | 12,458,151              | 472,908                  |
| Utility Benefits                                                                                                                           | 8,778,099               | 8,796,793               | (18,694)                 |
| Includes non-productive time (vacation, sick, holiday) and benefits<br>(health insurance, deferred comp match, pension, IPERS, FICA, etc.) |                         |                         |                          |
| <b>Total Recommended Operating Budget</b>                                                                                                  | <b>36,750,107</b>       | <b>35,173,587</b>       | <b>1,576,520</b><br>4.5% |

| Work Plan & Description                                                                                                                                                                                                                                   |           | 2015 Proposed<br>Budget | 2014 Approved<br>Budget | Inc / (Dec)           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|-----------------------|
| <b>Field Customer Service Capital</b>                                                                                                                                                                                                                     | Labor     | -                       | -                       |                       |
| Provides new water meters to be used in the meter reading system, for new accounts needing a meter, and for equipment that is worn out or deemed to be unsafe.                                                                                            | Non Labor | 890,247                 | 627,323                 |                       |
|                                                                                                                                                                                                                                                           | Total     | 890,247                 | 627,323                 | 262,924<br>41.9%      |
| <b>Radio Frequency</b>                                                                                                                                                                                                                                    | Labor     | 10,225                  | 10,580                  |                       |
| This work plan provides for the completion of the radio frequency based meter reading system to cover Runnells.                                                                                                                                           | Non Labor | 27,440                  | 25,790                  |                       |
|                                                                                                                                                                                                                                                           | Total     | 37,665                  | 36,370                  | 1,295<br>3.6%         |
| <b>Contact Center</b>                                                                                                                                                                                                                                     | Labor     | -                       | -                       |                       |
| Provided budget for point-of-sale system at the front desk which will make processing more efficient.                                                                                                                                                     | Non Labor | -                       | 50,000                  |                       |
|                                                                                                                                                                                                                                                           | Total     | -                       | 50,000                  | (50,000)<br>0.0%      |
| <b>Facility Management</b>                                                                                                                                                                                                                                | Labor     | 28,988                  | 387,249                 |                       |
| For the 2015 budget, three new work plans were added to more accurately reflect the location of facility management projects                                                                                                                              | Non Labor | 313,834                 | 4,729,067               |                       |
|                                                                                                                                                                                                                                                           | Total     | 342,822                 | 5,116,316               | (4,773,494)<br>-93.3% |
| Includes costs of providing rehabilitation and enhancements as needed to extend the service life and improve the function of buildings and structures owned by Des Moines Water Works.                                                                    |           |                         |                         |                       |
| Projects budgeted include:                                                                                                                                                                                                                                |           | 75,455                  |                         |                       |
| Storage Facilities Aeration                                                                                                                                                                                                                               |           | 53,189                  |                         |                       |
| Hazen Tank Repairs & Air Gap Overflow                                                                                                                                                                                                                     |           | 128,015                 |                         |                       |
| Roof Replacements                                                                                                                                                                                                                                         |           | 86,163                  |                         |                       |
| Other smaller facility projects                                                                                                                                                                                                                           |           | 342,822                 |                         |                       |
| <b>Fleur Drive Treatment Plant - NEW</b>                                                                                                                                                                                                                  | Labor     | 26,553                  | -                       |                       |
| Includes costs of providing rehabilitation and enhancements as needed to extend the service life and improve the function of buildings and structures at the Fleur Drive Treatment Plant.                                                                 | Non Labor | 820,479                 | -                       |                       |
|                                                                                                                                                                                                                                                           | Total     | 847,032                 | -                       | 847,032               |
| Projects budgeted include:                                                                                                                                                                                                                                |           |                         |                         |                       |
| Filter Media Replacement                                                                                                                                                                                                                                  |           | 544,510                 |                         |                       |
| DBP Mitigation                                                                                                                                                                                                                                            |           | 302,522                 |                         |                       |
|                                                                                                                                                                                                                                                           |           | 847,032                 |                         |                       |
| <b>McMullen Treatment Plant - NEW</b>                                                                                                                                                                                                                     | Labor     | 31,928                  | -                       |                       |
| Includes costs of providing rehabilitation and enhancements as needed to extend the service life and improve the function of buildings and structures at the McMullen Treatment Plant.                                                                    | Non Labor | 1,500,000               | -                       |                       |
|                                                                                                                                                                                                                                                           | Total     | 1,531,928               | -                       | 1,531,928             |
| Projects budgeted include:                                                                                                                                                                                                                                |           |                         |                         |                       |
| Lime Sludge Lagoon - third lagoon                                                                                                                                                                                                                         |           | 1,370,385               |                         |                       |
| Chemical Feed Lines                                                                                                                                                                                                                                       |           | 161,543                 |                         |                       |
|                                                                                                                                                                                                                                                           |           | 1,531,928               |                         |                       |
| <b>Saylorville Treatment Plant - NEW</b>                                                                                                                                                                                                                  | Labor     | 8,866                   | -                       |                       |
| Includes costs of providing rehabilitation and enhancements as needed to extend the service life and improve the function of buildings and structures at the Saylorville Treatment Plant.                                                                 | Non Labor | 164,000                 | -                       |                       |
|                                                                                                                                                                                                                                                           | Total     | 172,866                 | -                       | 172,866               |
| <b>Water System Improvements</b>                                                                                                                                                                                                                          | Labor     | 429,547                 | 273,759                 |                       |
| Captures costs of maintaining and upgrading the water distribution system by replacing mains that have a history of breaks, will result in improved water flow, or that need to be relocated to accommodate city, county, or state construction projects. | Non Labor | 4,190,155               | 3,343,385               |                       |
|                                                                                                                                                                                                                                                           | Total     | 4,619,702               | 3,617,145               | 1,002,557<br>27.7%    |
| <b>Raw Water at Maffitt</b>                                                                                                                                                                                                                               | Labor     | 77,681                  | 97,555                  |                       |
| This work plan is to provide additional low nitrate raw water supply to the McMullen Water Treatment Plant. Included in the 2015 budget are construction of a Raccoon River intake and construction of the Crystal Lake pump station and related piping.  | Non Labor | 2,785,000               | 1,566,022               |                       |
|                                                                                                                                                                                                                                                           | Total     | 2,862,681               | 1,663,577               | 1,199,103<br>72.1%    |
| <b>Core Network Feeder Main</b>                                                                                                                                                                                                                           | Labor     | 124,232                 | -                       |                       |
| This work plan is to design and construct a feeder main going from the Saylorville Water Treatment Plant to the City of Johnston and then to the 24" feeder main at Merle Hay Road and Beaver Creek.                                                      | Non Labor | 3,662,553               | 2,675,432               |                       |
|                                                                                                                                                                                                                                                           | Total     | 3,786,785               | 2,675,432               | 1,111,353<br>41.5%    |

| Work Plan & Description                                                                                                                                                                                                                                                |           | 2015 Proposed<br>Budget | 2014 Approved<br>Budget | Inc / (Dec)         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|---------------------|
| <b>Development Plan Review</b>                                                                                                                                                                                                                                         | Labor     | 156,655                 | 155,566                 |                     |
| Provides a mechanism to track the time spent by Engineering staff to review development of large tap plans, inspect construction, and update records for new mains and services.                                                                                       | Non Labor | 4,900                   | 4,900                   |                     |
|                                                                                                                                                                                                                                                                        | Total     | 161,555                 | 160,466                 | 1,089<br>0.7%       |
| <b>I.T. Capital</b>                                                                                                                                                                                                                                                    | Labor     | 176,503                 | 278,838                 |                     |
| Captures the costs of ensuring all hardware and software operates reliably and within performance standards. Includes costs relating implementing EAM in Water Distribution.                                                                                           | Non Labor | 917,300                 | 426,097                 |                     |
|                                                                                                                                                                                                                                                                        | Total     | 1,093,803               | 704,934                 | 388,869<br>55.2%    |
| <b>Water Distribution System Improvements</b>                                                                                                                                                                                                                          | Labor     | 239,188                 | 325,275                 |                     |
| Summarized costs for distribution system upgrades such as tying in dead end mains, installation of new hydrants and valves, and pipe alterations required due to city, county, or state projects. Replacement tools and equipment are also included in this work plan. | Non Labor | 396,379                 | 665,150                 |                     |
|                                                                                                                                                                                                                                                                        | Total     | 635,567                 | 990,425                 | (354,859)<br>-35.8% |
| <b>Grounds Maintenance Capital</b>                                                                                                                                                                                                                                     | Labor     | -                       | 25,356                  |                     |
| Included hours and purchased services that will be expended to begin implementation of the park master plan. It is expected that the improvements to the park will be funded by private donations.                                                                     | Non Labor | -                       | 2,000,000               |                     |
|                                                                                                                                                                                                                                                                        | Total     | -                       | 2,025,356               | (2,025,356)         |
| <b>Water Production Plant Reinvestment</b>                                                                                                                                                                                                                             | Labor     | 115,307                 | 116,185                 |                     |
| Provides necessary capital for replacement and/or improvements of existing equipment and the addition of new equipment to ensure the effective operation of the utility and its processes.                                                                             | Non Labor | 1,085,500               | 556,500                 |                     |
|                                                                                                                                                                                                                                                                        | Total     | 1,200,807               | 672,685                 | 528,121<br>78.5%    |
| <b>Vehicle Replacement</b>                                                                                                                                                                                                                                             | Labor     | -                       | -                       |                     |
| Captures the cost of replacing vehicles and related equipment.                                                                                                                                                                                                         | Non Labor | 246,000                 | 454,000                 |                     |
|                                                                                                                                                                                                                                                                        | Total     | 246,000                 | 454,000                 | (208,000)<br>-45.8% |
| Total Recommended Capital Budget                                                                                                                                                                                                                                       |           | 18,429,460              | 18,794,030              | (364,571)<br>-1.9%  |
| Summary by Expense Classification                                                                                                                                                                                                                                      |           |                         |                         |                     |
| Total Labor                                                                                                                                                                                                                                                            |           | 1,425,673               | 1,670,364               | (244,691)           |
| Total Non Labor                                                                                                                                                                                                                                                        |           | 17,003,786              | 17,123,666              | (119,880)           |