

DATE: October 5, 2020
TO: Ted Corrigan, CEO & General Manager
FROM: Peggy Freese, CFO
Michelle Holland, Controller
SUBJECT: Proposed 2021 Budget

The attached document contains the following:

- 2021 Budget Overview
- Proposed 2021 Budget Summary and Comparison to 2020 Budget
- Details of Proposed Revenue, Additional Funding, Operating Expenses, and Capital Expenses
- Summary of Expenditures from 2017-2021
- 2021 Budget by Department
- 2021 Labor and Benefits Budget
- 2021 Operating Work Plans Recommended for Funding
- 2021 Capital Work Plans Recommended for Funding
- DMWW Budget Process & Timeline

2021 Budget Overview

The Des Moines Water Works budget process is very detailed and requires a high level of participation from all departments. 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.

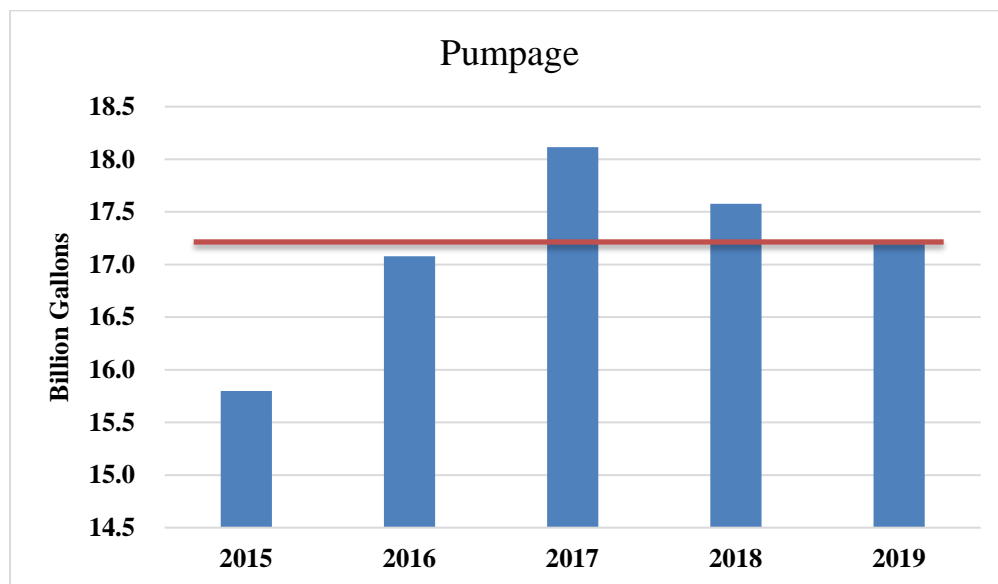
Budget files for operating and capital expenses are created by Finance. These files include prior year budget and actual information for comparative purposes and are created uniformly so that they total into a utility-wide budget. Additionally, there are several monthly financial reports to aid budgeters in reviewing and analyzing data to determine a proper level of expense for the upcoming budget year.

Budgeting is compilation of assumptions, estimations, and a reliance on financial information and other relevant data.

One of the first assumptions made is the water pumpage budget. Actual pumpage varies from year to year and is rather unpredictable several months out. Weather plays a huge impact on pumpage.

The pumpage budget for 2021 is 17.1 billion gallons. This is an increase of 100 million gallons from the 17.0 billion gallons that has been budgeted for the last several years.

The chart below shows that last five complete years of pumpage. The average pumpage for the five years is 17.2 billion gallons.



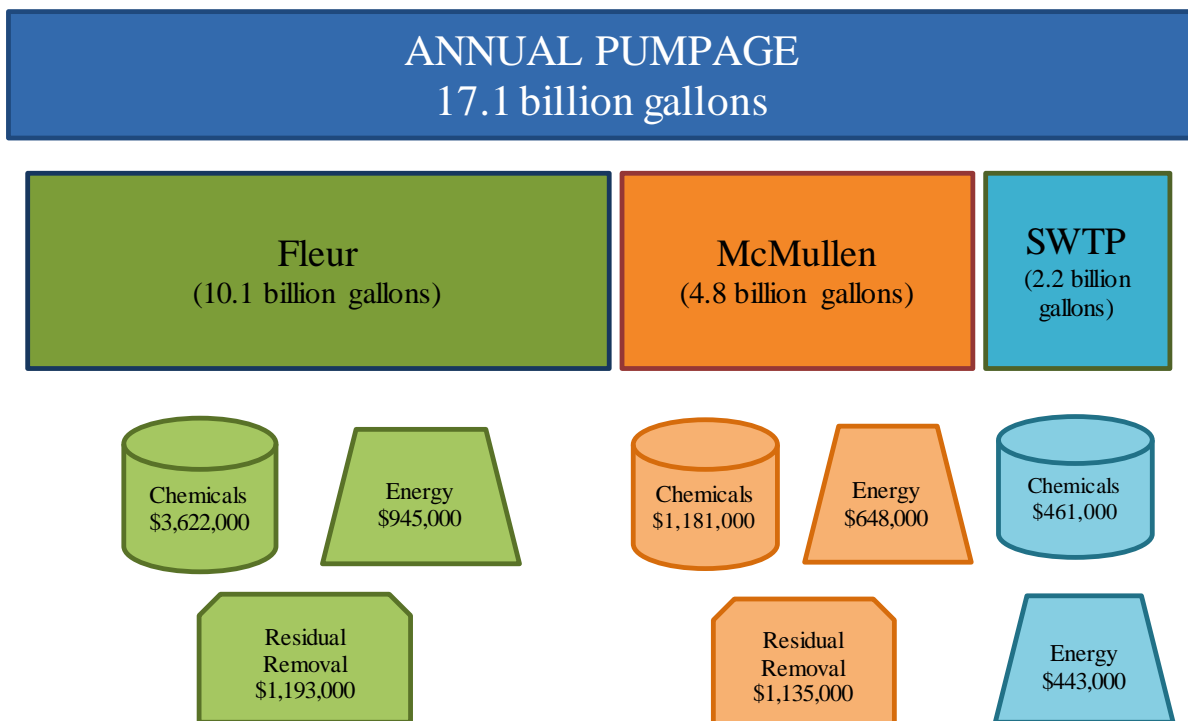
Budgeting one of the extremes would challenge the utility as funds would have been dedicated for certain types of expenses. By budgeting an average pumpage level, the likelihood of being significantly different than budget is lower. Additionally, with the high pumpage season being in the latter part of the year, this gives much less time for the utility to react to diverting funds from projects that have been committed or spent.

The annual pumpage number drives several components of the budget.

One is the water revenue budget. From the budgeted pumped gallons, a “billed consumption” number is calculated. On average, approximately 90% of water pumpage is billed. The approximately 10% of unbilled water is from main breaks, hydrant flushing, fire service, water used in production, and free water to the City of Des Moines.

The total billed consumption number of gallons is then allocated to the service areas based on historical usage. And finally, the water rates are applied to those consumption numbers by service area to calculate a revenue dollar budget.

The annual pumpage number is also used to determine the production at each of the three treatment facilities. Once the allocation of pumpage is determined, chemicals, energy, and residual removal expenses are budgeted based on the levels of production at each facility.



Historical data is one factor used to estimate direct treatment costs. To derive a budget, a set of assumptions must be used to calculate expenses. However, the ongoing mission of water treatment at DMWW is to maintain a consistent finished product despite dynamic changes in raw water quality. Therefore, day-to-day decisions are being made to provide an adequate supply of water to our customers in a manner that balances the factors of finished water quality, overall treatment expense, and regulatory compliance.

While pumpage is determined at the top level and pushed down, other elements of the budget are built from the ground up. For example, the operating budget is built one project at a time.

Example: One project, within the Distribution System Maintenance work plan, is “Repairs – Broken Mains.” The number of main breaks is reviewed for the past several years. Similar to pumpage, the number of main breaks can vary significantly from year to year. 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. Again, we don’t want to budget at either extreme, so an average number of main breaks is budgeted for 2021.

Once the number of main breaks is determined, the cost elements of fixing a main break are included. These costs include pipe materials, concrete, aggregate materials, street permits, rental barricades, and of course, the labor of our distribution crews.

This type of detailed budgeting is done for the 300+ operating projects within the utility.

A similar process is done to build the capital budget. The 5-year capital improvement plan (CIP) is the starting point for the capital budget. The projects identified in the CIP are pulled into the budget templates and new projects are added for evolving capital needs. The proposed capital projects are reviewed, prioritized, and ultimately included or excluded from the budget depending on available financial resources.

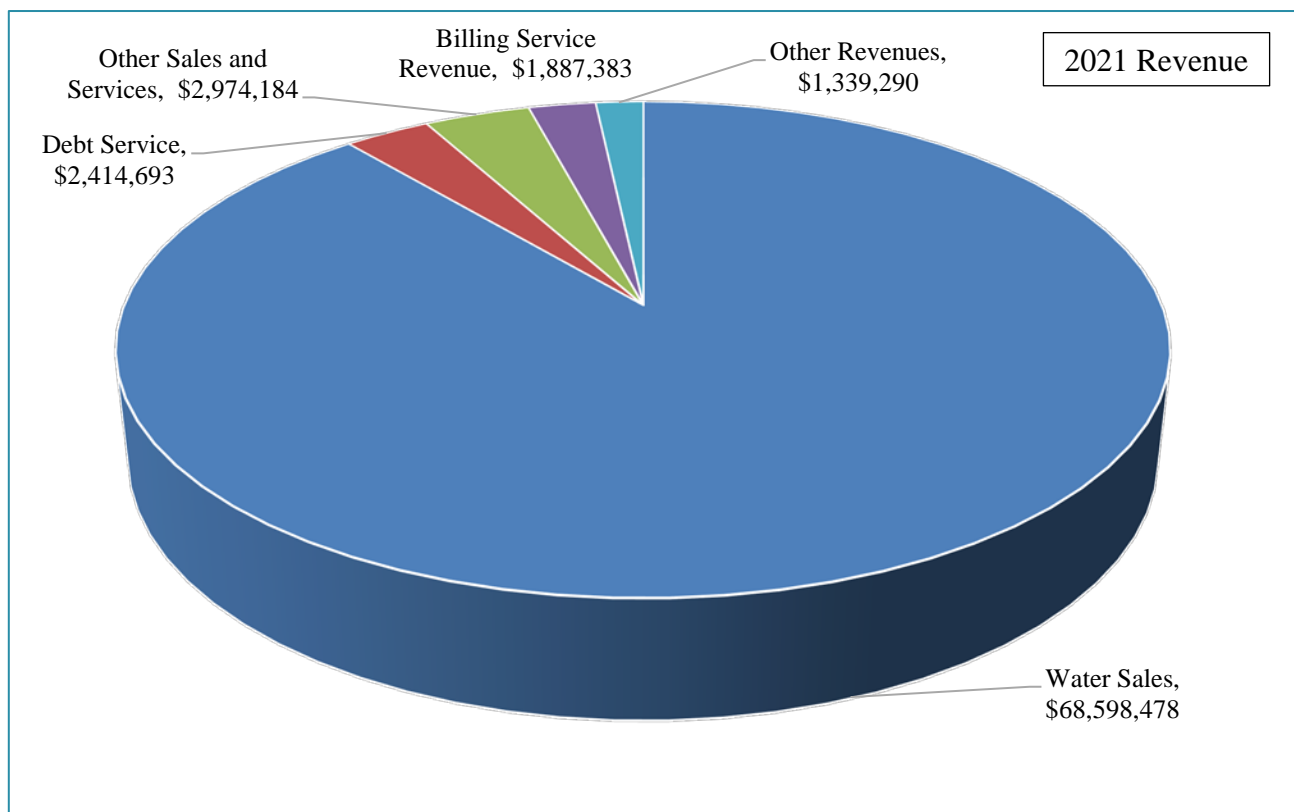
DES MOINES WATER WORKS
PROPOSED 2021 BUDGET SUMMARY AND COMPARISON TO 2020 BUDGET

	2021	2020	Percentage
	Proposed Budget	Approved Budget	Change
REVENUE:			
Water sales	\$68,598,478	\$ 64,256,164	6.8%
Debt service payments reimbursements	2,414,693	2,405,954	0.4%
Penalties and fees	320,000	325,000	(1.5%)
Other sales and services	2,974,184	2,694,043	10.4%
Billing service revenue	1,887,383	1,864,661	1.2%
Land & building use revenue	245,000	205,000	19.5%
Connection Fees	600,000	850,000	(29.4%)
Interest income	174,290	147,500	18.2%
Total revenue available for expenses	\$ 77,214,028	\$ 72,748,322	6.1%
ADDITIONAL FUNDING:			
Unspent funds carried over from prior year's approved budget	2,735,500	3,462,156	(21.0%)
Development Plan Review	75,312	72,765	3.5%
Other projects funded by outside entities (Norwalk, Polk City)	47,989	4,600,735	(99.0%)
Total additional funding available for expenses	\$ 2,858,801	\$ 8,135,656	(64.9%)
Total revenue and additional funding	\$ 80,072,829	\$ 80,883,978	(1.0%)
EXPENSES:			
<i>Operating expenses:</i>			
Labor	16,742,791	15,853,759	5.6%
Benefits	9,344,328	8,904,667	4.9%
Chemicals	5,264,023	5,188,414	1.5%
Residual Removal	2,327,491	2,291,872	1.6%
Utilities	2,972,976	3,021,388	(1.6%)
Gasoline/Fuel	235,818	236,261	(0.2%)
Purchased Services	7,477,430	6,823,964	9.6%
Training	162,390	170,870	(5.0%)
Materials and Equipment	3,745,252	3,827,146	(2.1%)
Insurance	1,440,000	1,271,500	13.3%
Postage	490,900	480,000	2.3%
Telephone	285,500	275,710	3.6%
Casualty Loss	100,000	100,000	0.0%
Loss on Bad Accounts	150,000	100,000	50.0%
Subtotal - Operating expenses	\$ 50,738,899	\$ 48,545,551	4.5%
<i>Capital expenditures:</i>			
Requests for new capital projects	21,772,075	24,063,756	(9.5%)
Multiple-year capital projects began before 2020 (carryover)	2,735,500	3,462,156	(21.0%)
Subtotal - Capital expenditures	\$ 24,507,575	\$ 27,525,912	(11.0%)
<i>Debt service obligations:</i>			
Des Moines Water Works' direct obligation	1,886,662	1,881,561	0.3%
Political subdivisions' obligation	2,439,693	2,430,954	0.4%
Subtotal - Debt service obligations	\$ 4,326,355	\$ 4,312,515	0.3%
<i>Operating reserves:</i>			
Addition to operating reserves	500,000	500,000	
Total projected uses	\$ 80,072,829	\$ 80,883,978	(1.0%)
Net position of revenues to expenses	0	0	

REVENUE

Operating revenue for 2021 is budgeted at \$77.2 million. This is an increase of approximately \$4.5 million and results in a 6.1% increase over the approved 2020 budget.

This revenue budget includes 17.1 billion gallons of pumpage which is slightly higher than the 2020 budget of 17.0 billion gallons. The 2021 budget includes volume rate increases of 5-7% for retail customers and 15% for wholesale/purchased capacity customers. These rates will be effective on April 1, 2021. The capital improvement fees and the water availability fees remain unchanged in the 2021 budget.



Water Sales are the most significant source of operating revenue, making up nearly 90% of total revenue. Water sales are budgeted to be \$68.6 million in 2021 which is \$4.3 million higher than the 2020 water sales budget.

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 nearly \$3.0 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 nearly \$1.9 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 chart above, are budgeted at approximately \$1.3 million and is made up of:

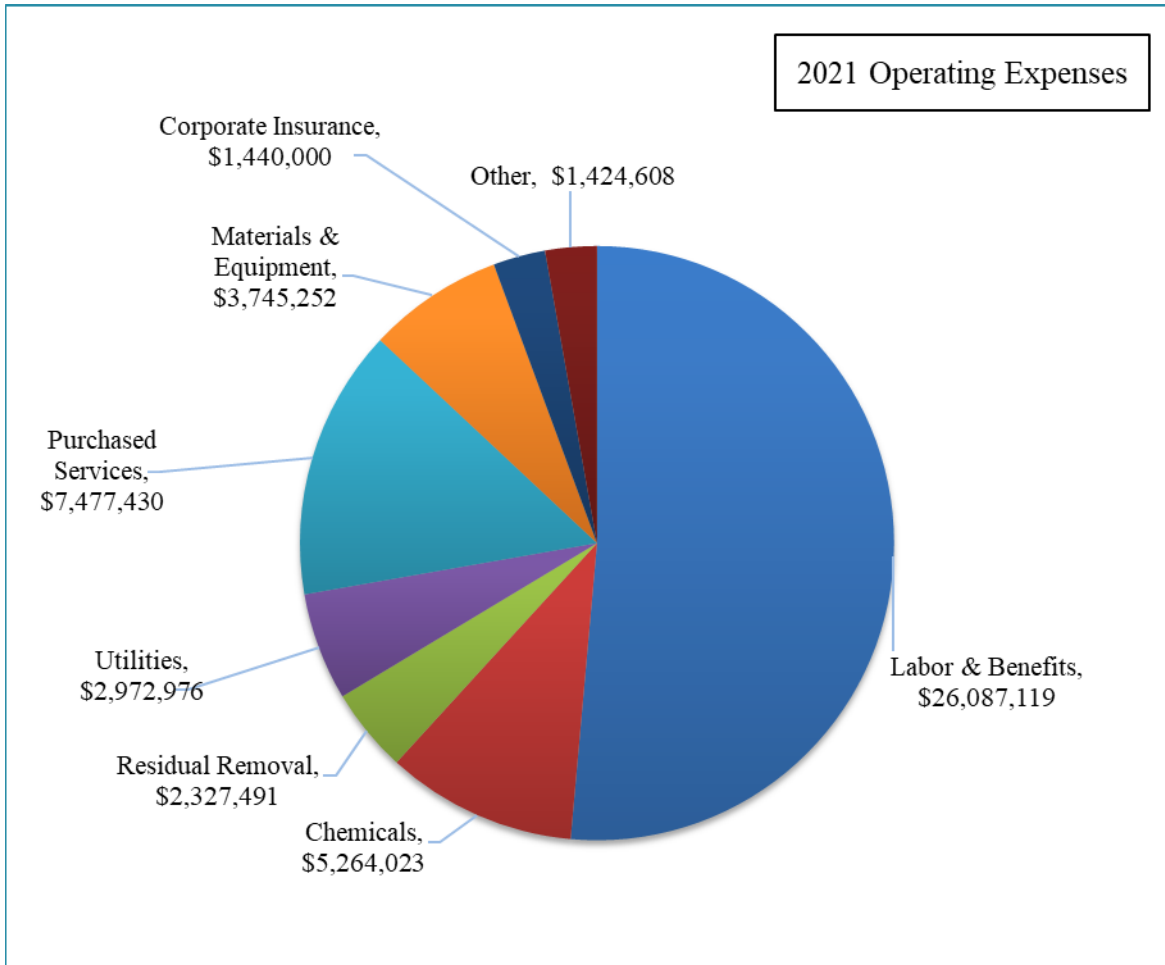
Penalties & Fees	\$320,000
Connection Fees	\$600,000
Land & Bldg Lease Revenue	\$245,000
Interest Income on Invested Reserves	\$174,300

ADDITIONAL FUNDING

This includes unspent funds that have been carried over from the prior year's budget and a very small amount of other funding from outside entities; including Norwalk and Polk City. The large joint projects (feeder mains and booster stations) that have been budgeted in prior years are nearing completion and only internal labor is budgeted in 2021.

OPERATING EXPENSE BUDGET

The operating expense budget reflects the budgeted costs of the day to day operations of the utility. The proposed operating budget totals \$50.7 million. This is an increase of 4.5% or approximately \$2.2 million from the approved 2020 budget.



Details of the operating budget is shown in the table below. The largest drivers of the increase are in labor, benefits, and purchased services. These items are discussed in more details on the following pages.

Operating Expenses	2021 Bgt	2020 Bgt	Change
Labor	16,742,791	15,853,759	889,032
Benefits	9,344,328	8,904,667	439,661
Chemicals	5,264,023	5,188,414	75,609
Residual Removal	2,327,491	2,291,872	35,619
Utilities	2,972,976	3,021,388	(48,412)
Gasoline/Fuel	235,818	236,261	(443)
Purchased Services	7,477,430	6,823,964	653,466
Training	162,390	170,870	(8,480)
Materials and Equipment	3,745,252	3,827,146	(81,894)
Insurance	1,440,000	1,271,500	168,500
Postage	490,900	480,000	10,900
Telephone	285,500	275,710	9,790
Casualty Loss	100,000	100,000	-
Loss on Bad Accounts	150,000	100,000	50,000
TOTAL OPERATING EXPENSES	\$ 50,738,899	\$ 48,545,551	\$ 2,193,348

Operating **Labor** is budgeted 5.6% higher than the 2020 budget. This equates to approximately \$890,000. A few things are driving this increase. This budget includes additional headcount of 2.5 full-time equivalents, with most of the additional hours being budgeted in operating projects. The additional hours budgeted are for one-half FTE in the CEO office, and one additional FTE in both the Water Production and Water Distribution departments. The labor rate increase per the union contract is another factor in the increase. And finally, there have been funds included in the budget for retiree payouts. Many employees will become vested in IPERS in 2021 and it is expected there will be several retirements. Retirees are paid out their accrued vacation and 90% of their accrued sick hours, subject to a maximum number of hours.

Benefit expenses are up 4.9%, or \$440,000, compared to the 2020 budget. Along with a labor rate increase comes increases to those benefits tied to wages such as FICA taxes and the DMWW contribution to IPERS and the deferred compensation plan. The utility's contribution to employees' medical premiums is budgeted to increase by a moderate amount from the utility's actual contribution. The actuarial defined contribution to the DMWW pension plan is budgeted at \$1,600,000 which is slightly lower than the 2020 budget. More details about the benefits budget can be found on page 18.

Chemical expenses are budgeted to increase 1.5%, or \$76,000, in 2021. While most chemical prices are budgeted to increase 5-9% in 2020 per initial indications from chemical vendors, the dosage requirement of many of the chemicals is budgeted to be reduced in 2021. During budgeting, the Water Production operations staff looks at the historical dosing trends of each chemical at each plant. That determines the projected amount of chemicals to be used for the 2021 budget. The actual usage of chemicals at the treatment plants will be made on a day-to-day basis throughout the year to provide safe, potable water.

Residual (lime) Removal expenses are up \$36,000 from the 2020 budget. Each year, the Fleur and McMullen treatment plants produce lime residuals. The residuals at Fleur are removed as produced. The 2021 budget assumes removal expenses for 52,000 tons of Fleur residual material and 2,000 tons of Fleur material which had been stockpiled at the McMullen Treatment Plant. The residuals at McMullen go through a multi-year cycle. The cycle is: fill lagoon with residuals, dry residuals, remove residuals from the lagoon to a drying area which is located near the lagoon on DMWW property, remove residuals from the drying area to off-site storage or to the final disposal site. There are two lagoons and two drying areas at the McMullen Treatment Plant. The removal costs for the McMullen residual material is multifaceted as well. There are costs incurred when the residual hauler moves material to off-site storage, when they move material to the final disposal site, and when they move material from the lagoon to the drying area. The 2021 budget assumes 30,000 tons of material to be moved to both off-site storage and to the final disposal site. There is a significant amount of material – 140,000+ yards to be moved from the west lagoon to the north drying area. This lagoon must be emptied in 2021 so that it can begin to be filled in 2022 with McMullen production. Additionally, it is expected that the residual hauler – Synagro – will increase their price per ton.

Utilities expense is down \$48,000 in 2021. The majority of utility expense is electricity used in the treatment process. This cost per million gallons varies among the three treatment plants. While overall pumpage is increasing in 2021, the allocation among the three treatment plants is changing. Production at the Saylorville Water Treatment Plant is budgeted to be lower in 2021. This plant uses more electricity per million gallons of water produced so the reduction of pumpage at that plant results in the overall electricity expense going down. Additionally, electric usage at the McMullen Treatment Plant has decreased in recent years due to the installation of three variable frequency drives which are more efficient and allow for the pumps to be run at lower speeds with the same flow. Electricity costs are budgeted to remain steady at the general office and budgeted to increase slightly at the remote pumping sites. Much of the increase in utility expense at the remote pumping sites is offset by increased revenue as those costs are paid for by the suburban customers utilizing those shared-use sites.

Purchased Services budgeted in 2021 include:

Purchased Services	2021 Proposed Budget
PILOT	\$ 1,359,000
Regionalization	415,000
Engineering Studies	580,000
I.T. Maintenance Contracts	959,000
Stop Box Repairs	212,000
Banking/Audit/Payroll Fees	178,000
Credit Card/E-check/Bill-pay Fees	150,000
Security	510,000
Plant Maintenance	705,000
Remote Site Maintenance	168,000
Distribution Maintenance/Repair	265,000
Facility Maintenance	158,000
Public Relations & Communications	106,000
GDMBG in-kind services	178,000
Consulting for Strategic Plan	100,000
“Other” Services (numerous)	<u>1,434,430</u>
Total	\$ 7,477,430

These expenses are up 9.6% from the 2020 budget. This equates to a \$653,000 increase. The biggest drivers of the change are:

- Engineering Studies – increase of \$505,000. The 2021 budget includes consulting expenses for two substantial studies.
 - Plant Expansion Study - \$150,000 budgeted for a thorough evaluation of the costs of incrementally expanding one of the treatment plants. This analysis will consider items related to source, treatment, and distribution.
 - Ground Water Study - \$400,000 budgeted for advancing the concept of developing a Des Moines River Well Field that could consistently provide 20 MGD to the Fleur Drive Treatment Plant.
- PILOT – increase of \$128,000.
- Strategic Plan – \$100,000 has been budgeted in 2021 for an outside consultant to facilitate a strategic plan for the utility.

Regionalization expenses of \$415,000 have been included in the 2021 budget. This amount was budgeted in 2020 and has been largely unspent due to ongoing discussions. With the emergent COVID-19 pandemic, some of these discussions were temporarily paused. They have restarted but will continue into 2021. Since the money won’t be spent in 2020, it was budgeted again in 2021. These costs include consultation and facilitation services as well as DMWW’s share of start-up costs for the new entity.

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 2.1% lower in 2021, which equates to \$82,000 on \$3.7 million of expenses.

Corporate Insurance expenses include the premium cost for the utility's insurance policies along with budgeted costs for workers' compensation claims. The 2021 budget has premium expenses increasing by \$168,500. Our insurance broker has indicated the insurance market is hardening and they are seeing increases across all lines.

Other expenses include postage expenses, telephone, casualty losses, fuel for fleet vehicles, training, bad debt write-off, etc. The amount budgeted for 2021 is approximately \$62,000 higher than the 2020 budget. Most of the increase relates to increasing the amount of bad debt write-off. While our collection procedures have not changed, the actual amount being written off has steadily increased through the years.

Details of all the Operating Work Plans and the comparison between the 2021 Proposed Budget and the 2020 Approved Budget begin on page 19.

The table below shows the budgeted operating expenses and increase over the prior years' budget for the last five years:

Year	Operating Budget	Increase
2016	\$ 40,602,589	
2017	\$ 41,633,475	2.5%
2018	\$ 43,380,343	4.2%
2019	\$ 46,060,938	6.2%
2020	\$ 48,545,551	5.4%
2021	\$ 50,738,899	4.5%

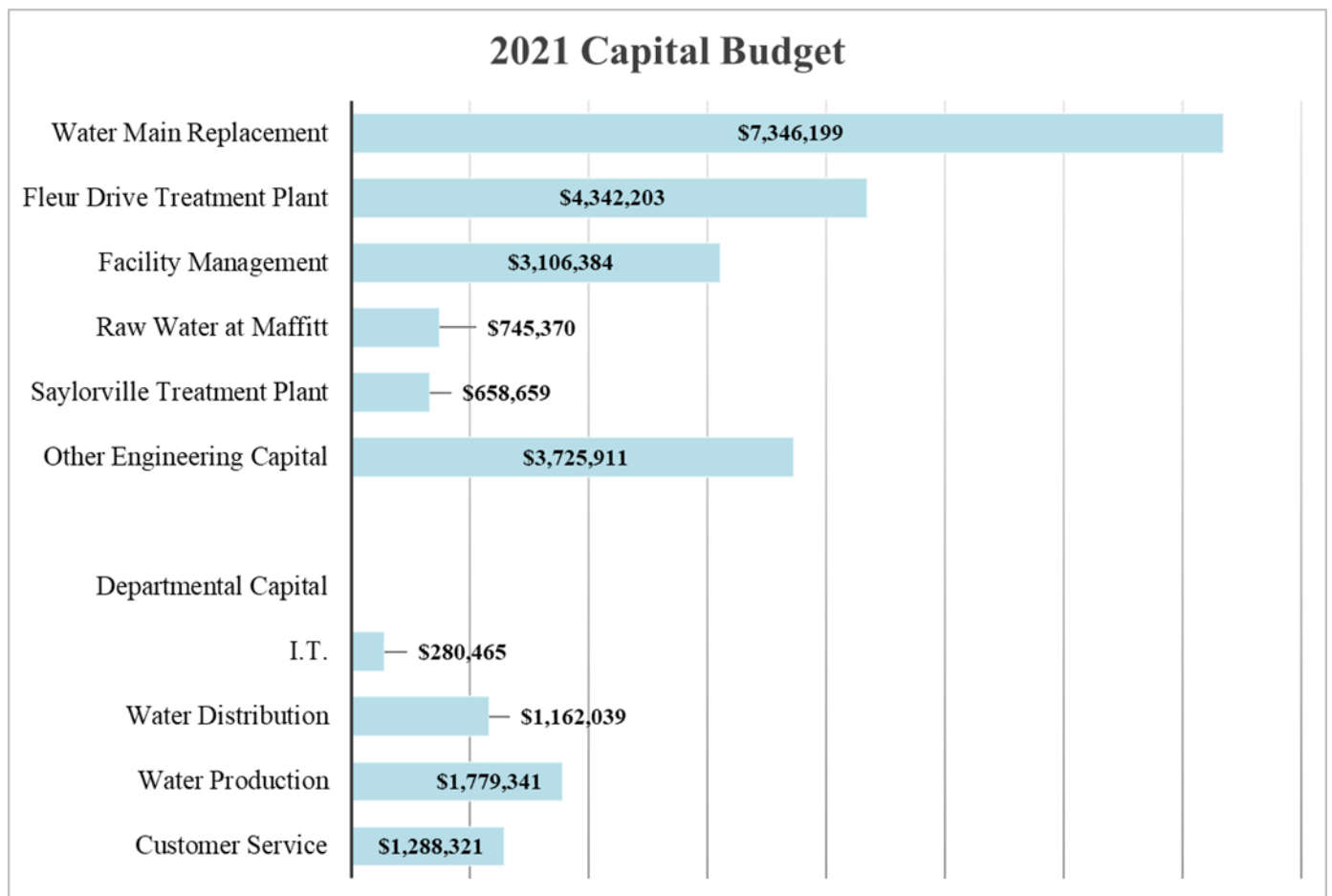
CAPITAL BUDGET

The 2021 capital budget includes \$24.5 million of capital requests.

Approximately \$2.7 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.

There is a very small amount budgeted in 2021 for projects with outside funding. The projects include a booster station and feeder main, which are nearing completion and only internal labor is budgeted to complete those projects in 2021.

That leaves approximately \$21.6 million of capital projects from the utility's revenue in 2021. This compares to \$19.5 million of capital projects budgeted from the utility's revenues in 2020.



Water main replacement is budgeted at \$7.3 million in 2021. This amount includes main replacement in Des Moines, Pleasant Hill, and the unincorporated Polk County service area.

Projects budgeted at the Fleur Drive Treatment Plant include rehabilitation of the lime sludge filter presses, construction of a new acid storage and feed system to clean the lime presses, continuing efforts for rechaining the basins, and initial funds to upgrade the SCADA system. Facility Management projects include upgrades to the Des Moines River intake, added funds for interior and exterior painting at the Wilchinski Standpipe, and additional funds for the grounds shop to be relocated to the southside of George Flagg Parkway.

There are departmental 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.

- The Water Distribution capital budget includes funds for replacing hydrants and valves, replacing large tools to do the tasks, as well as other upgrades.
- Customer Service budgets for meter replacement and MTU change-outs.
- I.T. has a budget for new hardware and software to replace aging equipment.
- Water Production has a capital budget to replace motors, pumps, and other individual parts within the treatment and remote facilities.
- Vehicle and equipment replacement is included in the Water Production budget.

Details of the Capital Work Plans begin on page 31.

Debt Service Obligations – Total debt service is budgeted at \$4.3 million in 2021. 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 \$500,000 in 2021. This is the ongoing amount that is budgeted each year to increase reserves due to increases in operating expenses in order to meet the Board policy of three months' operating expenses in reserves.

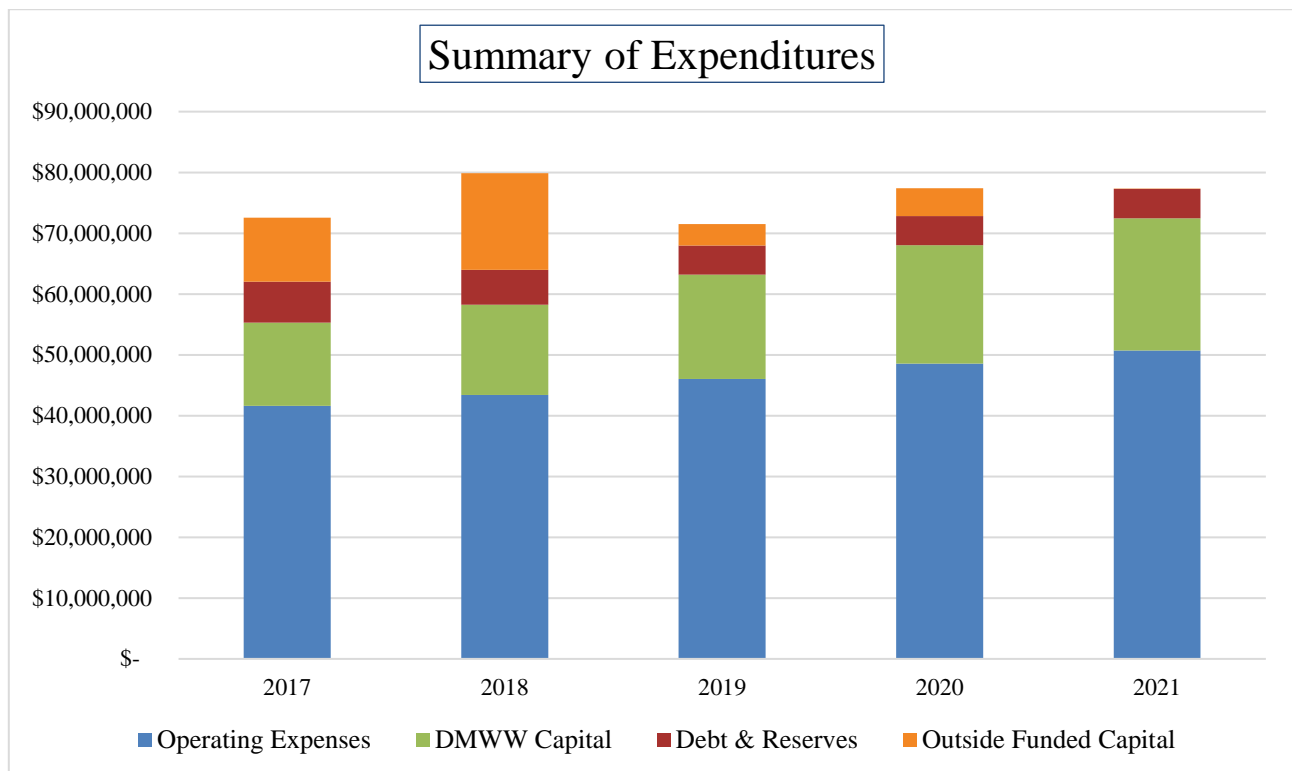
SUMMARY OF EXPENDITURES

The following chart shows five years of budgeted cash expenditures. The four main categories of expenditures are: operating expenses, DMWW funded capital expenses, debt payments and increase in operating reserves, and outside funded capital expenses.

As expected, operating expenses and DMWW funded capital expenses have steadily increased through the five-year period.

Debt service payments have remained fairly constant in the last five years. The budget to increase operating reserves was \$1.5 million in 2017 and 2018 due to the revenue shortfall in 2015 and then returned to \$500,000 for 2019-2021.

Finally, outside funded capital expenses vary from year to year. This includes joint projects such as feeder mains and pump stations which will benefit those entities contributing the funds as well as the DMWW Park Foundation project which was budgeted to be complete in 2019.



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.

In 2018, a new department was created called Office of the Chief Operating Officer. This includes the areas of Risk & Incident Management, Safety, and Grounds. These functions had been part of the Water Distribution department.

2021 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	OCOO	Water Distribution	Water Production	Unallocated Benefits	Total
OPERATING											
Company-Wide	-	150,000	-	1,440,000	-	-	100,000	-	-	9,344,328	11,034,328
Inventory	1,100	141,383	14,500	83,300	4,000	400	20,800	400,850	6,182,376	-	6,848,709
Materials	103,180	110,450	8,600	521,510	47,475	60,600	200,370	891,199	964,100	-	2,907,484
Services	669,950	195,970	594,550	579,063	165,370	1,359,013	2,113,816	611,651	3,657,728	-	9,947,111
Utilities	-	-	-	-	-	285,500	9,800	-	2,963,176	-	3,258,476
Total Operating	\$ 774,230	\$ 597,803	\$ 617,650	\$ 2,623,873	\$ 216,845	\$ 1,705,513	\$ 2,444,786	\$ 1,903,700	\$ 13,767,380	\$ 9,344,328	\$ 33,996,108
CAPITAL											
	-	1,361,003	18,431,936	-	-	254,000	-	789,029	1,697,000	-	22,532,968
LABOR EXPENSES (by department)											
	341,490	2,682,939	2,165,308	997,369	317,147	997,816	987,097	4,598,473	5,429,757	200,000	18,717,397
TOTAL	\$ 1,115,720	\$ 4,641,746	\$ 21,214,894	\$ 3,621,242	\$ 533,992	\$ 2,957,329	\$ 3,431,883	\$ 7,291,202	\$ 20,894,137	\$ 9,544,328	\$ 75,246,474
Full-Time Equivalents											
	2.5	35.8	21.0	10.6	3.5	9.0	13.6	55.0	62.9		214.0

Reconciliation to 2021 Budget Summary	
Operating Expenses	50,738,899
Capital Expenses	24,507,575
Total Expenses	75,246,474

LABOR and BENEFITS BUDGET

Labor and benefit costs makes up a significant portion of the utility's budget.

Labor hours are budgeted in operating projects and capital projects. Many positions within the utility are primarily budgeted in operating projects as the work involved is in the general day-to-day operations of the utility. These positions include those in the administrative departments of Customer Service, Finance, Human Resources, Information Technology, OCOO, and OCEO. Within the operating departments of the utility, there are positions that support the operating activities – ongoing operations and maintenance of the utility. There are positions that generally support the capital efforts – design and construction of assets, replacement of assets, etc. And then there are positions that complete both types of functions. Therefore, while the overall headcount of the utility remains constant, the allocation between operating and capital hours varies from year to year.

Employees are budgeted with non-productive time – which is their time off through the year. This includes holidays, vacation, floating holidays, and sick time. It also includes On-Call pay and for 2021, it includes funds for retiree payouts. The total amount budgeted for 2021 is \$3.0 million.

The non-labor piece of benefit expenses is budgeted at \$9.3 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.

	2021 Proposed Budget	2020 Approved Budget	Percentage Change
Labor			
Operating	\$ 16,742,791	\$ 15,853,759	
Capital	1,974,607	1,783,024	
	\$ 18,717,397	\$ 17,636,783	6.1%
Benefits			
Insurance Premiums			
Employee Medical	\$ 3,532,200	\$ 3,213,360	
Retiree Medical	246,720	226,824	
Life/LTD/AD&D	60,554	58,015	
Retirement Expenses			
IPERS (9.44%)	1,732,463	1,667,484	
FICA taxes (7.65%)	1,403,956	1,351,298	
DMWW Pension	1,600,000	1,640,000	
Deferred Compensation	367,744	352,061	
Flex Dollars	376,309	374,492	
Car Allowance	24,383	21,133	
Total Benefits	\$ 9,344,328	\$ 8,904,667	4.9%
% of total labor	49.9%	50.5%	
Total Labor & Benefits	\$ 28,061,726	\$ 26,541,450	5.7%

2021 Operating Work Plans Recommended for Funding
Office of the CEO

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$ %	
Board Activities					
Facilitation of Board-related activities in accordance with Code of Iowa requirements and to assure a well-informed Board of Trustees fully prepared to render policy decisions for the optimal benefit of the utility.	Labor	133,586	133,817		
	Non Labor	469,950	468,835		
Provides for costs associated with regionalization efforts. Non-labor expense of \$415,000 was budgeted in 2020. That money will not be spent in 2020 and was budgeted again in 2021. This includes funds for consulting expenses, legal fees, and DMWW's share of the start-up costs for the new entity.	Total	603,536	602,652	884	0.1%
CEO Office Operations					
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.	Labor	116,714	101,028		
	Non Labor	62,650	66,655		
	Total	179,364	167,683	11,681	7.0%
Business Strategy					
Provides for the costs associated with the visionary leadership of the utility which includes supervisor meetings, senior management team meetings, and CEO walk-arounds.	Labor	124,534	96,510		
	Non Labor	101,305	1,380		
The 2021 Budget includes \$32,000 of internal labor and \$100,000 for an outside consultant to facilitate a strategic plan for the utility.	Total	225,839	97,890	127,949	130.7%
Project Management					
Provides costs associated with managing operational projects as assigned by the CEO. For 2021, efforts related to energy management have been budgeted.	Labor	17,026	7,813		
	Non Labor	33,250	89,650		
Outside consulting expense was reduced for 2021. Costs to recertify the ISO 50001 were budgeted in 2020 and are not included in the 2021 Budget.	Total	50,276	97,463	(47,188)	-48.4%
Public Policy - Watershed Advocate					
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.	Labor	48,257	45,245		
	Non Labor	107,075	94,100		
	Total	155,332	139,345	15,987	11.5%
Total Office of the CEO					
	Labor	440,117	384,413		
	Non Labor	774,230	720,620		
	Total	1,214,347	1,105,033	109,314	9.9%

2021 Operating Work Plans Recommended for Funding
Customer Service

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$ %		
Customer Service Administration						
Captures the general and administrative costs of customer service, including training.	Labor	56,082	57,061	21	0.0%	
	Non Labor	15,450	14,450			
	Total	71,532	71,511			
Customer Service Contact Center & Data Quality						
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	969,607	923,273	94,134	8.7%	
	Non Labor	206,970	159,170			
	Total	1,176,577	1,082,443			
Labor costs are higher due to slightly more overtime budgeted in 2021. Non-labor costs include increase in Bad Debt Expense of \$50,000 to \$150,000. Both these increases are to bring the budget more in line with actual experience.						
Field Customer Service						
Includes the costs of field service workers in completing work orders, repairing meters, administration of contracted plumbers, and repairing stop boxes.	Labor	1,185,715	1,152,131	43,066	3.2%	
	Non Labor	185,983	176,501			
	Total	1,371,698	1,328,632			
Communications & Public Relations						
Provides for activities related to public relations, utility communications, website and social media support, graphics services, marketing, speaking engagements and treatment plant tours.	Labor	73,079	67,193	3,061	1.5%	
	Non Labor	129,000	131,825			
	Total	202,079	199,018			
New Business, Community & Economic Development, Existing Relationships						
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	17,889	20,465	(2,575)	-3.2%	
	Non Labor	60,400	60,400			
	Total	78,289	80,865			
Total Customer Service		Labor	2,302,372	2,220,123	137,706	5.0%
		Non Labor	597,803	542,346		
		Total	2,900,175	2,762,469		

2021 Operating Work Plans Recommended for Funding
Engineering

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$ %	
Engineering Management					
Tracks operating costs including: communication with staff, training for Engineering staff, leadership and department meetings, safety chats, customer service, administrative support activities, attendance at city pre-app meetings, Engineering leadership support of the Water Works Park Foundation, and cell tower administration.	Labor	324,405	336,438		
	Non Labor	37,250	47,250		
	Total	361,655	383,688	(22,033)	-5.7%
Engineering Studies					
Covers the cost to conduct engineering studies to determine the feasibility of future capital projects as well as monitoring efforts around DMWW facilities.	Labor	121,499	50,671		
	Non Labor	580,400	75,250		
	Total	701,899	125,921	575,978	457.4%
Two large studies are being budgeted in 2021. One focusing on plant expansion and the other focusing on ground water sources. Additional efforts include distribution system modeling, tank inspections, corrosion control support, Bishop Farms wetland mitigation monitoring, & condition appraisal of remote sites.					
Total Engineering					
	Labor	445,904	387,110		
	Non Labor	617,650	122,500		
	Total	1,063,554	509,610	553,945	108.7%

2021 Operating Work Plans Recommended for Funding
Finance

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
Finance Administration					
Summarizes the administrative costs for the Finance department including clerical support, performance management, and training.					
	Labor	52,501	48,266		
	Non Labor	29,510	29,050		
	Total	82,011	77,316	4,695	6.1%
Financial Services					
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	461,449	447,939		
	Non Labor	1,636,150	1,454,000		
Premium expense for corporate insurance is budgeted to increase \$178,000 in 2021 based on discussions with our insurance broker.	Total	2,097,599	1,901,939	195,660	10.3%
Payment Processing					
Summarizes the costs to perform accounts receivable billing, collection, and balancing functions for the utility.					
	Labor	69,018	63,872		
	Non Labor	169,350	219,200		
The 2021 Budget includes a full year of outsourced processing of electronic payments, which will be implemented along with CIS. This results in lower expenses for DMWW.	Total	238,368	283,072	(44,704)	-15.8%
Mail Processing					
Summarizes the costs to prepare and mail customer bills.					
	Labor	44,328	45,972		
	Non Labor	605,050	581,000		
	Total	649,378	626,972	22,406	3.6%
Purchasing & Central Stores					
Provides support to our internal customers for purchasing, warehousing and delivering of product in a cost effective and timely manner.					
	Labor	204,348	195,240		
	Non Labor	5,750	5,750		
	Total	210,098	200,990	9,108	4.5%
Greater Des Moines Botanical Gardens					
Summarizes the in-kind services provided to the GDMBG according to our agreement.					
	Labor	21,937	31,206		
	Non Labor	178,063	168,794		
	Total	200,000	200,000	(1)	0.0%
Total Finance					
	Labor	853,582	832,495		
	Non Labor	2,623,873	2,457,794		
	Total	3,477,455	3,290,289	187,166	5.7%

2021 Operating Work Plans Recommended for Funding
Human Resources

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec)	
				\$	%
HR Administration					
Captures the general clerical and administrative costs of the Human Resources department.					
	Labor	52,798	48,907		
	Non Labor	21,000	16,930		
	Total	73,798	65,837	7,960	12.1%
Employee Relations					
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	190,034	159,497		
	Non Labor	47,700	40,575		
	Total	237,734	200,072	37,661	18.8%
Included in the 2021 Budget are costs (primarily labor) for union contract negotiations with AFSCME.					
Employment					
Provides resources for recruiting and selecting quality new employees for vacant positions. Equal Employment Opportunity and affirmative action compliance is also assured.					
	Labor	24,968	27,622		
	Non Labor	27,795	31,020		
	Total	52,763	58,642	(5,879)	-10.0%
Compensation & Benefits					
Includes costs associated with maintaining and enhancing a competitive, cost-effective and compliant employee compensation and benefits program.					
	Labor	61,369	57,954		
	Non Labor	64,800	88,750		
	Total	126,169	146,704	(20,534)	-14.0%
Reduction based on aligning the budget with actual costs. Additionally, a compensation market study was budgeted in 2020 and not needed in 2021.					
Employee Learning & Growth					
Provides for the administration and coordination of utility-wide employee training, continual learning, career planning, and work-life balance initiatives.					
	Labor	3,340	6,306		
	Non Labor	55,550	71,800		
	Total	58,890	78,106	(19,215)	-24.6%
Reduced budgeted expenses for 2021 are to more accurately reflect actual spending. With the unknowns surrounding COVID-19, we anticipate less in-classroom training and more online training in 2021.					
Total Human Resources					
	Labor	332,509	300,286		
	Non Labor	216,845	249,075		
	Total	549,354	549,361	(7)	0.0%

2021 Operating Work Plans Recommended for Funding
Information Technology

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
I.T. Administration					
Captures the general and administrative costs of the I.T. department including: invoice processing, budget tracking, performance management and training.					
	Labor	118,927	108,965		
	Non Labor	55,600	55,100		
	Total	174,527	164,065	10,462	6.4%
Technical Services					
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, IT computer operations are supported, including activities around nightly processing, reporting, and printing.					
	Labor	98,474	95,559		
	Non Labor	179,200	172,000		
	Total	277,674	267,559	10,115	3.8%
I.T. Development					
Provides technical support for all applications and software components used for corporate computing. This includes application support and application development.					
	Labor	27,756	26,389		
	Non Labor	40,000	40,000		
	Total	67,756	66,389	1,367	2.1%
System Services					
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	160,149	151,064		
	Non Labor	611,505	580,910		
Increases relate to cyber-security, server support, and telecommunications costs relating to increased data usage.	Total	771,654	731,974	39,680	5.4%
I.T. Services					
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	399,099	381,787		
	Non Labor	819,208	767,432		
The largest increases in this work plan relate to annual maintenance expenses for CRM/CIS services. This includes Aclara, which is used for the collection of our meter reads. Additionally, EAM maintenance is increasing due to additional licenses.	Total	1,218,307	1,149,219	69,088	6.0%
Total I.T.					
	Labor	804,406	763,764		
	Non Labor	1,705,513	1,615,442		
	Total	2,509,919	2,379,206	130,713	5.5%

2021 Operating Work Plans Recommended for Funding
Office of the Chief Operating Officer

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
OCOO Administration					
Administrative costs for the Office of the Chief Operating Officer including employee meetings, performance management, and training. Reduced labor hours are as a result of aligning the budget to where actual hours are being charged.	Labor	47,539	66,521		
	Non Labor	4,320	4,320		
	Total	51,859	70,841	(18,982)	-26.8%
Risk & Incident Management					
Costs including park police, contract security, access control, surveillance, emergency operations, and flood protective measures. Also includes costs associated with liability claims. The 2020 budget included costs related to complete a risk assessment and prepare an emergency response plan as required by the EPA. Partially offsetting this decrease in 2021 is an increase in expenses related to contracted security services.	Labor	140,451	135,190		
	Non Labor	705,700	734,300		
	Total	846,151	869,490	(23,339)	-2.7%
Grounds Maintenance					
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. The PILOT to the City of Des Moines is increasing nearly \$128,000 to \$1,359,081. Other increases include costs to maintain roadways and parking areas at Maffitt Reservoir, Water Works Park, and remote sites and contracted maintenance of the Fleur Drive medians.	Labor	494,628	486,117		
	Non Labor	1,616,466	1,454,685		
	Total	2,111,094	1,940,802	170,292	8.8%
Safety					
Captures the general and administrative costs of the safety program - which includes labor, outside consultants to provide training, and safety materials and supplies.	Labor	132,271	123,022		
	Non Labor	118,300	121,800		
	Total	250,571	244,822	5,749	2.3%
Total Office of the COO					
	Labor	814,889	810,850		
	Non Labor	2,444,786	2,315,105		
	Total	3,259,675	3,125,955	133,719	4.3%

2021 Operating Work Plans Recommended for Funding
Water Distribution

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
Distribution Administration (Distribution Support)					
Administrative costs for the Distribution department including clerical support, employee meetings, performance management, and training.					
	Labor	181,950	203,785		
	Non Labor	49,940	46,140		
	Total	231,890	249,925	(18,036)	-7.2%
Des Moines Field Support					
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	492,996	443,042		
	Non Labor	47,296	44,804		
	Total	540,292	487,846	52,447	10.8%
Increase in labor is for implementation of EPA's revised Lead and Copper Rule Revisions as well as increase in overtime hours being budgeted to line up with actual results.					
Distribution System Maintenance & Repair					
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	1,652,991	1,653,423		
	Non Labor	1,228,604	1,277,220		
	Total	2,881,595	2,930,643	(49,048)	-1.7%
The number of main breaks budgeted in 2021 is lower based on actual experience over the last several years.					
Leak Detection and Locating					
Costs for leak detection, locating, customer distribution services (complaints/inquiries), and feeder signage maintenance.					
	Labor	640,012	603,136		
	Non Labor	39,300	39,150		
	Total	679,312	642,286	37,026	5.8%
Increase in labor hours is due to an increase in the number locate tickets being done annually.					
Distribution Billed Services					
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	206,523	213,364		
	Non Labor	482,510	481,535		
	Total	689,033	694,899	(5,866)	-0.8%
Distribution Water Quality					
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	162,028	154,582		
	Non Labor	56,050	60,475		
	Total	218,078	215,057	3,021	1.4%
Total Water Distribution					
	Labor	3,336,501	3,271,333		
	Non Labor	1,903,700	1,949,324		
	Total	5,240,201	5,220,657	19,544	0.4%

2021 Operating Work Plans Recommended for Funding
Water Production (page 1 of 3)

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
Water Production Administration Administrative and support costs for the Water Production department including clerical support, employee meetings, performance management, and training.	Labor	301,853	277,461		
	Non Labor	83,200	98,500		
	Total	385,053	375,961	9,092	2.4%
Water Production Operations 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	945,268	938,571		
	Non Labor	107,835	96,500		
	Total	1,053,103	1,035,071	18,032	1.7%
Fleur Plant Chemicals & Energy 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 lime softening residuals.	Labor	11,359	9,448		
	Non Labor	5,759,997	5,602,560		
Increased costs are a result of higher production being budgeted at this plant along with moderate increases in chemical prices.	Total	5,771,356	5,612,008	159,348	2.8%
McMullen Plant Chemicals & Energy 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 lime softening residuals.	Labor	88,325	80,161		
	Non Labor	2,971,294	2,919,617		
Budgeted production at this plant remains the same as the 2020 budget. The increases are due to chemical price increases and increased costs to remove residuals.	Total	3,059,619	2,999,779	59,840	2.0%
SWTP Chemicals & Energy 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	102,453	101,362		
	Non Labor	922,678	1,081,196		
Reduced cost is a result of lower production being budgeted at this plant. Offsetting this decrease is a moderate increase in chemical prices.	Total	1,025,131	1,182,558	(157,427)	-13.3%
Fleur Maintenance 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	818,356	804,186		
	Non Labor	1,005,205	1,047,750		
	Total	1,823,561	1,851,936	(28,375)	-1.5%
McMullen Maintenance Includes all maintenance and repair expenses of the McMullen Treatment Plant, radial collector wells, Crystal Lake, and ASR.	Labor	237,573	241,990		
	Non Labor	281,667	339,101		
Lower maintenance costs are a result of using internal labor to complete softener cleans rather than an outside contractor and lower costs for repairs at the wells and Crystal Lake.	Total	519,240	581,091	(61,851)	-10.6%
SWTP Maintenance Includes mechanical and electrical maintenance for the Saylorville Water Treatment Plant.	Labor	245,478	227,420		
	Non Labor	273,586	290,748		
	Total	519,064	518,168	896	0.2%

2021 Operating Work Plans Recommended for Funding
Water Production (page 2 of 3)

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
Water Production Maintenance Oversight					
Provides oversight efforts for the daily planning of maintenance in Water Production. Also encompasses the efforts to maintain the CMMS system. The majority of this increase is due to additional hours being budgeted to this project for a new (additional) staff position.	Labor	208,269	129,303		
	Non Labor	-	-		
	Total	208,269	129,303	78,966	61.1%
Louise P. Moon Pumping Maintenance					
Provides for maintenance of the Louise P. Moon Storage and Pumping Facility, the Waukee Booster Station, the LPM ASR facility, and Waukee/Xenia Booster station which will ensure water is provided in acceptable quantities at desirable pressures.	Labor	66,459	62,105		
	Non Labor	446,295	434,730		
	Total	512,754	496,835	15,919	3.2%
Polk County Storage & Pumping					
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	34,751	41,345		
	Non Labor	115,390	101,350		
	Total	150,141	142,695	7,446	5.2%
Des Moines Remote Storage					
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, Army Post Road ASR facility, and the new Joint Maffitt Lake Booster Station.	Labor	200,860	198,344		
	Non Labor	431,125	429,155		
	Total	631,985	627,499	4,486	0.7%
Lab Operations					
Routine, non-investigative testing in the chemistry laboratory related to regulatory compliance and assessment of treatment plant processes.	Labor	252,536	236,283		
	Non Labor	150,639	150,200		
	Total	403,175	386,483	16,692	4.3%
Microbiology Operations					
Routine, non-investigative testing in the microbiology laboratory related to regulatory compliance and assessment of treatment plant processes.	Labor	110,371	107,826		
	Non Labor	55,000	55,000		
	Total	165,371	162,826	2,544	1.6%
Water Quality Research					
Investigative testing concerning water quality and plant process improvements.	Labor	35,621	33,882		
	Non Labor	15,000	20,000		
	Total	50,621	53,882	(3,261)	-6.1%
Source Water Quality Monitoring					
Investigation of source water quality related to CPS objectives, ACWA/ISA monitoring, Urban Snapshot monitoring, and the IDNR/DMWW cooperative monitoring project. Decreased expenses are due to fewer test kits for emerging contaminants (toxins). Lab staff has become more knowledgeable of toxins and are able to run fewer tests to gather the necessary information.	Labor	21,769	20,783		
	Non Labor	58,000	74,500		
	Total	79,769	95,283	(15,514)	-16.3%

2021 Operating Work Plans Recommended for Funding
Water Production (page 3 of 3)

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
Radio Communication Equipment					
Maintenance and supervision expenses of the trunked radio system and telemetry system.	Labor	14,723	14,068		
	Non Labor	33,500	44,000		
	Total	48,223	58,068	(9,844)	-17.0%
HVAC Operations					
To operate, maintain, and repair all heating, air conditioning, and ventilation equipment for all DMWW facilities.	Labor	82,847	63,171		
	Non Labor	53,500	54,500		
Increase in labor costs are due to the maturing age of HVAC equipment requiring additional maintenance efforts.	Total	136,347	117,671	18,677	15.9%
Facility Maintenance					
Captures the general and administrative costs of building upkeep and general facility maintenance.	Labor	160,676	159,112		
	Non Labor	418,400	409,700		
	Total	579,076	568,812	10,263	1.8%
Vehicle Maintenance					
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	446,088	436,049		
	Non Labor	585,068	565,811		
	Total	1,031,156	1,001,860	29,296	2.9%
Total Water Production	Labor	4,385,633	4,182,870		
	Non Labor	13,767,380	13,814,919		
	Total	18,153,013	17,997,788	155,225	0.9%

2021 Operating Work Plans Recommended for Funding

Summary Operating Expenses	2021 Proposed Budget	2020 Approved Budget	Inc / (Dec)
Total by Department			
CEO	1,214,347	1,105,033	109,314
Customer Service	2,900,175	2,762,469	137,706
Engineering	1,063,554	509,610	553,945
Finance	3,477,455	3,290,289	187,166
HR	549,354	549,361	(7)
IT	2,509,919	2,379,206	130,713
Office of the COO	3,259,675	3,125,955	133,719
Water Distribution	5,240,201	5,220,657	19,544
Water Production	18,153,013	17,997,788	155,225
Utility Benefits	12,371,206	11,605,183	766,023
Includes non-productive time (vacation, sick, holiday) and benefits (health insurance, deferred comp match, pension, IPERS, FICA, retiree payouts in 2021, etc.)			
Total Recommended Operating Budget	<u>50,738,899</u>	<u>48,545,551</u>	2,193,348 4.5%

2021 CAPITAL Work Plans Recommended for Funding

Work Plan & Description		2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
Field Customer Service Capital					
Provides capital materials (meters & MTUs) needed to update and keep our current meter reading system updated and provide accurate meter reads needed for billing. We will also continue to work towards completion of our meter change-out program of meters in service for over 17 years.					
	Labor	-	-		
	Non Labor	1,361,003	1,288,321		
	Total	1,361,003	1,288,321	72,682	5.6%
Facility Management					
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	224,266	192,303		
	Non Labor	2,882,118	2,642,905		
	Total	3,106,384	2,835,207	271,176	9.6%
Included in the 2021 budget are projects for roof replacements, safety compliance, interior and exterior paint at the Wilchinski Standpipe, improvements to the Des Moines River intake, installation of a new chlorine feed system at the Joint Eastside Booster Station, improvement to the stormwater system at the Fleur plant, riverbank protection, restoration of the distribution building parking access ramp, restoration of the standpipe foundation at Wilchinski, installation of variable frequency drives at Hazen and Nollen, two additional Trimble units, and additional funds for construction of a new building for the grounds shop.					
Fleur Drive Treatment Plant					
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	256,703	173,476		
	Non Labor	4,085,500	3,539,359		
	Total	4,342,203	3,712,835	629,368	17.0%
Projects budgeted include:					
	Filter media replacement	728,205			
	Filter backwash tank	435,917			
	Lime sludge filter presses	1,079,604			
	LSD acid wash	664,867			
	SCADA Network Improvements	449,448			
	Basin rechaining	535,227			
	Filter drain gate	174,955			
	East high lift suction well	214,092			
	Permanent isolation of clear well from gallery	59,888			
		4,342,203			
Saylorville Treatment Plant					
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. The 2021 budget includes funds for the continuing replacement of RO membranes and UF membranes.					
	Labor	24,659	33,397		
	Non Labor	634,000	895,671		
	Total	658,659	929,068	(270,409)	-29.1%
Water Main Replacement					
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. There are additional projects in this work plan relating to improvements to the Pleasant Hill system.					
	Labor	648,112	588,063		
	Non Labor	9,997,410	9,580,899		
	Total	10,645,522	10,168,961	476,560	4.7%
Raw Water at Maffitt					
This work plan is to provide continuing low nitrate raw water supply to the McMullen Water Treatment Plant. The 2021 budget includes funds to rehabilitate two radial collector wells.					
	Labor	16,370	32,124		
	Non Labor	729,000	1,366,990		
	Total	745,370	1,399,114	(653,744)	-46.7%

2021 CAPITAL Work Plans Recommended for Funding

Work Plan & Description	2021 Proposed Budget	2020 Approved Budget	Inc / (Dec) \$	%
Development Plan Review 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 260,101 Non Labor 103,908 Total 364,009	184,862 5,728 190,590	173,419	91.0%
Joint Southwest Storage, Pumping Station, & Feeder This work plan consists of installing a new feeder main from Maffitt Park to Norwalk and is entirely funded by the City of Norwalk. Only labor is budgeted in 2021 to complete the project.	Labor 29,418 Non Labor - Total 29,418	102,162 2,000,000 2,102,162	(2,072,744)	-98.6%
Joint Northwest Storage, Pumping Station, & Feeder This work plan consists of a joint project to construct a new pump station. This work is partially funded by Polk City. The 2021 budget includes only labor to finish up the project.	Labor 33,162 Non Labor - Total 33,162	60,670 1,862,969 1,923,639	(1,890,477)	-98.3%
I.T. Capital Provides funding for investments into hardware and software infrastructures to ensure that a reliable, secure, capable, fully functional computing environment is available to our users and customers. The 2021 budget includes funds for ongoing replacement of hardware and software and Microsoft licensing. Additionally, there are funds to address cyber-security as well as internal labor to identify vendors for replacing PeopleSoft as our financial system.	Labor 26,465 Non Labor 254,000 Total 280,465	25,363 300,300 325,663	(45,199)	-13.9%
Water Distribution System Improvements Summarized costs for distribution system upgrades such as tying in dead end mains and installation of new hydrants and valves. Replacement tools and equipment are also included in this work plan.	Labor 373,011 Non Labor 789,029 Total 1,162,039	328,074 659,748 987,822	174,217	17.6%
Water Production Plant Reinvestment 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 64,426 Non Labor 900,000 Total 964,426	62,529 800,000 862,529	101,897	11.8%
Vehicle Replacement Captures the cost of replacing vehicles and related equipment.	Labor 17,915 Non Labor 797,000 Total 814,915	- 800,000 800,000	14,915	1.9%
Total Recommended Capital Budget	24,507,575	27,525,912	(3,018,337)	-11.0%
Summary by Expense Classification				
Total Labor	1,974,607	1,783,024	191,583	
Total Non Labor	22,532,968	25,742,889	(3,209,920)	
Summary by Funding Source				
Carryover	2,735,500	3,462,156		
Funded by Outside Entities	47,989	4,600,735		
Funded by Utility Revenue	21,724,086	19,463,021		

DMWW Budget Process & Timeline

April – May

- Finance prepares budget templates for 2021 budget entry.
- Finance provides budget training/refresher, as needed.

June – July

- 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.

August-September

- 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.

September

- Senior management team meets to balance available resources with budget requests.

October

- Finance staff presents budget for discussion and review at Board Committee meetings.
- Board reviews and discusses budget at October meeting, sets public hearing for November board meeting.

November

- Public hearing is held, and Board approves budget at November meeting.

December

- Budget documents are forwarded to Des Moines City Clerk for receipt and file by City Council.