

DATE: October 3, 2017  
TO: William Stowe, CEO & General Manager  
FROM: Peggy Freese, CFO  
Michelle Holland, Controller  
SUBJECT: Proposed 2018 Budget

In early June, the Finance staff kicked off the budgeting process for 2018. The attached document contains the following:

2018 Budget Overview

Proposed 2018 Budget Summary and Comparison to 2017 Budget

Des Moines Water Works Budget Process

Details of Proposed Revenue, Operating Expenses, and Capital Expenses

2018 Budget by Department

2018 Benefits Budget

2018 Operating Work Plans Recommended for Funding

2018 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. At the time of this writing, 2017 looks to be a very good year for pumpage due to the hot, dry summer. This year should end up approximately 1.0 billion gallons over the budget of 17.0 billion gallons.

This chart shows pumpage for the last five completed years:

Year	Billion Gallons
2012	18.5
2013	17.6
2014	16.1
2015	15.8
2016	17.1

Weather plays a huge impact on pumpage. 2014 and 2015 were relatively cool wet years where pumpage was lower than budgeted. Whereas, 2012 and 2013 were warmer and dryer with higher than budgeted pumpage. 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 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. The allocation among the facilities remains unchanged for 2018 compared to the 2017 budget. Once the allocation of pumpage is determined, chemicals, energy, and residual removal is budgeted based on the levels of production at each facility. Chemical expenses are budgeted to be 3.3% (~\$163,000) higher in 2018. This is a function of both moderate price increases and the continuous efforts to treat the ever-changing raw water to a finished product that meets drinking water standards. Electrical expenses are budgeted to decrease slightly in the 2018 budget. Historical run rates per million gallons of production at each plant are used to budget electricity usage and costs. Finally, residual removal expenses are budgeted to increase by \$870,000. This expense represents a 'catch-up' of hauling from the east lagoon at the McMullen Treatment Plant. Residuals at McMullen go through a three-stage cycle. Fill a lagoon with residuals, allow residuals to dry, remove residuals from lagoon. Since there are only two lagoons at the plant, the expense for hauling doesn't occur in a three-year cycle. Therefore, expenses

fluctuate through the years. The budget assumes that two-thirds of the east lagoon at the McMullen Treatment Plant will be emptied in 2018. This equates to ~53,000 tons.

Another item that sees significant variances from year to year is the number of main breaks. For example, in 2014, there were 418 breaks – a record setting year. The following year, there were 207 breaks – the lowest number for more than ten years. Reacting and budgeting to the extremes would again add risk in over or under budgeting the related expenses. The 2018 budget includes an average number of main breaks.

**Revenue** – Total revenue for 2018 is budgeted at \$63.9 million. This is up \$1.9 million compared to the 2017 budget. Water pumpage is budgeted at 17.0 billion gallons which is the same as the 2017 budget. Included in the 2018 budget is a 7% rate increase for most service areas, taking effect on April 1, 2018.

**Additional Funding** – This includes unspent funds that have been carried over from the prior year’s budget and other funding from outside entities; including Norwalk, Cumming, West Des Moines, Waukee, and Polk City. There is also funding from the Water Works Park Foundation to equally offset the capital expenditures included in this budget. The amount of additional funding budgeted for 2018 is nearly \$18.5 million.

**Operating Expenses** – Total operating expenses are budgeted at \$43.4 million for 2018. This is an increase of \$1.7 million, or 4.2%, from the 2017 budget. The biggest drivers of this increase include: labor, benefit costs, and residual removal expenses. Offsetting these increases are a reduction in legal expenses from the dismissal of the nitrate lawsuit and from the reduction in consultant expenses for a review of the Cost of Service Study that is being done in 2017. More information on these increases starts on page 8.

**Capital Expenses** – Total capital expenditures are budgeted at \$33.2 million. Funding sources (mentioned above in Additional Funding) of \$18.5 million leaves approximately \$14.7 million of capital projects to be funded from the utility’s revenues. This compares to approximately \$13.6 million of capital projects budgeted from the utility’s revenues in 2017.

**Debt Service Obligations** – Total debt service is budgeted at \$4.3 million in 2018. This represents the amounts that will be received from the wholesale customers who participated in the bond issues as well as DMWW’s obligation.

**Operating Reserves** – Operating reserves are budgeted at \$1.5 million in 2018. This includes \$500,000 that is budgeted each year to increase reserves due to the increases in operating expenses along with a \$1.0 million increase to reserves due to the revenue shortfall in 2015. This is the third, and final, year of making up for the revenue shortfall.

**DES MOINES WATER WORKS  
PROPOSED 2018 BUDGET SUMMARY AND COMPARISON TO 2017 BUDGET**

	<b>2018 Proposed Budget</b>	<b>2017 Approved Budget</b>	<b>Percentage Change</b>
<b>REVENUE:</b>			
Water sales	\$56,673,931	\$ 54,129,452	4.7%
Debt service payments reimbursements	2,389,189	3,280,384	(27.2%)
Penalties and fees	280,000	260,000	7.7%
Other sales and services	1,841,446	1,924,376	(4.3%)
Billing service revenue	1,719,788	1,503,585	14.4%
Land & building use revenue	220,000	194,000	13.4%
Connection Fees	700,000	450,000	55.6%
Interest income	111,719	248,979	(55.1%)
	<hr/>		
Total revenue available for expenses	\$ 63,936,073	\$ 61,990,776	3.1%
<b>ADDITIONAL FUNDING:</b>			
Unspent funds carried over from prior year's approved budget	2,526,000	5,399,176	(53.2%)
Development Plan Review	67,600	66,154	2.2%
DMWW Park Foundation - funded by donations	5,400,414	1,955,401	176.2%
Other projects funded by outside entities (Norwalk, Cumming, West Des Moines, Polk City, and Waukee)	10,469,739	8,566,165	22.2%
	<hr/>		
Total additional funding available for expenses	\$ 18,463,753	\$ 15,986,896	15.5%
	<hr/>		
<b>Total revenue and additional funding</b>	<b>\$ 82,399,826</b>	<b>\$ 77,977,672</b>	5.7%
<b>EXPENSES:</b>			
<i>Operating expenses:</i>			
Labor	14,177,862	13,675,501	3.7%
Benefits	8,063,246	7,681,102	5.0%
Chemicals	5,077,967	4,915,067	3.3%
Residual Removal	2,315,695	1,444,500	60.3%
Utilities	2,583,536	2,566,580	0.7%
Gasoline/Fuel	213,450	210,000	1.6%
Purchased Services	5,356,568	5,206,951	2.9%
Legal Fees	93,600	538,900	(82.6%)
Training	152,985	145,095	5.4%
Materials and Equipment	3,217,940	3,058,427	5.2%
Insurance	1,257,000	1,310,000	(4.0%)
Postage	511,894	511,772	0.0%
Telephone	208,600	219,580	(5.0%)
Casualty Loss	60,000	60,000	0.0%
Loss on Bad Accounts	90,000	90,000	0.0%
	<hr/>		
Subtotal - Operating expenses	\$ 43,380,343	\$ 41,633,475	4.2%
<i>Capital expenditures:</i>			
Requests for new capital projects	25,314,315	22,220,314	13.9%
Multiple-year capital projects began before 2018 (carryover)	2,526,000	5,399,176	(53.2%)
Park Improvement Plan project (separated from above capital projects)	5,400,414	1,955,401	
	<hr/>		
Subtotal - Capital expenditures	\$ 33,240,729	\$ 29,574,891	12.4%
<i>Debt service obligations:</i>			
Des Moines Water Works' direct obligation	1,864,566	1,876,922	(0.7%)
Political subdivisions' obligation	2,414,189	3,392,384	(28.8%)
	<hr/>		
Subtotal - Debt service obligations	\$ 4,278,755	\$ 5,269,306	(18.8%)
<i>Operating reserves:</i>			
Addition to operating reserves	500,000	500,000	
Reimburse operating reserves due to 2015 revenue shortfall	1,000,000	1,000,000	
	<hr/>		
<b>Total projected uses</b>	<b>\$ 82,399,827</b>	<b>\$ 77,977,672</b>	5.7%
	<hr/>		
Net position of revenues to expenses	(0)	0	

## Des Moines Water Works Budget Process

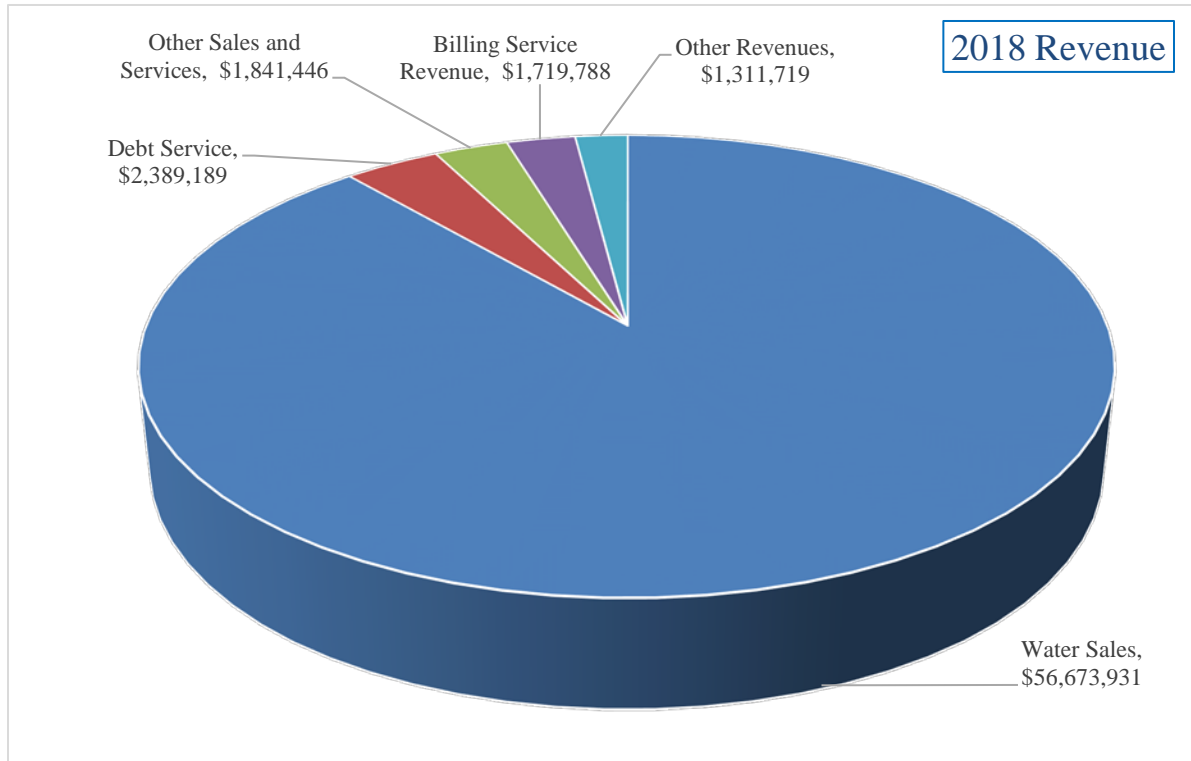
DMWW budgeting is very detailed and requires a high level of participation across the utility. We use an activity-based methodology which correlates to our internal financial reporting. Activity-based costing provides the cost tracking and allocations required for our Cost of Service calculations. Budgets 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 2018 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 2018 is projected at \$63.9 million which results in a 3.1% increase over the approved 2017 budget.



**Water Sales** are the most significant source of operating revenue making up nearly 89% of the total revenue. This is \$2.5 million higher than the 2017 water sales budget. The 2018 pumpage budget remains the same as the 2017 budget of 17.0 billion gallons. Included in the budget is a 7% rate increase most service areas.

**Debt Service Reimbursements** are payments DMWW receives from wholesale customers who participated in bond issues. This totals \$2.4 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, etc.

**Billing Service Revenue** is budgeted at \$1.7 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**, which are grouped together on the pie chart, are budgeted at approximately \$1.3 million and is made up of:

Penalties & Fees	\$280,000
Connection Fees	\$700,000
Land & Bldg Lease Revenue	\$220,000
Interest Income	\$112,000
(on invested reserves)	

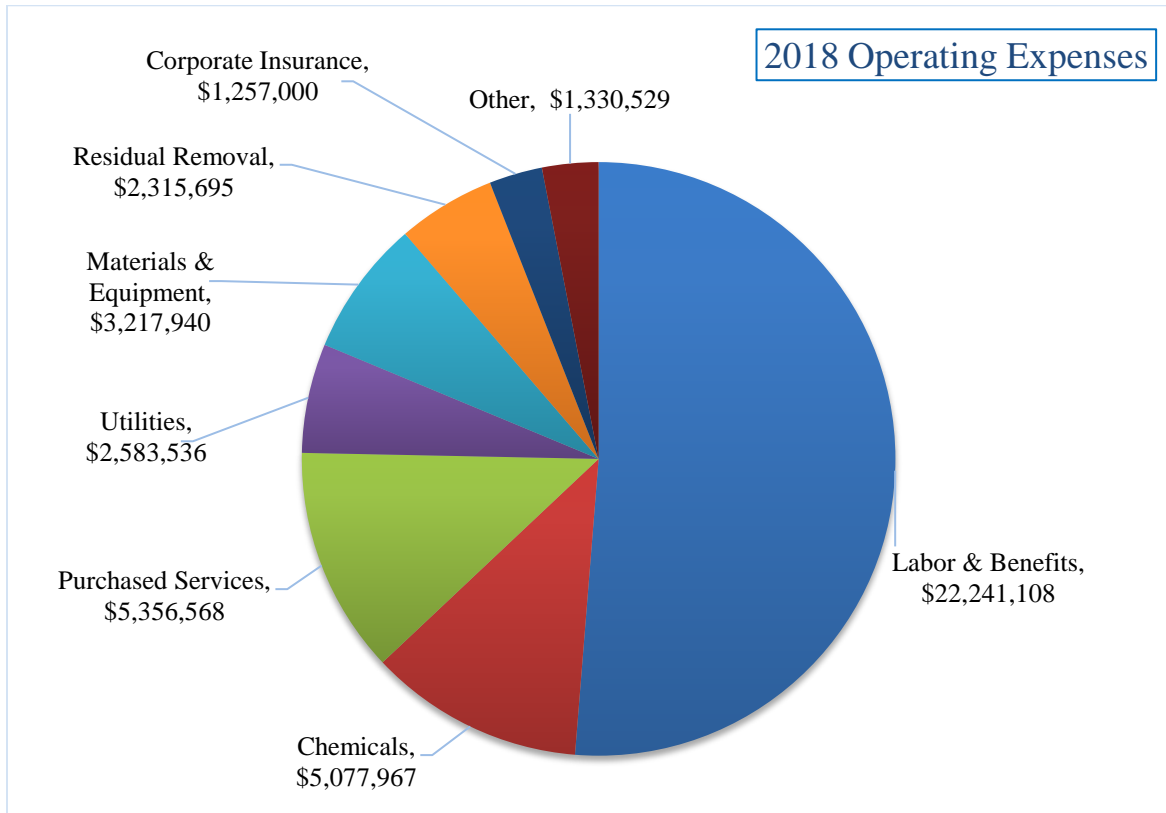
## **ADDITIONAL FUNDING**

These are additional resources which include funding of projects by other outside entities and prior year capital carryover. The total of Additional Funding is nearly \$18.5 million for the 2018 budget.

## OPERATING EXPENSE BUDGET

The operating expense 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 roughly 300 operating projects that have been budgeted for 2018.

The proposed operating budget totals \$43.4 million. This is an increase of 4.2% or approximately \$1.7 million from the approved 2017 budget.



Large variances in the 2018 budget compared to the 2017 budget are listed in the table below:

Expense	2018	2017	Increase/ (Decrease) \$	Increase/ (Decrease) %
Operating Labor	14,177,862	13,675,501	502,362	3.7%
Benefits	8,063,246	7,681,102	382,144	5.0%
Chemicals	5,077,967	4,915,067	162,900	3.3%
Residual Removal	2,315,695	1,444,500	871,195	60.3%
PILOT	1,132,000	925,000	207,000	22.4%
Security Guard Services	372,500	257,500	115,000	44.7%
Nitrate Legal	-	450,000	(450,000)	-100.0%
Consultant for review of Cost of Service	-	200,000	(200,000)	-100.0%
Electronic Payment Processing	137,173	305,844	(168,671)	-55.1%
<b>Increase in listed items: \$</b>			<b>1,421,929</b>	



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

Operating **Labor** is budgeted 3.7% higher than the 2017 approved budget. This equates to approximately \$500,000. This increase is made up two things: a labor rate increase which is budgeted per the union contract offset by a decrease in 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 5.0%, or nearly \$380,000, compared to the 2017 budget. Along with a labor rate increase comes increases to those benefits tied to wages. The utility’s contribution to employees’ medical premiums is going up a moderate amount per the union contract. The actuarial defined contribution to the DMWW pension plan is budgeted at \$1,200,000 which is \$250,000 higher than the 2017 budget. More details about the benefits budget can be found on page 14.

**Chemical expenses** are budgeted to increase 3.3% in 2018 which equates to approximately \$163,000. Most chemical prices are budgeted for modest price increases – generally ~4-5% - for 2018 per initial indications from chemical vendors. The 2018 budget assumes the ongoing use of Mississippi Lime at the Fleur Drive Treatment Plant. Two outliers on chemical pricing are sodium hypochlorite and sodium hydroxide. Those are budgeted to increase 20-30% due to a chlor-alkali plant closing in southern Iowa. This large price increase results in an additional cost of \$100,000 for these two chemicals.

**Purchased Services** budgeted in 2018 include:

Purchased Services	2018 Proposed Budget
PILOT	\$ 1,132,000
I.T. Maintenance Contracts	544,000
Stop Box Repairs	198,000
Banking/Audit/Payroll Fees	163,000
Credit Card/E-check/Bill-pay Fees	137,000
Security	373,000
Plant Maintenance	546,000
Distribution Maintenance/Repair	228,000
Engineering Studies	220,000
Facility Maintenance	135,000
GDMBG in-kind services	151,000
“Other” Services (numerous)	<u>1,530,000</u>
Total	<b>\$ 5,357,000</b>

These expenses are up 2.9% from the 2017 budget. The biggest driver of the increase is the PILOT to the City of Des Moines. It is budgeted based on the calculation provided by the City of Des Moines at \$1,132,000 for 2018. This is a \$207,000 increase from the 2017 budget.

**Utilities** expense is flat compared to the 2017 budget. The majority of the utility expense is energy used in the treatment process. Budgeted plant allocations – the amount of water produced at each plant – remain unchanged for 2018 which then keeps usage and resultant expenses comparable.

**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 5.2% higher in 2018, which equates to \$160,000. The largest drivers of the increase are costs for asphalt, concrete and aggregate, increased usage of barricades, higher costs for tapping materials, and materials used for maintenance of the three treatment plants and numerous remote facilities.

**Residual (lime) Removal** expenses are up nearly \$872,000 from the 2017 budget. This represents a 60% increase. Each year, the Fleur and McMullen treatment plants produce lime residuals. A ‘normal’ residual removal expense is approximately \$1.5 million per year. This would be the expense for the amount of residuals produced. As previously noted, the residuals at McMullen go through a three-stage cycle. Fill lagoon with residuals, dry residuals, remove residuals from lagoon. There are two lagoons at the McMullen Treatment Plant. The additional \$820,000 budgeted expense for 2018 is related to the residual material in the east lagoon at the McMullen facility. It is expected that Synagro will remove ~53,000 tons of ‘lagooned’ residuals in 2018.

**Other** expenses include: corporate insurance, legal fees, postage expenses, telephone, casualty losses, fuel for fleet vehicles, training, bad debt write-off, etc. The amount budgeted for 2018 is approximately \$500,000 lower than the 2017 budget. This is primarily due to legal expenses for nitrate lawsuit being removed from the budget. The amount budgeted in 2017 was \$450,000.

Details of all the Operating Work Plans and the comparison between the 2018 Proposed Budget and the 2017 Approved Budget begin on page 15.

# CAPITAL BUDGET

The 2018 capital budget includes \$33.2 million of capital requests.

Approximately \$2.5 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.

Another set of projects that have been budgeted are those with outside funding. The amount of outside funding in the 2018 budget is \$10.9 million. Included in those projects are:

- Construction of new feeder mains from the McMullen Treatment Plant to the SE corner of Maffitt Reservoir Park and from the park to N 43<sup>rd</sup> Street in Cumming. Additionally, a 5.0 mgd pump station will be built. These projects will serve Norwalk, West Des Moines, Cumming, and Warren Rural Water District.
- A joint project with Polk City to construct a new feeder main and pump station. The feeder main would provide higher pressures on the suction side of the Polk City Booster Station, alleviate high velocities on the discharge side of the station, and better serve the northern parts of the DMWW distribution system. The new pump station will replace the existing Polk City Booster Station due to its condition and need for additional capacity.
- Purchase capacity of a feeder main and pump station from Xenia and build a new chlorination station and meter pits.
- Phase one of the DMWW Park Foundation projects, including an amphitheater, lawns, restrooms, parking, natural play and markets, trails & roads, main pathway, etc.

That leaves approximately \$14.7 million of capital projects from the utility's revenue.

Included in the 2018 budget is the 2<sup>nd</sup> year of the project to purchase and implement a new customer information and billing system. The current system (CRM) has been in existence since 2004 and is built on outdated technology. The new system will have many new beneficial features for customers and employees such as an enhanced customer self-service portal, large print billing statements, business analytics, and will achieve the elimination of around 40,000 paper service orders annually. The amount budgeted in 2018 is \$2.5 million.

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 26.

## **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.

## BENEFITS BUDGET

Benefit costs makes up a significant portion of the utility's budget.

Employees are budgeted with non-productive time – which is their time off through the year. This includes holidays, vacation, floating holidays, and sick time. This time is reflected in labor expense. The amount budgeted for 2017 is \$2.3 million.

The non-labor piece of benefit expenses is budgeted at nearly \$8.1 million and includes costs for insurance premiums, employer contributions to IPERS, deferred compensation, social security taxes, contributions to the DMWW pension plan, and flex pay.

	2018 Proposed Budget	2017 Approved Budget
<b>Insurance Premiums</b>		
Employee Medical	\$ 3,046,500	\$ 2,960,280
Retiree Medical	223,980	208,212
Life/LTD/AD&D	55,070	49,506
<b>Retirement Expenses</b>		
IPERS (8.93%)	1,470,231	1,455,130
FICA taxes (7.65%)	1,259,492	1,245,920
DMWW Pension	1,200,000	950,000
Deferred Compensation	309,166	312,930
CEO Retention	105,000	103,500
Flex Dollars	372,674	374,492
Car Allowance	21,133	21,133
<b>Total Benefits</b>	<b>\$ 8,063,246</b>	<b>\$ 7,681,102</b>
<i>% of total labor</i>	<i>49.9%</i>	<i>49.4%</i>

## 2018 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.

<b>NON LABOR EXPENSES</b>	<b>CEO</b>	<b>Customer Service</b>	<b>Engineering</b>	<b>Finance</b>	<b>Human Resources</b>	<b>Information Technology</b>	<b>Water Distribution</b>	<b>Water Production</b>	<b>Unallocated Benefits</b>	<b>Total</b>
<b>OPERATING</b>										
Company-Wide	-	90,000	-	1,257,000	-	-	60,000	-	8,063,246	9,470,246
Inventory	1,100	125,937	19,000	79,750	2,000	150	281,097	5,674,785	-	6,183,819
Materials	60,951	73,060	14,855	530,985	38,352	55,500	1,060,964	1,002,765	-	2,837,432
Services	180,900	279,930	242,400	513,823	173,685	827,710	2,225,668	3,474,732	-	7,918,848
Utilities	-	-	-	-	-	224,600	11,000	2,556,536	-	2,792,136
<b>Total Operating</b>	<b>242,951</b>	<b>568,927</b>	<b>276,255</b>	<b>\$ 2,381,558</b>	<b>\$ 214,037</b>	<b>\$ 1,107,960</b>	<b>3,638,729</b>	<b>12,708,817</b>	<b>8,063,246</b>	<b>29,202,480</b>
<b>CAPITAL</b>	<b>-</b>	<b>1,068,015</b>	<b>25,748,700</b>	<b>-</b>	<b>-</b>	<b>2,272,728</b>	<b>922,986</b>	<b>1,255,000</b>	<b>-</b>	<b>31,267,428</b>
<b>LABOR EXPENSES (by department)</b>	<b>377,920</b>	<b>2,387,091</b>	<b>1,760,573</b>	<b>887,771</b>	<b>274,044</b>	<b>921,994</b>	<b>4,815,852</b>	<b>4,725,916</b>	<b>-</b>	<b>16,151,162</b>
<b>TOTAL</b>	<b>620,871</b>	<b>4,024,033</b>	<b>27,785,528</b>	<b>\$ 3,269,329</b>	<b>\$ 488,082</b>	<b>\$ 4,302,682</b>	<b>9,377,567</b>	<b>18,689,733</b>	<b>8,063,246</b>	<b>76,621,071</b>
Full-Time Equivalents	3.0	35.8	21.1	10.6	3.5	10.0	66.6	63.2		213.9

<b>Reconciliation to 2018 Budget Summary</b>	
Operating Expenses	43,380,343
Capital Expenses	33,240,729
<b>Total Expenses</b>	<b>76,621,072</b>

2018 Operating Work Plans Recommended for Funding  
Office of the CEO

Work Plan & Description		2018 Proposed Budget	2017 Approved Budget	Inc / (Dec)	
<b>Board Activities</b>	Labor	119,594	85,837		
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	41,350	34,500		
	Total	160,944	120,337	40,607	A 33.7%
<b>CEO Office Operations</b>	Labor	115,107	130,287		
Provides for the efficient administrative and leadership support for the Office of the CEO including staff appraisals, professional support for senior management on miscellaneous non-project issues, and communication/support with outside organizations.	Non Labor	58,271	60,769		
	Total	173,378	191,056	(17,678)	-9.3%
<b>Business Strategy</b>	Labor	96,151	101,918		
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	1,530	1,455		
	Total	97,681	103,373	(5,693)	-5.5%
<b>Project Management</b>	Labor	13,713	31,712		
Provides costs associated with managing operational projects as assigned by the CEO.	Non Labor	89,000	23,350		
For 2018, 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	102,713	55,062	47,651	B 86.5%
<b>Public Policy - Watershed Advocate</b>	Labor	54,266	48,082		
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	52,800	44,550		
	Total	107,066	92,632	14,434	C 15.6%
<b>Total Office of the CEO</b>	Labor	398,830	397,836		
	Non Labor	242,951	164,624		
	Total	641,781	562,460	79,322	14.1%

Explanation of Significant Variances

**A - Board Activities**

In preparation of a new Board member, labor hours were added in 2018 for orientation  
A new project code was added for staff time and expenses related to regionalization/governance efforts.

**B - Project Management**

Labor hours are down and non-labor expenses are up due to the part-time Project Manager moving from an employee to a consultant.  
Efforts include leading and managing DMWW's efforts to earn ISO 50001 and Department of Energy's SEP certifications in addition to other projects to meet utility goals and objectives.

**C - Public Policy - Watershed Advocate**

Minor increase due to \$5,000 being budgeted to assist with planning efforts in the Beaver Watershed Management Authority.

2018 Operating Work Plans Recommended for Funding

**Customer Service**

Work Plan & Description		2018 Proposed Budget	2017 Approved Budget	Inc / (Dec)
<b>Customer Service Administration</b> Captures the general and administrative costs of customer service, including training.	Labor	62,189	59,816	
	Non Labor	21,640	22,540	
	<b>Total</b>	<b>83,829</b>	<b>82,356</b>	1,473 1.8%
<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	763,919	755,741	
	Non Labor	139,770	144,300	
	<b>Total</b>	<b>903,689</b>	<b>900,041</b>	3,649 0.4%
<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	1,004,306	1,001,646	
	Non Labor	159,667	158,778	
	<b>Total</b>	<b>1,163,973</b>	<b>1,160,424</b>	3,548 0.3%
<b>Communications &amp; Public Relations</b> Provides for public relations efforts, utility communications, website support, graphics services marketing, speaking engagements and adult treatment plant tours.	Labor	91,652	60,228	
	Non Labor	172,650	92,350	
	<b>Total</b>	<b>264,302</b>	<b>152,578</b>	111,725 73.2% <b>A</b>
<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	22,069	19,678	
	Non Labor	75,200	75,200	
	<b>Total</b>	<b>97,269</b>	<b>94,878</b>	2,391 2.5%
<b>Total Customer Service</b>	Labor	1,944,135	1,897,109	
	Non Labor	568,927	493,168	
	<b>Total</b>	<b>2,513,062</b>	<b>2,390,277</b>	122,786 5.1%

Explanation of Significant Variances

**A - Communications & Public Relations**

Non-labor increase due to hiring of public relations consultant and an increase in advertising expenses.

Labor hours increased to more accurately reflect staff efforts in addition to creating a "Citizens Water Academy," which provides a course about the history, use and management of water in Central Iowa.



2018 Operating Work Plans Recommended for Funding  
**Engineering**

Work Plan & Description		2018 Proposed Budget	2017 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	277,948	262,057	
	Non Labor	56,755	63,415	
	Total	334,703	325,472	9,231 2.8%
<b>Engineering Studies</b> Covers the cost to conduct engineering studies to determine the feasibility of future capital projects as well as monitoring efforts around DMWW facilities. Studies include: feeder main assessment, lime residual reuse, tank inspections, distribution system modeling, habitat monitoring at SWTP collector wells, wetland mitigation monitoring at Maffitt/Bishop Farms.	Labor	124,816	159,068	
	Non Labor	219,500	332,080	
	Total	344,316	491,148	(146,833) -29.9%
<b>Total Engineering</b>	Labor	402,764	421,125	
	Non Labor	276,255	395,495	
	Total	679,019	816,620	(137,602) -16.9%

A

Explanation of Significant Variances

**A - Engineering Studies**

The 2018 budget includes studies for:

Feeder Main Assessment - survey and evaluate feeder mains for corrosion or leaks.

Lime Residual Reuse - explore options for lime residuals.

The Long Range Plan has been budgeted here for the last two years (2016 & 2017). It has been completed in 2017.

2018 Operating Work Plans Recommended for Funding

**Finance**

Work Plan & Description		2018 Proposed Budget	2017 Approved Budget	Inc / (Dec)	
<b>Finance Administration</b> Summarizes the administrative costs for the Finance department including clerical support, performance management, and training.	Labor	51,806	53,458		
	Non Labor	33,525	35,375		
	Total	85,331	88,833	(3,503)	-3.9%
<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	425,878	386,781		
	Non Labor	1,436,950	1,690,817		
	Total	1,862,828	2,077,599	(214,770)	-10.3%
<b>Payment Processing</b> Summarizes the costs to perform accounts receivable billing, collection, and balancing functions for the utility.	Labor	48,395	54,208		
	Non Labor	157,906	320,856		
	Total	206,301	375,064	(168,764)	-45.0%
<b>Mail Processing</b> Summarizes the costs to prepare and mail customer bills.	Labor	36,862	37,823		
	Non Labor	581,600	574,050		
	Total	618,462	611,873	6,589	1.1%
<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	180,804	180,671		
	Non Labor	5,250	5,638		
	Total	186,054	186,309	(255)	-0.1%
<b>Greater Des Moines Botanical Gardens</b> Captures administrative operations, education services, horticulture services, facility maintenance, gift shop, catering and marketing public relations.	Labor	33,673	34,454		
	Non Labor	166,327	165,546		
	Total	200,000	200,000	(0)	0.0%
<b>Total Finance</b>	Labor	777,418	747,396		
	Non Labor	2,381,558	2,792,282		
	Total	3,158,976	3,539,678	(380,702)	-10.8%

Explanation of Significant Variances

**A - Financial Services**

Reduction due to 2017 budget including consultant cost of \$200,000 to review the Cost of Service methodology. Corporate insurance has been reduced by \$53,000 due to budgeting for lower workers' compensation claims based on trending for 2016 and 2017.

**B - Payment Processing**

Reduction due to outsourcing electronic payment processing. Under the new model, the processor (Invoice Cloud) will charge DMWW a set price per type of electronic payment (credit card, e-check, direct pay, etc.) The processor will also collect the convenience fee from the customer. This results in lower revenue to DMWW. The net expense in electronic payment processing is neutral to the 2017 budget.

2018 Operating Work Plans Recommended for Funding

**Human Resources**

Work Plan & Description		2018 Proposed Budget	2017 Approved Budget	Inc / (Dec)
<b>HR Administration</b> Captures the general clerical and administrative costs of the Human Resources department.	Labor	47,424	47,670	
	Non Labor	12,410	14,300	
	Total	59,834	61,970	(2,136) -3.4%
<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	155,533	146,626	
	Non Labor	38,525	38,100	
	Total	194,058	184,726	9,332 5.1%
<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	44,612	40,206	
	Non Labor	24,972	26,272	
	Total	69,584	66,478	3,105 4.7%
<b>Compensation &amp; Benefits</b> Includes costs associated with maintaining and enhancing a competitive, cost-effective and compliant employee compensation and benefits program.	Labor	49,597	52,018	
	Non Labor	66,680	63,611	
	Total	116,277	115,629	648 0.6%
<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	9,303	8,844	
	Non Labor	71,450	83,450	
	Total	80,753	92,294	(11,541) <b>A</b> -12.5%
<b>Total Human Resources</b>	Labor	306,469	295,365	
	Non Labor	214,037	225,733	
	Total	520,506	521,098	(592) -0.1%

Explanation of Significant Variances

**A - Employee Learning & Growth**

Training and facilitation expenses have been reduced by \$10,000 for 2018.

2018 Operating Work Plans Recommended for Funding  
**Information Technology**

Work Plan & Description		2018 Proposed Budget	2017 Approved Budget	Inc / (Dec)
<b>I.T. Administration</b> Captures the general and administrative costs of the I.T. department including: invoice processing, budget tracking, performance management and training.	Labor	103,673	91,900	
	Non Labor	57,250	46,000	
	Total	160,923	137,900	23,024 16.7%
<b>Technical Services</b> 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.	Labor	121,604	67,385	
	Non Labor	106,800	110,600	
	Total	228,404	177,985	50,420 28.3% <b>A</b>
<b>I.T. Development</b> Provides technical support for all applications and software components used for corporate computing. This includes application support and application development,	Labor	24,166	37,742	
	Non Labor	40,000	40,000	
	Total	64,166	77,742	(13,577) -17.5%
<b>System Services</b> 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.	Labor	115,636	111,382	
	Non Labor	439,915	341,515	
	Total	555,551	452,897	102,654 22.7% <b>B</b>
<b>I.T. Services</b> 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.	Labor	183,070	226,203	
	Non Labor	463,995	454,030	
	Total	647,065	680,233	(33,168) -4.9% <b>C</b>
<b>Total I.T.</b>	Labor	548,149	534,611	
	Non Labor	1,107,960	992,145	
	Total	1,656,109	1,526,756	129,353 8.5%

Explanation of Significant Variances

**A - Technical Services**

Labor increase due to an existing position within the utility being moved to I.T. and being budgeted in this work plan. The offset in these hours is in Water Production and Water Distribution.

**B - System Services**

Non-labor increase due to focusing consulting efforts on cyber-security and for replication of disaster recovery capabilities to an offsite, shared data center.

**C - I.T. Services**

Labor hours down due to fewer internal hours needed to support PeopleSoft and ADP. Additionally, hours to support the existing CRM system have been reduced due to efforts being focused on the implementation of the new system, which is budgeted in capital.

2018 Operating Work Plans Recommended for Funding  
**Water Distribution**

Work Plan & Description		2018 Proposed Budget	2017 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	169,072	162,359		
	Non Labor	40,330	39,900		
	Total	209,402	202,259	7,143	3.5%
<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	330,055	321,096		
	Non Labor	36,999	33,398		
	Total	367,054	354,495	12,559	3.5%
<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	1,500,682	1,473,538		
	Non Labor	1,126,758	1,051,475		
	Total	2,627,440	2,525,013	102,427	A 4.1%
<b>Leak Detection and Locating</b> Costs for leak detection, locating, customer distribution services (complaints/inquiries), and feeder signage maintenance.	Labor	556,328	560,264		
	Non Labor	28,950	34,695		
	Total	585,278	594,959	(9,681)	-1.6%
<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	214,643	179,311		
	Non Labor	467,165	408,172		
	Total	681,808	587,483	94,325	B 16.1%
<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	146,919	145,859		
	Non Labor	55,100	83,025		
	Total	202,019	228,884	(26,865)	C -11.7%
<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	124,917	158,116		
	Non Labor	543,300	431,800		
	Total	668,217	589,916	78,301	D 13.3%
<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	439,153	435,024		
	Non Labor	1,252,227	1,050,945		
	Total	1,691,380	1,485,969	205,410	E 13.8%
<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	123,197	140,579		
	Non Labor	87,900	83,980		
	Total	211,097	224,559	(13,463)	-6.0%
<b>Total Water Distribution</b>	Labor	3,604,965	3,576,146		
	Non Labor	3,638,729	3,217,390		
	Total	7,243,694	6,793,537	450,158	6.6%

Explanation of Significant Variances

**A - Distribution System Maintenance & Repair**

Increases relate to higher prices for concrete, asphalt, and aggregate materials. Additionally, we are using more rental barricades.

**B - Distribution Billed Services**

Increase in inventory and materials used in service connections/taps.

**C - Distribution Water Quality**

Non-labor expenses decreased due to negotiating a lower contract price for the Code Red service.

**D - Risk & Incident Management**

Contracted security is higher due to adding services in the general office and patrols in the park. Offsetting this increase is lower labor due to the reduction of a park officer position.

**E - Grounds Maintenance**

PILOT to City of Des Moines has been increased by \$207,000 to \$1,132,000 for 2018.

2018 Operating Work Plans Recommended for Funding  
**Water Production (page 1 of 3)**

Work Plan & Description		2018 Proposed Budget	2017 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	295,364	250,090		
	Non Labor	85,640	80,330		
	Total	381,004	330,420	50,584	<b>A</b> 15.3%
<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	872,488	844,886		
	Non Labor	87,038	517,447		
	Total	959,526	1,362,333	(402,807)	<b>B</b> -29.6%
<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	11,550	13,632		
	Non Labor	5,224,039	5,240,264		
	Total	5,235,589	5,253,896	(18,307)	<b>C</b> -0.3%
<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	78,158	67,761		
	Non Labor	2,898,900	1,923,615		
	Total	2,977,058	1,991,376	985,682	<b>D</b> 49.5%
<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	95,236	63,254		
	Non Labor	1,177,080	1,138,945		
	Total	1,272,317	1,202,199	70,118	<b>E</b> 5.8%
<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	680,170	695,928		
	Non Labor	732,329	740,091		
	Total	1,412,499	1,436,019	(23,520)	<b>-1.6%</b>
<b>McMullen Maintenance</b> Includes all maintenance and repair expenses of the McMullen Treatment Plant, radial collector wells, Crystal Lake, and ASR.	Labor	198,952	202,624		
	Non Labor	320,198	315,561		
	Total	519,150	518,185	966	<b>0.2%</b>
<b>SWTP Maintenance</b> Includes mechanical and electrical maintenance for the Saylorville Water Treatment Plant.	Labor	171,458	168,287		
	Non Labor	231,058	238,527		
	Total	402,516	406,814	(4,298)	<b>-1.1%</b>

Explanation of Significant Variances

**A - Water Production Admin**

Higher labor hours to focus efforts on transitioning leadership into new roles.

**B - Water Production Operations**

Legal expenses for nitrate litigation are not budgeted in 2018.

**C - Fleur Plant Chemicals & Energy**

Modest increases in chemicals and energy are resulting in \$100,000 higher expenses.

Reduced expenses relating to residual removal (from stock-piled material from prior hauler) equates to \$130,000

**D - McMullen Plant Chemicals & Energy**

Residual removal expenses are \$1,000,000 higher in 2018 due to hauling of ~53,000 tons of lagooned material.

**E - SWTP Chemicals & Energy**

Chemicals are approximately \$100,000 higher with an offsetting reduction in electrical costs of \$50,000.

2018 Operating Work Plans Recommended for Funding  
**Water Production (page 2 of 3)**

Work Plan & Description		2018 Proposed Budget	2017 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	154,359	157,731	
	Non Labor	-	-	
	Total	154,359	157,731	(3,372) -2.1%
<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	59,520	46,208	
	Non Labor	305,757	272,090	
	Total	365,277	318,298	46,979 14.8%
<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	24,457	23,291	
	Non Labor	91,748	92,796	
	Total	116,205	116,087	118 0.1%
<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, sites in Runnells for water and waste water operations, and the new Army Post Road ASR facility.	Labor	164,509	156,305	
	Non Labor	385,992	258,540	
	Total	550,500	414,845	135,656 32.7%
<b>Lab Operations</b> Routine, non-investigative testing in the chemistry laboratory related to regulatory compliance and assessment of treatment plant processes.	Labor	269,499	215,762	
	Non Labor	98,000	91,500	
	Total	367,499	307,262	60,237 19.6%
<b>Microbiology Operations</b> Routine, non-investigative testing in the microbiology laboratory related to regulatory compliance and assessment of treatment plant processes.	Labor	96,587	93,718	
	Non Labor	55,000	61,800	
	Total	151,587	155,518	(3,931) -2.5%
<b>Water Quality Research</b> Investigative testing concerning water quality and plant process improvements.	Labor	38,179	52,416	
	Non Labor	10,000	10,000	
	Total	48,179	62,416	(14,237) -22.8%
<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	25,894	26,573	
	Non Labor	37,000	24,000	
	Total	62,894	50,573	12,321 24.4%

Explanation of Significant Variances

**A - Louise P. Moon Pumping Maintenance**

Modest increase in electricity expenses as well as services relating to TTHM analysis at the LP Moon ASR well.

**B- Des Moines Remote Storage**

Modest increases in costs at many of the Des Moines remote sites. In addition, costs relating to the ongoing maintenance and operation of the new Army Post ASR well have been included in this budget.

**C - Lab Operations**

Increase labor hours budgeted for 2018 to more align with actual usage and are re-allocated from other projects

**D - Source Water Quality Monitoring**

Increase due to purchasing ELISA kits and strips for toxin analysis.

2018 Operating Work Plans Recommended for Funding  
**Water Production (page 3 of 3)**

Work Plan & Description		2018 Proposed Budget	2017 Approved Budget	Inc / (Dec)
<b>Radio Communication Equipment</b> Maintenance and supervision expenses of the trunked radio system and telemetry system.	Labor	15,282	15,108	
	Non Labor	40,300	35,900	
	Total	55,582	51,008	4,574 9.0%
<b>HVAC Operations</b> To operate, maintain, and repair all heating, air conditioning, and ventilation equipment for all DMWW facilities.	Labor	45,613	50,265	
	Non Labor	39,227	72,727	
	Total	84,840	122,992	(38,152) <b>A</b> -31.0%
<b>Facility Maintenance</b> Captures the general and administrative costs of building upkeep and general facility maintenance.	Labor	151,024	149,408	
	Non Labor	377,461	377,101	
	Total	528,485	526,509	1,976 0.4%
<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	411,462	368,772	
	Non Labor	512,050	504,800	
	Total	923,512	873,572	49,940 <b>B</b> 5.7%
<b>Total Water Production</b>	Labor	3,859,761	3,662,018	
	Non Labor	12,708,817	11,996,034	
	Total	16,568,578	15,658,052	910,526 5.8%

Explanation of Significant Variances

**A - HVAC Operations**

Lower expenses budgeted due to boiler repairs and ductwork inspection being budgeted in 2017.  
The 2018 budget represents ongoing, annual maintenance efforts.

**B - Vehicle Maintenance**

More labor hours budgeted in vehicle maintenance to align with actual usage. There is no increase in staffing.



2018 Operating Work Plans Recommended for Funding

Summary Operating Expenses	2018 Proposed Budget	2017 Approved Budget	Inc / (Dec)
<b>Total by Department</b>			
CEO	641,781	562,460	79,322
Customer Service	2,513,062	2,390,277	122,786
Engineering	679,019	816,620	(137,602)
Finance	3,158,976	3,539,678	(380,702)
HR	520,506	521,098	(592)
IT	1,656,109	1,526,756	129,353
Water Distribution	7,243,694	6,793,537	450,158
Water Production	16,568,578	15,658,052	910,526
Utility Benefits	10,398,617	9,824,996	573,621
Includes non-productive time (vacation, sick, holiday) and benefits (health insurance, deferred comp match, pension, IPERS, FICA, etc.)			
<b>Total Recommended Operating Budget</b>	<b>43,380,343</b>	<b>41,633,475</b>	<b>1,746,868</b> 4.2%

Work Plan & Description		2018 Proposed Budget	2017 Approved 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	1,068,015	1,060,999	7,016
Also includes funds to upgrade Aclara DCUs to 4G/LTE technology. The upgrade is budgeted to occur over two years.	Total	1,068,015	1,060,999	0.7%
<b>Facility Management</b>	Labor	13,536	38,875	
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.	Non Labor	45,000	605,100	(585,439)
Included in the 2018 budget are projects for roof replacement and safety compliance.	Total	58,536	643,975	-90.9%
<b>Fleur Drive Treatment Plant</b>	Labor	72,098	238,290	
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	1,401,390	5,378,527	(4,143,329)
Projects budgeted include:	Total	1,473,488	5,616,817	-73.8%
Filter Media Replacement		629,234		
Gallery Improvements		516,135		
Design of Des Moines River Well Field		328,120		
		1,473,489		
<b>Saylorville Treatment Plant</b>	Labor	9,311	64,747	
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	400,000	1,320,300	(975,736)
Included in the 2018 budget is a project to improve access to the treatment plant in the event of flooding.	Total	409,311	1,385,047	-70.4%
<b>Water System Improvements</b>	Labor	381,826	316,006	
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	6,430,465	4,450,955	2,045,330
	Total	6,812,291	4,766,961	42.9%
<b>Raw Water at Maffitt</b>	Labor	-	37,519	
This work plan is to provide additional low nitrate raw water supply to the McMullen Water Treatment Plant.	Non Labor	-	1,705,700	(1,743,219)
	Total	-	1,743,219	-100.0%
<b>Core Network Feeder Main</b>	Labor	11,925	-	
This work plans provides budgeted funds to construct improvements to the distribution system.	Non Labor	300,000	-	
The 2018 budget funds a project to install a control valve and actuator to balance flow between the Fleur and McMullen Treatment Plants.	Total	311,925	-	311,925

Work Plan & Description		2018 Proposed Budget	2017 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	184,734	213,048	
	Non Labor	5,313	5,100	
	Total	190,047	218,148	(28,101) -12.9%
<b>Joint Southwest Storage, Pumping Station, &amp; Feeder</b>				
This work plan consists of a new feeder main from McMullen Plant to the city of Cumming and a 5 mgd pump station. This work plan is entirely funded by other entities.	Labor	179,933	183,035	
	Non Labor	4,965,420	7,811,250	
	Total	5,145,353	7,994,285	(2,848,932)
<b>Joint Northwest Storage, Pumping Station, &amp; Feeder</b>				
This work plan consists of a joint project to construct a new feeder main, a new pump station, and an elevated storage tank in the future. This work plan is partially funded by outside entities.	Labor	160,034	-	
	Non Labor	3,830,500	-	
	Total	3,990,534	-	3,990,534
<b>Waukee-Xenia Feeder Main &amp; Pumping Station</b>				
This work plan captures the costs of purchasing capacity in Xenia's feeder main and pump station as well as building a new chlorination facility and meter pits. This work plan is entirely funded by other entities.	Labor	35,866	-	
	Non Labor	3,022,403	-	
	Total	3,058,269	-	3,058,269
<b>DMWW Park Foundation</b>				
This work plan captures the costs for the first phase of construction, including an amphitheater, lawns, restrooms, parking, natural play & markets, trails & roads, etc. This work plan is entirely funded by the Park Foundation.	Labor	52,205	40,401	
	Non Labor	5,348,209	1,915,000	
	Total	5,400,414	1,955,401	3,445,013 176.2%
<b>I.T. Capital</b>				
Captures the costs of ensuring all hardware and software operates reliably and within performance standards. Also includes the 2nd year of costs to implement a new billing & collecting system.	Labor	452,940	392,811	
	Non Labor	2,272,728	2,023,073	
	Total	2,725,668	2,415,884	309,784 12.8%
<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	368,257	301,667	
	Non Labor	922,986	567,077	
	Total	1,291,244	868,744	422,500 48.6%
<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	50,635	142,286	
	Non Labor	830,000	563,124	
	Total	880,635	705,410	175,225 24.8%
<b>Vehicle Replacement</b>				
Captures the cost of replacing vehicles and related equipment.	Labor	-	-	
	Non Labor	425,000	200,000	
	Total	425,000	200,000	225,000 112.5%
Total Recommended Capital Budget		33,240,729	29,574,890	3,665,839 12.4%
Summary by Expense Classification				
Total Labor		1,973,300	1,968,686	4,615
Total Non Labor		31,267,428	27,606,205	3,661,224