

DATE: October 6, 2015  
TO: William Stowe, CEO & General Manager  
FROM: Peggy Freese, CFO  
Michelle Holland, Controller  
SUBJECT: Proposed 2016 Budget

In early June, the Finance staff kicked off the budgeting process for 2016. The attached document contains the following:

2016 Budget Overview

Proposed 2016 Budget Summary and Comparison to 2015 Budget

Des Moines Water Works Budget Process

Details of Proposed Revenue, Operating Expenses, and Capital Expenses

2016 Budget by Department

2016 Operating Work Plans Recommended for Funding

2016 Capital Work Plans Recommended for Funding

## Overview

While Des Moines Water Works budgets with a high level of detail for revenues and expenses, all budgets rely on assumptions and those assumptions are normally based on some sort of averaging unless more accurate information is known.

Water pumpage changes from year to year and is rather unpredictable several months out. The years of 2014 and 2015 have been relatively cool wet years and pumpage has been relatively low. However, 2012 and 2013 were high pumpage years. Budgeting at either of these extremes would challenge the utility as funds would have been dedicated for certain types of expenses. By budgeting an average pumpage level, the likelihood of being significantly different than budget is lower. Additionally, with the high pumpage season being in the latter part of the year, this gives much less time for the utility to react to diverting funds from projects that have been committed or spent.

A part of budgeting pumpage is also budgeting the production at each of the treatment facilities. The allocation between the facilities for 2016 is a near-match to the allocations provided in the 2015 budget. The most noteworthy production increases in the 2016 budget include an 8.7% (~\$400,000) increase in chemical expense, an 11.5% (~\$175,000) increase in electrical expenses, and a 108% (~\$800,000) increase in sludge removal expenses. The chemical expense increase is a function of both moderate price increases and the need to maximize the treatment benefit of numerous chemical feed processes. Additionally, with increased nitrate levels in the raw water supply, DMWW is budgeting a higher than average use of the chemicals used in the removal process. Resulting increase in electrical expenses is primarily a function of rate increases. The more significant increase involves expenses for sludge hauling. The per ton price has changed significantly (from \$14/ton to \$20/ton) along with a projection that Synagro will remove nearly 75,000 tons. This includes a stock-pile of material being stored at the McMullen plant.

Another item that sees significant variances from year to year is the number of main breaks. 2014 was a record year for main breaks. And thus far, 2015 looks to have a lower than normal number of main breaks. Reacting and budgeting to the extremes would again add risk in over or under budgeting the related expenses. The 2016 budget includes an average number of main breaks.

The ongoing mission of water treatment at DMWW is to maintain a consistent finished product despite dynamic changes in raw water consumption. Our recent experiences are strong reminders that vigilance in both the operation and maintenance of the treatment facilities is a necessity.

**Revenue** – Total revenue for 2016 is budgeted at \$59.4 million. This is up \$3.6 million compared to the 2015 budget. Water pumpage is budgeted at 17.0 billion gallons which is the same as the 2015 budget. Included in the 2016 budget is a 10% rate increase for all service areas.

**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, West Des Moines and Pleasant Hill. The amount budgeted for 2015 is \$11.1 million.

**Operating Expenses** – Total operating expenses are budgeted at \$40.9 million for 2016. This is an increase of \$4.1 million from the 2015 budget. Two large Engineering Studies are being budgeted in 2016. These two studies are a critical step in planning the utility’s future capital needs. Since these types of studies do not occur cyclically, the inclusion of them in the budget causes a substantial increase in the operating budget.

The first study is to perform long range planning of the treatment and distribution systems along with a study specific to the joint southwest facilities. Long range treatment planning includes water demand projections, water quality trends, and current and anticipated regulatory requirements, along with an evaluation of and recommendations for improvements to the water treatment facilities. Distribution system planning will evaluate several factors including water quality, system pressure, fire flow, flow capacity, and pipe velocity. The budget for this study is \$533,000.

The second study is for a Grays Lake Environmental study. This will evaluate the potential use of Gray’s Lake as a raw water supply for the Des Moines Water Works. The study would also include an evaluation of impacts on the environmental, recreational, and water quality features of the lake and surrounding park area. The budget for this study is \$212,000.

Other drivers of the increase in the operating budget include: benefit costs, residual removal, increases in chemicals and treatment energy, plant maintenance expenses, and legal fees relating to the nitrate litigation. More information on these increases starts on page 8.

**Capital Expenses** – Total capital expenditures are budgeted at \$22.6 million. Funding sources (mentioned above in Additional Funding) of \$11.1 million leaves approximately \$11.5 million of capital projects to be funded from the utility’s revenues. This compares to approximately \$12 million of capital projects budgeted from the utility’s revenues in 2015.

**DES MOINES WATER WORKS  
PROPOSED 2016 BUDGET SUMMARY AND COMPARISON TO 2015 BUDGET**

	<b>2016 Proposed Budget</b>	<b>2015 Approved Budget</b>	<b>Percentage Change</b>
<b>REVENUE:</b>			
Water sales	\$50,388,730	\$ 47,224,917	6.7%
Debt service payments reimbursements	4,319,582	4,300,823	0.4%
Penalties and fees	250,000	250,000	0.0%
Other sales and services	2,108,613	1,828,113	15.3%
Billing service revenue	1,506,900	1,336,470	12.8%
Land & building use revenue	180,000	180,000	0.0%
Connection Fees	325,000	325,000	0.0%
Interest income	277,154	268,567	3.2%
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Total revenue available for expenses	\$ 59,355,979	\$ 55,713,890	6.5%
<b>ADDITIONAL FUNDING:</b>			
Unspent funds carried over from prior year's approved budget	4,012,072	3,534,785	13.5%
Purchased Capacity Funding	-	1,211,785	(100.0%)
Development Plan Review	9,800	9,800	0.0%
DMWW Park Foundation - funded by donations	3,949,532	-	
Other projects funded by outside entities (Johnston, West Des Moines, Pleasant Hill)	3,166,639	1,673,522	89.2%
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Total additional funding available for expenses	\$ 11,138,044	\$ 6,429,892	73.2%
<b>Total revenue and additional funding</b>	<b>\$ 70,494,023</b>	<b>\$ 62,143,782</b>	<b>13.4%</b>
<b>EXPENSES:</b>			
<i>Operating expenses:</i>			
Labor	13,420,649	13,163,714	2.0%
Benefits	7,441,249	6,760,010	10.1%
Chemicals	4,780,557	4,355,693	9.8%
Residual Removal	1,532,775	750,200	104.3%
Utilities	2,461,977	2,285,664	7.7%
Gasoline/Fuel	248,750	355,250	(30.0%)
Purchased Services	5,335,591	4,204,934	26.9%
Legal Fees	534,300	89,200	499.0%
Training	126,661	125,406	1.0%
Materials and Equipment	2,992,575	2,708,273	10.5%
Insurance	1,160,000	1,100,000	5.5%
Postage	502,938	503,163	(0.0%)
Telephone	201,600	198,600	1.5%
Casualty Loss	60,000	60,000	0.0%
Loss on Bad Accounts	90,000	90,000	0.0%
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Subtotal - Operating expenses	\$ 40,889,621	\$ 36,750,107	11.3%
<i>Capital expenditures:</i>			
Requests for new capital projects	14,655,972	14,894,675	(1.6%)
Multiple-year capital projects began before 2014 (carryover)	4,012,072	3,534,785	13.5%
Park Improvement Plan project (separated from above capital projects)	3,949,532	-	
	<hr/>	<hr/>	
Subtotal - Capital expenditures	\$ 22,617,576	\$ 18,429,460	22.7%
<i>Debt service obligations:</i>			
Des Moines Water Works' direct obligation	2,047,244	2,043,392	0.2%
Political subdivisions' obligation	4,439,582	4,420,823	0.4%
	<hr/>	<hr/>	
Subtotal - Debt service obligations	\$ 6,486,825	\$ 6,464,215	0.3%
<i>Addition to operating reserves</i>	500,000	500,000	
<b>Total projected uses</b>	<b>\$ 70,494,023</b>	<b>\$ 62,143,782</b>	<b>13.4%</b>
Net position of revenues to expenses	0	(0)	

## Des Moines Water Works Budget Process

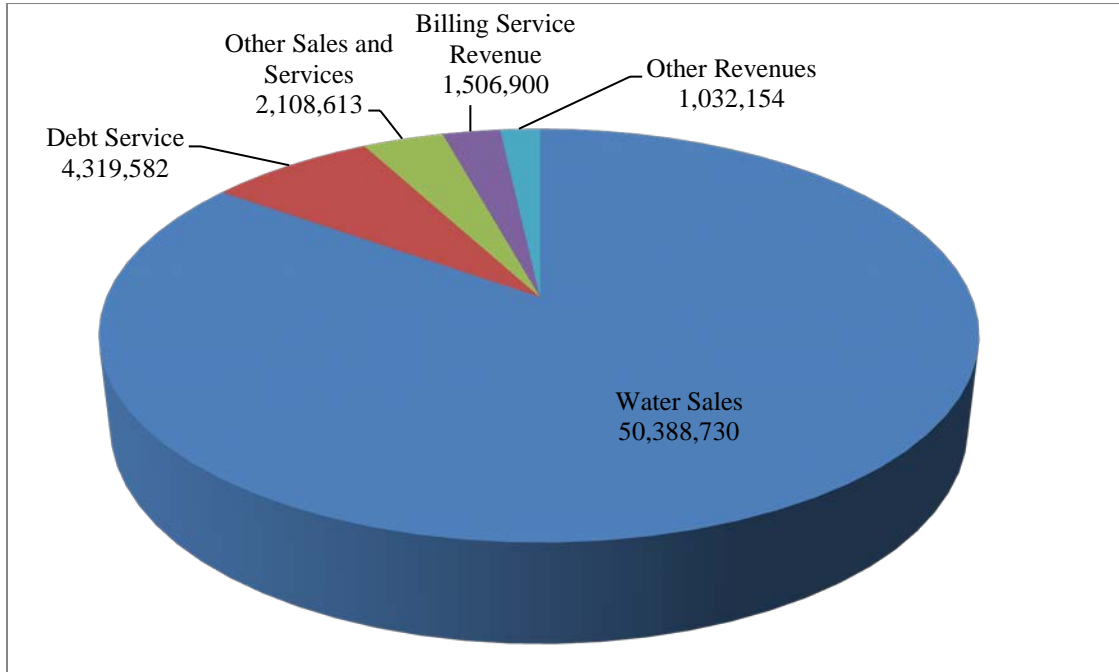
DMWW budgeting is very detailed and requires a high level of participation across the utility. We use an activity-based methodology which correlates to our internal financial reporting. Activity-based costing provides the cost tracking and allocations required for our Cost of Service calculations. Budgets 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 2016 budget entry.
- Finance provides budget training/refresher, as needed.
- 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, Chief Financial Officer, 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 2016 is projected at \$59.4 million which results in a 6.5% increase over the approved 2015 budget.



**Water Sales** are the most significant source of operating revenue making up nearly 85% of the total revenue. This is nearly \$3,200,000 higher than the 2015 water sales budget. The 2016 pumpage budget remains the same as the 2015 budget of 17.0 billion gallons. Included in the budget is a 10% rate increase for all service areas.

**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 \$2.1 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 \$1.5 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	\$277,000
(on invested reserves)	

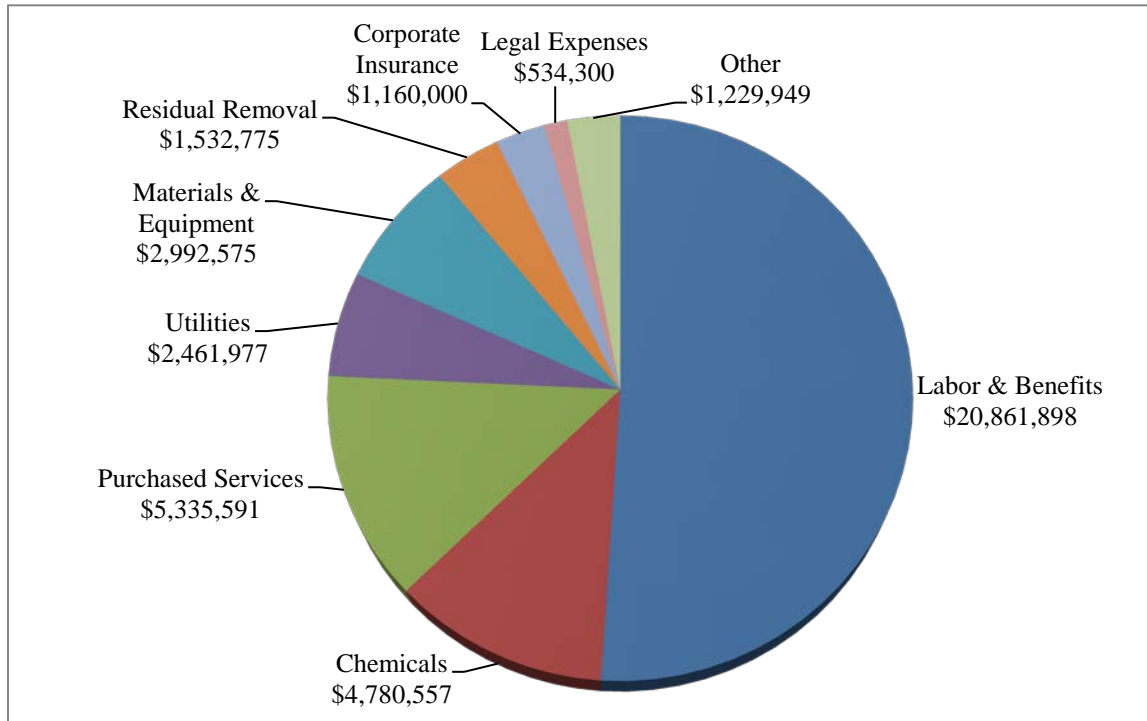
## **ADDITIONAL FUNDING**

These are additional resources which include funding of projects by other outside entities and prior year capital carryover. The total of Additional Funding is \$11.1 million for the 2016 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 2016.

The proposed operating budget totals \$40.9 million. This is an increase of 11.3% or nearly \$4.1 million from the approved 2015 budget.



Large variances in the 2016 budget compared to the 2015 budget are listed in the table below:

	2016	2015	Increase/ (Decrease) \$	Increase/ (Decrease) %
Operating Labor	13,420,649	13,163,714	256,935	2.0%
Benefits	7,441,249	6,760,010	681,239	10.1%
Chemicals	4,764,062	4,335,693	428,369	9.9%
Energy (Water Treatment)	1,855,130	1,688,417	166,713	9.9%
Residual Removal	1,532,775	750,200	782,575	104.3%
IT Maintenance Contracts	544,020	458,005	86,015	18.8%
Treatment Plant Maintenance - non-labor	1,079,003	838,487	240,516	28.7%
WP EAM - Temporary Labor	-	83,200	(83,200)	-100.0%
CIRDWC Governance Study	-	100,000	(100,000)	-100.0%
PILOT	940,000	775,000	165,000	21.3%
Nitrate Legal Fees	450,000	-	450,000	
Engineering Studies - non-labor	681,444	129,029	552,415	428.1%
	<b>Increase in listed items:</b>		<b>3,626,578</b>	



Expenses for labor and benefits represent 51% of the operating budget.

Budgeted expense for **labor** is 2.0% higher than the 2015 approved budget. This equates to approximately \$260,000. This increase is made up two things: a labor rate increase which is being negotiated in 2015 along with the number of labor hours budgeted in operating projects versus capital projects. Fluctuation between the two types of projects (operating versus capital) occurs every year to varying degrees.

**Benefit** expenses are up nearly \$700,000 compared to the 2015 budget. The utility's contribution to employees' medical premiums is the biggest driver of the increase. The actuarial defined contribution to the pension plan is budgeted to increase \$130,000. Other benefits are budgeted to go up a modest amount based on higher labor costs.

**Chemical expenses** are budgeted to increase nearly 10% in 2016 which equates to approximately \$400,000. Budgeted chemical prices are seeing modest price increases – generally ~5% - for 2016 per initial indications from chemical vendors. With the increasing use of the nitrate removal facility, the chemical usage in this process is budgeted to increase by \$160,000.

**Purchased Services** budgeted in 2016 include:

PILOT	\$ 940,000
Stop Box Repairs	\$ 187,000
Banking/Audit Fees	\$ 100,000
Credit Card/E-check/Bill-pay Fees	\$ 273,000
I.T. Maintenance Contracts	\$ 544,000
Security	\$ 250,000
Plant Maintenance	\$ 440,000
Legal Fees	\$ 534,000
Distribution Maintenance/Repair	\$ 209,000
Engineering Studies	\$ 900,000
“Other” Services (numerous)	<u>\$ 959,000</u>
Total	\$5,336,000

These expenses are up 27% or \$1.1 million from the 2015 budget.

Aside from the two large Engineering Studies mentioned earlier in the amount of \$700,000, the other large increases in Purchased Services are:

PILOT	\$ 165,000
Legal Fees related to Nitrate Litigation	\$ 450,000
I.T. Maintenance Contracts	\$ 86,000

**Utilities** expense is up approximately \$175,000 over the 2015 budget. Energy used in the treatment process is the driver of this increase. The 2016 budget includes higher overall electric rates. This increase in rates is partially due to a decreased “time of use” rate that was budgeted in 2015 which didn’t come in as low as expected. A newly formed Energy Team is being established to benchmark energy use and reduce energy consumption.

**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 10.5% higher in 2016. More than half of the increase relates to the materials and inventory items used for maintenance of the treatment plants and remote facilities. Efforts are being focused on the gallery and nitrate facility at the Fleur plant along with a need for redundancy in key systems. Repair and maintenance of aging motors and drives at the McMullen plant has also been budgeted in 2016.

**Residual (lime) Removal** expenses are up nearly \$800,000 versus the 2015 budget. The cost per ton to remove and dispose of lime residuals increased dramatically in 2015 when DMWW terminated the contract with a previous supplier and entered into a new contract with Synagro for the removal and disposal of residuals at the Fleur and McMullen Treatment Plants. In addition to this increase in costs, there is a stockpile of residuals at the McMullen Treatment Plant to be removed in 2016.

**Other** expenses include: corporate insurance, postage expenses, telephone, casualty losses, fuel for fleet vehicles, bad debt write-off, etc. The amount budgeted for 2016 is approximately \$40,000 lower than the 2015 budget. Fuel is the biggest driver of this decrease resulting in \$100,000 lower expenses for 2016. Offsetting this decrease is a budgeted increase in corporate insurance of \$60,000, primarily due to increased property values.

Details of all the Operating Work Plans and the comparison between the 2016 Proposed Budget and the 2015 Approved Budget begin on page 14.

# CAPITAL BUDGET

The 2016 capital budget includes \$22.6 million of capital requests.

Over \$4.0 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 2015 but will have expenses to be incurred in 2016.

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

- Construction of a new ASR well, well pump, well house, and piping that will serve the City of West Des Moines.
- 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.
- Establishing a walking/bicycle connection between Grays Lake and Des Moines Water Works Park.
- 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 \$11.5 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 25.

## **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.

## 2016 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
OPERATING										
Company-Wide	-	90,000	-	1,160,000	-	-	60,000	-	7,441,249	8,751,249
Inventory	1,300	117,549	15,000	72,850	2,000	2,150	220,808	5,346,550	-	5,778,207
Materials	62,823	67,024	13,586	565,815	31,480	48,950	1,033,510	923,425	-	2,746,613
Services	110,550	201,570	924,289	589,116	155,157	744,820	1,896,934	2,906,891	-	7,529,327
Utilities	-	33,600	-	-	-	168,000	10,300	2,451,677	-	2,663,577
<b>Total Operating</b>	<b>174,673</b>	<b>509,743</b>	<b>952,875</b>	<b>\$ 2,387,781</b>	<b>\$ 188,637</b>	<b>\$ 963,920</b>	<b>3,221,552</b>	<b>11,628,542</b>	<b>7,441,249</b>	<b>27,468,972</b>
CAPITAL	105,730	1,040,130	17,876,874	4,500	-	578,800	343,099	1,150,808	-	21,099,941
<b>LABOR EXPENSES (by department)</b>	<b>515,321</b>	<b>2,230,993</b>	<b>1,638,564</b>	<b>828,013</b>	<b>248,577</b>	<b>686,907</b>	<b>4,513,765</b>	<b>4,276,143</b>	<b>-</b>	<b>14,938,284</b>
<b>TOTAL</b>	<b>795,724</b>	<b>3,780,866</b>	<b>20,468,313</b>	<b>\$ 3,220,294</b>	<b>\$ 437,214</b>	<b>\$ 2,229,627</b>	<b>8,078,416</b>	<b>17,055,494</b>	<b>7,441,249</b>	<b>63,507,197</b>
Full-Time Equivalents	5.0	35.8	20.8	10.6	3.5	8.0	68.6	63.2		215.6

Reconciliation to 2016 Budget Summary	
Operating Expenses	40,889,621
Capital Expenses	22,617,576
<b>Total Expenses</b>	<b>63,507,197</b>

Work Plan & Description	2016 Proposed		2015 Approved		Inc / (Dec)
		Budget	Budget		
<b>Board Activities</b>	Labor	66,245	103,518		
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.	Non Labor	36,800	142,600		
	Total	103,045	246,118	(143,073)	A -58.1%
<b>CEO Office Operations</b>	Labor	108,640	100,152		
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.	Non Labor	69,593	64,880		
	Total	178,233	165,032	13,201	8.0%
<b>Business Strategy</b>	Labor	100,058	107,768		
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.	Non Labor	805	3,805		
	Total	100,863	111,573	(10,710)	-9.6%
<b>Project Management</b>	Labor	105,261	52,295		
Provides costs associated with managing operational projects as assigned by the CEO.	Non Labor	23,050	22,750		
For 2016, the work plan includes costs to implement ISO 50001 which develops a policy to improve energy management. DMWW will also begin work for the Dept of Energy's Superior Energy Performance certification.	Total	128,311	75,045	53,266	B 71.0%
<b>Public Policy - Watershed Advocate</b>	Labor	60,828	27,129		
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 the drinking water industry's ability to provide safe drinking water to consumers in a cost effective and sustainable manner.	Non Labor	44,425	35,100		
	Total	105,253	62,229	43,024	C 69.1%
<b>Total Office of the CEO</b>	Labor	441,032	390,863		
	Non Labor	174,673	269,135		
	Total	615,705	659,998	(44,292)	-6.7%

Explanation of Significant Variances

**A - Board Activities**

Expenses related to CIRDWC have been taken out of the 2016 budget. This includes the governance study that was budgeted in 2015 at \$100,000.

**B - Project Management**

There are labor hours budgeted for a newly formed Energy Team has been established with the goals of benchmarking energy use, reducing energy consumption, educating employees, measuring results, and communicating results. Additionally, a new position has been added to focus half-time on project management and half-time on safety initiatives, which are included in the Safety work plan (in Water Distribution).

**C - Public Policy-Watershed Advocate**

Increase in labor hours for an Environmental Advocacy Leader. This is a new position in 2016. Increase of \$10,000 for contracted lobbyist.

2016 Operating Work Plans Recommended for Funding  
Customer Service

Work Plan & Description		2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)	
<b>Customer Service Administration</b> Captures the general and administrative costs of customer service, including training.	Labor	71,256	76,126		
	Non Labor	21,640	22,050		
	Total	92,896	98,176	(5,279)	-5.4%
<b>Customer Service Contact Center &amp; Data Quality</b> 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	806,135	766,332		
	Non Labor	144,700	134,100		
	Total	950,835	900,432	50,403	5.6%
<b>Field Customer Service</b> Includes the costs of field service workers in completing work orders, repairing meters, administration of contracted plumbers, and repairing stop boxes.	Labor	966,401	1,036,408		
	Non Labor	182,903	173,390		
	Total	1,149,304	1,209,798	(60,493)	-5.0%
<b>Communications &amp; Public Relations</b> Provides for public relations efforts, communications materials, Web site support, graphics services, and revenue generating services for the Utility.	Labor	59,843	67,354		
	Non Labor	80,300	85,050		
	Total	140,143	152,404	(12,261)	-8.0%
<b>New Business, Community &amp; Economic Development, Existing Relationships</b> 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	36,203	39,549		
	Non Labor	80,200	80,200		
	Total	116,403	119,749	(3,346)	-2.8%
<b>Utility Education</b> Coordinates and presents environmental education programs to educate the public about water treatment and watershed protection.	Labor	-	60,083		
	Non Labor	-	8,861		
	Total	-	68,944	(68,944)	-100.0%
<b>Total Customer Service</b>	Labor	1,939,838	2,045,851		
	Non Labor	509,743	503,651		
	Total	2,449,581	2,549,502	(99,921)	-3.9%

Explanation of Significant Variances

**A - Customer Service Contact Center & Data Quality**

Overall labor hours are up in this work plan. There is no additional staff being budgeted, only a re-allocation of hours.

**B - Field Customer Service**

Labor hours are down due to the reallocation of hours within this work plan to the Distribution Field Support work plan.

**C - Utility Education**

The education program has been eliminated. Adult tours have been moved into the Marketing budget.

2016 Operating Work Plans Recommended for Funding  
Engineering

Work Plan & Description		2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)
<b>Engineering Management</b> 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	219,449	231,286	
	Non Labor	54,136	55,556	
	Total	273,585	286,842	(13,257) -4.6%
<b>Engineering Studies</b> 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	176,144	91,793	
	Non Labor	898,739	139,600	
	Total	1,074,883	231,393	843,489 364.5%
<b>Total Engineering</b>	Labor	395,593	323,080	
	Non Labor	952,875	195,156	
	Total	1,348,468	518,236	830,232 160.2%

Explanation of Significant Variances

A - Engineering Studies

The 2016 budget includes two significant studies.

Long Range Planning - \$530,000

Gray's Lake Environmental Study - \$210,000



2016 Operating Work Plans Recommended for Funding  
Finance

Work Plan & Description		2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)
<b>Finance Administration</b>				
Summarizes the administrative costs for the Finance department including clerical support, performance management, and training.	Labor	52,005	61,047	
	Non Labor	36,000	34,170	
	Total	88,005	95,217	(7,213) -7.6%
<b>Financial Services</b>				
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	424,526	383,822	
	Non Labor	1,309,509	1,256,100	
	Total	1,734,035	1,639,922	94,112 5.7% A
<b>Payment Processing</b>				
Summarizes the costs to perform accounts receivable billing, collection, and balancing functions for the utility.	Labor	57,783	57,189	
	Non Labor	296,169	281,688	
	Total	353,953	338,877	15,076 4.4%
<b>Mail Processing</b>				
Summarizes the costs to prepare and mail customer bills.	Labor	37,365	35,967	
	Non Labor	568,200	567,096	
	Total	605,565	603,063	2,502 0.4%
<b>Purchasing &amp; Central Stores</b>				
Provides support to our internal customers for purchasing, warehousing and delivering of product in a cost effective and timely manner.	Labor	175,121	168,362	
	Non Labor	4,700	4,200	
	Total	179,821	172,562	7,259 4.2%
<b>Greater Des Moines Botanical Gardens</b>				
Captures administrative operations, education services, horticulture services, facility maintenance, gift shop, catering and marketing public relations.	Labor	26,797	28,098	
	Non Labor	173,203	171,902	
	Total	200,000	200,000	(0) 0.0%
<b>Total Finance</b>				
	Labor	773,598	734,486	
	Non Labor	2,387,781	2,315,156	
	Total	3,161,379	3,049,642	111,736 3.7%

Explanation of Significant Variances

A - Financial Services

Increase in corporate insurance of \$60,000.

2016 Operating Work Plans Recommended for Funding  
Human Resources

<b>Work Plan &amp; Description</b>		<b>2016 Proposed Budget</b>	<b>2015 Approved Budget</b>	<b>Inc / (Dec)</b>
<b>HR Administration</b> Captures the general clerical and administrative costs of the Human Resources department.	Labor	48,017	61,762	
	Non Labor	10,255	9,855	
	Total	58,272	71,617	(13,345) -18.6%
<b>Employee Relations</b> 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	141,323	169,205	
	Non Labor	30,645	39,545	
	Total	171,968	208,750	(36,782) A -17.6%
<b>Employment</b> Provides resources for recruiting and selecting quality new employees for vacant positions. Equal Employment Opportunity and affirmative action compliance is also assured.	Labor	37,735	36,655	
	Non Labor	17,920	20,920	
	Total	55,655	57,575	(1,920) -3.3%
<b>Compensation &amp; Benefits</b> Includes costs associated with maintaining and enhancing a competitive, cost-effective and compliant employee compensation and benefits program.	Labor	44,951	35,559	
	Non Labor	64,467	35,285	
	Total	109,418	70,844	38,574 B 54.4%
<b>Employee Learning &amp; Growth</b> Provides for the administration and coordination of utility-wide employee training, continual learning, career planning, and work-life balance initiatives.	Labor	8,416	7,475	
	Non Labor	65,350	65,350	
	Total	73,766	72,825	941 1.3%
<b>Total Human Resources</b>	Labor	280,441	310,656	
	Non Labor	188,637	170,955	
	Total	469,078	481,611	(12,532) -2.6%

Explanation of Significant Variances

**A - Employee Relations**

Lower budgeted labor hours in 2016 as expenses related to union contract negotiations were included in the 2015 budget.

**B - Compensation & Benefits**

Increased expenses related to ADP HR/Benefits module in ADP being moved to this work plan from Finance.

Additionally, expenses related to compliance with the Affordable Care Act have been budgeted in 2016.

2016 Operating Work Plans Recommended for Funding  
Information Technology

Work Plan & Description	2016 Proposed		2015 Approved		Inc / (Dec)
		Budget	Budget		
<b>I.T. Administration</b>	Labor	91,806	82,139		
Captures the general and administrative costs of the I.T. department including: invoice processing, budget tracking, performance management and training.	Non Labor	40,200	37,495		
	Total	132,006	119,634	12,372	10.3%
<b>Technical Services</b>	Labor	87,238	91,508		
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	109,200	106,700		
	Total	196,438	198,208	(1,770)	-0.9%
<b>I.T. Development</b>	Labor	27,930	71,342		
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	60,000	50,000		
	Total	87,930	121,342	(33,412)	-27.5%
<b>System Services</b>	Labor	87,592	112,372		
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	347,520	287,755		
	Total	435,112	400,127	34,985	A 8.7%
<b>I.T. Services</b>	Labor	172,775	221,805		
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	407,000	378,350		
	Total	579,775	600,155	(20,380)	B -3.4%
<b>Total I.T.</b>	Labor	467,341	579,166		
	Non Labor	963,920	860,300		
	Total	1,431,261	1,439,466	(8,205)	-0.6%

Explanation of Significant Variances

Overall labor hours are ~2400 hours lower in 2016 for I.T. operating projects.

This is due to an open position being eliminated from the budget. For now, consulting dollars will be utilized instead of filling the position.

**A - System Services**

Non-labor increase in maintenance contracts related to a new intranet/collaboration platform and the shared storage platform (SAN).

**B - I.T. Services**

Non-labor increase in maintenance contracts related to CRM & EAM.

2016 Operating Work Plans Recommended for Funding  
Water Distribution

Work Plan & Description		2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)
<b>Distribution Administration (Distribution Support)</b> Administrative costs for the Distribution department including clerical support, employee meetings, performance management, and training	Labor	158,900	149,065	
	Non Labor	37,350	37,320	
	Total	196,250	186,385	9,865 5.3%
<b>Des Moines Field Support</b> 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	337,531	261,251	
	Non Labor	34,156	33,655	
	Total	371,687	294,906	76,781 26.0%
<b>Distribution System Maintenance &amp; Repair</b> 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	1,481,379	1,414,100	
	Non Labor	1,063,043	1,099,513	
	Total	2,544,422	2,513,613	30,810 1.2%
<b>Leak Detection and Locating</b> Costs for leak detection, locating, customer distribution services (complaints/inquiries), and feeder signage maintenance.	Labor	553,262	529,747	
	Non Labor	34,625	37,000	
	Total	587,887	566,747	21,141 3.7%
<b>Distribution Billed Services</b> 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	170,658	143,863	
	Non Labor	396,395	390,980	
	Total	567,053	534,843	32,210 6.0%
<b>Distribution Water Quality</b> 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	131,849	122,830	
	Non Labor	7,580	5,047	
	Total	139,429	127,877	11,552 9.0%
<b>Risk &amp; Incident Management</b> Costs including park police, contract security, access control, surveillance, emergency operations, and flood protective measures. Also includes costs associated with liability claims.	Labor	199,276	202,546	
	Non Labor	394,900	368,500	
	Total	594,176	571,046	23,130 4.1%
<b>Grounds Maintenance</b> 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	437,962	480,411	
	Non Labor	1,160,823	872,850	
	Total	1,598,785	1,353,261	245,524 18.1%
<b>Safety</b> Captures the general and administrative costs of the safety program - which includes labor, outside consultants to provide training, and safety materials and supplies.	Labor	152,804	115,179	
	Non Labor	92,680	78,640	
	Total	245,484	193,819	51,665 26.7%
<b>Total Water Distribution</b>	Labor	3,623,621	3,418,991	
	Non Labor	3,221,552	2,923,504	
	Total	6,845,173	6,342,495	502,678 7.9%

Explanation of Significant Variances

**A - Des Moines Field Support**

Labor expenses up as more time is being allocated to this work plan - majority coming from Field Customer Service.

**B - Grounds Maintenance**

- PILOT expense increased by \$165,000.
- Improvement to Fleur Drive medians - \$41,000
- Contracted mowing services - \$50,000 (results in fewer temporary staff)
- Large tree removal - \$17,500

**C - Safety**

- Increase in costs for air monitors due to change in confined space procedures - \$17,000
- Increased labor hours for a addition to staff who will spend about half time on safety initiatives and other half on project management (in CEO department).

Work Plan & Description		2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)	
<b>Water Production Administration</b> Administrative and support costs for the Water Production department including clerical support, employee meetings, performance management, and training	Labor	222,969	189,139		
	Non Labor	70,670	71,450		
	Total	293,639	260,589	33,050	12.7%
<b>Water Production Operations</b> 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	849,253	806,329		
	Non Labor	480,682	30,680		
	Total	1,329,935	837,009	492,926	58.9%
<b>Fleur Plant Chemicals &amp; Energy</b> 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	12,780	11,924		
	Non Labor	5,225,432	4,035,268		
	Total	5,238,212	4,047,193	1,191,019	29.4%
<b>McMullen Plant Chemicals &amp; Energy</b> 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	58,948	58,740		
	Non Labor	2,055,773	1,807,384		
	Total	2,114,722	1,866,125	248,597	13.3%
<b>SWTP Chemicals &amp; Energy</b> 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	54,719	53,313		
	Non Labor	892,107	956,645		
	Total	946,826	1,009,958	(63,132)	-6.3%
<b>Fleur Maintenance</b> 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	645,921	679,957		
	Non Labor	649,080	585,936		
	Total	1,295,001	1,265,893	29,108	2.3%
<b>McMullen Maintenance</b> Includes all maintenance and repair expenses of the McMullen Treatment Plant, radial collector wells, Crystal Lake, and ASR.	Labor	166,004	154,698		
	Non Labor	275,644	147,268		
	Total	441,648	301,966	139,682	46.3%
<b>SWTP Maintenance</b> Includes mechanical and electrical maintenance for the Saylorville Water Treatment Plant.	Labor	142,684	112,579		
	Non Labor	154,279	105,283		
	Total	296,963	217,862	79,100	36.3%

Explanation of Significant Variances

**A - Water Production Operations**

Legal fees related to nitrate litigation - \$450,000

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

The 2016 budget includes slightly lower pumpage at Fleur with the offset increase in pumpage at SWTP. Chemical prices are seeing a modest increase - generally ~5% - resulting in increased costs of \$265,000. Additionally, with increasing use of the nitrate removal facility, the chemical usage in this process has increased by \$160,000. Expenses for residual removal increasing ~\$800,000 due to new vendor removing the residuals at a higher rate per ton as well as a stockpile of residuals needing to be removed in 2016. The cost to remove has gone from \$14.00/ton in the 2015 budget to \$20.00/ton in the 2016 budget. Electric expenses used in the treatment process has increase by ~\$175,000 due to increase in electrical rates.

**E, F, G - Treatment Plant Maintenance**

Plant maintenance costs at the three treatment plants have increased by \$310,000 in non-labor expenses. Increased costs at the Fleur plant are due to more emphasis on the Gallery and Nitrate Facility. Aging infrastructure and a need for more redundancy is also a concern. Repair and maintenance of aging motors and drives at the McMullen plant has been budgeted in 2016. Vibration analysis and thermal imaging has been budgeted in 2016 for both the McMullen WTP and Saylorville WTP.

Work Plan & Description		2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)	
<b>Water Production Maintenance Oversight</b> Provides oversight efforts for the daily planning of maintenance in Water Production. Also encompasses the efforts to maintain the CMMS system.	Labor	138,056	169,695		
	Non Labor	-	83,200		
	Total	138,056	252,895	(114,839)	A -45.4%
<b>Louise P. Moon Pumping Maintenance</b> 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	43,007	36,050		
	Non Labor	253,843	253,576		
	Total	296,850	289,626	7,224	2.5%
<b>Polk County Storage &amp; Pumping</b> 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	16,829	23,066		
	Non Labor	97,986	86,756		
	Total	114,815	109,822	4,993	4.5%
<b>Des Moines Remote Storage</b> 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	147,597	113,363		
	Non Labor	304,048	238,391		
	Total	451,646	351,754	99,892	B 28.4%
<b>Lab Operations</b> Routine, non-investigative testing in the chemistry laboratory related to regulatory compliance and assessment of treatment plant processes.	Labor	226,549	218,489		
	Non Labor	111,800	89,000		
	Total	338,349	307,489	30,860	C 10.0%
<b>Microbiology Operations</b> Routine, non-investigative testing in the microbiology laboratory related to regulatory compliance and assessment of treatment plant processes.	Labor	88,707	93,346		
	Non Labor	49,000	44,000		
	Total	137,707	137,346	361	0.3%
<b>Water Quality Research</b> Investigative testing concerning water quality and plant process improvements.	Labor	55,327	51,886		
	Non Labor	8,000	8,000		
	Total	63,327	59,886	3,441	5.7%
<b>Source Water Quality Monitoring</b> Investigation of source water quality related to CPS objectives, ACWA/ISA monitoring, Urban Snapshot monitoring, and the IDNR/DMWW cooperative monitoring project.	Labor	21,906	33,468		
	Non Labor	15,000	18,000		
	Total	36,906	51,468	(14,562)	-28.3%

Explanation of Significant Variances

**A - Water Production Maintenance Oversight**

The 2015 budget included temporary labor (budgeted as non-labor) to complete EAM implementation tasks which is not needed in 2016.

**B - Des Moines Remote Storage**

Increase attributable to efforts for Runnells Wastewater in repairing aerators and maintaining low lift pumps.

**C - Lab Operations**

Additional expenses related to training, lab certification, outside analysis, specialty gasses and tank rentals.

<b>Work Plan &amp; Description</b>		<b>2016 Proposed Budget</b>	<b>2015 Approved Budget</b>	<b>Inc / (Dec)</b>
<b>Radio Communication Equipment</b> Maintenance and supervision expenses of the trunked radio system and telemetry system.	Labor	8,120	6,005	
	Non Labor	35,900	28,400	
	Total	44,020	34,405	9,615 27.9%
<b>HVAC Operations</b> To operate, maintain, and repair all heating, air conditioning, and ventilation equipment for all DMWW facilities.	Labor	43,391	39,097	
	Non Labor	40,227	30,227	
	Total	83,618	69,324	14,294 20.6%
<b>Facility Maintenance</b> Captures the general and administrative costs of building upkeep and general facility maintenance.	Labor	141,279	136,927	
	Non Labor	377,101	353,811	
	Total	518,380	490,738	27,642 5.6%
<b>Vehicle Maintenance</b> 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	375,215	354,461	
	Non Labor	531,970	615,250	
	Total	907,185	969,711	(62,526) -6.4%
<b>Total Water Production</b>	Labor	3,459,261	3,342,533	
	Non Labor	11,628,542	9,588,526	
	Total	15,087,803	12,931,060	2,156,743 16.7%

Explanation of Significant Variances

**A - Vehicle Maintenance**

Fuel is budgeted to be \$105,000 lower than the 2015 budget.  
 Offsetting the fuel decrease is GPS for an additional 20 units in the fleet.

2016 Operating Work Plans Recommended for Funding

Summary Operating Expenses	2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)
<b>Total by Department</b>			
CEO	615,705	659,998	(44,292)
Customer Service	2,449,581	2,549,502	(99,921)
Engineering	1,348,468	518,236	830,232
Finance	3,161,379	3,049,642	111,736
HR	469,078	481,611	(12,532)
IT	1,431,261	1,439,466	(8,205)
Water Distribution	6,845,173	6,342,495	502,678
Water Production	15,087,803	12,931,060	2,156,743
Utility Benefits	9,481,172	8,778,099	703,074
Includes non-productive time (vacation, sick, holiday) and benefits (health insurance, deferred comp match, pension, IPERS, FICA, etc.)			
<b>Total Recommended Operating Budget</b>	40,889,621	36,750,107	4,139,513 11.3%



Work Plan & Description		2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)
<b>Field Customer Service Capital</b>				
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.	Labor	-	-	
	Non Labor	646,307	890,247	
	Total	646,307	890,247	(243,940) -27.4%
<b>Radio Frequency</b>				
This work plan provides for the cost of replacing failing meter reading units.	Labor	58,186	10,225	
	Non Labor	393,824	27,440	
	Total	452,010	37,665	414,344 1100.1%
<b>Facility Management</b>				
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.	Labor	43,468	28,988	
	Non Labor	303,137	313,834	
	Total	346,604	342,822	3,782 1.1%
Included in the 2016 budget are projects for riverbank protection in Water Works Park, standpipe foundation repairs, capital projects related to safety compliance, and purchasing a new Trimble unit to maximize efficiencies in surveying.				
<b>Fleur Drive Treatment Plant</b>				
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.	Labor	22,702	26,553	
	Non Labor	921,851	820,479	
	Total	944,553	847,032	97,521 11.5%
Projects budgeted include:				
Filter Media Replacement		545,002		
Gallery Improvements		149,551		
Coagulant Improvements		250,000		
		<u>944,553</u>		
<b>McMullen Treatment Plant</b>				
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.	Labor	-	31,928	
	Non Labor	-	1,500,000	
	Total	-	1,531,928	(1,531,928) -100.0%
<b>Saylorville Treatment Plant</b>				
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.	Labor	32,839	8,866	
	Non Labor	864,885	164,000	
	Total	897,724	172,866	724,858 419.3%
Projects budgeted include:				
UF Membrane Expansion		298,677		
RO Replacement		599,047		
		<u>897,724</u>		
<b>Water System Improvements</b>				
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.	Labor	292,555	429,547	
	Non Labor	3,564,745	4,190,155	
	Total	3,857,300	4,619,702	(762,401) -16.5%
<b>Raw Water at Maffitt</b>				
This work plan is to provide additional low nitrate raw water supply to the McMullen Water Treatment Plant. Included in the 2016 budget are construction of the Crystal Lake pump station, which has dollars carried over from the 2015 budget, and design of the presedimentation facility.	Labor	171,832	77,681	
	Non Labor	2,457,200	2,785,000	
	Total	2,629,032	2,862,681	(233,649) -8.2%
<b>Core Network Feeder Main</b>				
This work plan is to 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.	Labor	122,284	124,232	
	Non Labor	4,045,883	3,662,553	
	Total	4,168,167	3,786,785	381,382 10.1%
<b>Army Post ASR</b>				
The work plan is to continue construction of a new ASP well, well pump, well house, and piping that will serve the City of West Des Moines.	Labor	85,985	-	
	Non Labor	1,900,903	-	
	Total	1,986,888	-	1,986,888

Work Plan & Description		2016 Proposed Budget	2015 Approved Budget	Inc / (Dec)
<b>Development Plan Review</b> 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.	Labor	173,604	156,655	
	Non Labor	4,900	4,900	
	Total	178,504	161,555	16,950 10.5%
<b>DMWW Park Foundation</b> This work plan captures the costs to establish a connection between Gray's Lake and Des Moines Water Works Park. It is completely funded by the DMWW Park Foundation.	Labor	68,132	-	
	Non Labor	3,881,400	-	
	Total	3,949,532	-	3,949,532
<b>Finance Capital</b> Captures costs to purchase a new payment scanner in the mailroom to process customer check payments.	Labor	-	-	
	Non Labor	4,500	-	
	Total	4,500	-	4,500
<b>I.T. Capital</b> Captures the costs of ensuring all hardware and software operates reliably and within performance standards.	Labor	134,124	176,503	
	Non Labor	597,500	917,300	
	Total	731,624	1,093,803	(362,179) -33.1%
<b>Water Distribution System Improvements</b> 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.	Labor	234,637	239,188	
	Non Labor	343,099	396,379	
	Total	577,736	635,567	(57,831) -9.1%
<b>Water Production Plant Reinvestment</b> 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.	Labor	77,286	115,307	
	Non Labor	923,808	1,085,500	
	Total	1,001,094	1,200,807	(199,713) -16.6%
<b>Vehicle Replacement</b> Captures the cost of replacing vehicles and related equipment.	Labor	-	-	
	Non Labor	246,000	246,000	
	Total	246,000	246,000	- 0.0%
Total Recommended Capital Budget		22,617,576	18,429,460	4,188,117 22.7%
Summary by Expense Classification				
Total Labor		1,517,635	1,425,673	91,962
Total Non Labor		21,099,941	17,003,786	4,096,155