

**Minutes of a Meeting
of the**

COMMITTEE OF THE WHOLE

DuPage Water Commission
600 E. Butterfield Road, Elmhurst, Illinois

February 16, 2023

The meeting was called to order by Chairman Zay at 6:02 P.M.

Commissioners in attendance: D. Bouckaert, J. Broda, J. Fennell, D. Novotny, J. Pruyne, D. Russo, F. Saverino, P. Suess, and J. Zay

Commissioners Absent: R. Gans, J. Healy, K. Rush, D. Van Vooren

Also in attendance: P. May, C. Bostick, C. Peterson, M. Weed, J. Haney, D. Cuvalo, D. Mundall, P. Luetkehans of Leutkehans, Brady, Garner and Armstrong, LLC.

TENTATIVE DRAFT BUDGET FOR FISCAL YEAR 2023-2024

General Manager Paul May began by emphasizing that the Commission holds no outstanding debt. Reserves remain in good condition, with a total of \$165M. Commissioner Suess inquired about the \$4.5M from Aqua and if that could fund the Reserves. General Manager May responded that was correct; those funds have been deposited in the General Fund. The General Fund balance will be partially redirected to fund the required Reserve Fund balance as established by the Reserve Fund Policy.

Investment activity is currently at \$177.9M with a gross market yield of 4.4%. The Consumer Price Index (CPI) is experiencing growth of 6.5% at year end. The energy costs have flipped considerably, now representing a larger portion of total expenditures than in previous years. DWC does retain a multi-year contract, but both Chicago (Lexington Pump Station), and DWC costs have increased following the end of the previous electric commodity contract.

The water commodity cost from the City of Chicago is expected to be 5%, equal to \$0.21 per thousand gallons for a change from \$4.33 to \$4.54 per thousand gallons. This will, of course impact the DWC wholesale rate. DWC margins have decreased since 2015-2016 from \$1.03 to the current rate of \$0.85. The current budget proposal is to retain the \$0.85 margin, and to pass along the \$0.21 increase only. Therefore, the current customer rate of \$5.18 per T-gallons is proposed to rise to \$5.39 per T-gallons. General Manager May then summarized all accounts.

The Capital Improvement Plan was summarized for the Commissioners. General Manager May informed the Board that there will be a detailed presentation of the Alternate Water Source project at the April meeting. A new account was introduced, the Escrow Funded Capital account, which is intended to differentiate funds from external sources dedicated to a unique and distinct

project funded by an outside party, such as a new customer funding an escrow for system expansion.

In summary, the budget contemplates a net operating loss of \$6.9M. FY 2023-2024 strategic objectives were introduced. General Manager May thanked Staff for all of their hard work and then opened the floor to questions.

Commissioner Suess asked for status on the \$12.8M for capital projects in the current fiscal year. Financial Administrator Peterson replied that we are at \$2.5M currently, with invoices from the Generator Building and SCADA project coming in. All projects are underway, but many were started throughout the year, and invoicing is expected to lag the project progress in many cases. Timing will play a part in how much of the \$12.8M is spent.

Commissioner Suess asked about the forecast level of water consumption and if that was projected to stay the same, to which General Manager May replied yes.

Commissioner Russo asked how many years the \$0.85 margin had been held. General Manager May replied that it had been three years. Commissioner Russo expressed concerns about holding that rate for a prolonged period then having a dramatic rise later and the perception of that rise. Chairman Zay added that our Municipal members will need to raise their rates as well to accommodate the \$0.21 increase from the City of Chicago and with our current reserve levels, it may be most appropriate to keep the margin consistent for now. Commissioner Suess added that consumption has been higher than projected for the past few years which is favorable to the Commission, and may reduce the realized loss at the end of the year. Chairman Zay noted that with the addition of Montgomery, Oswego and Yorkville, future consumption is expected to be higher as well. Commissioner Pruyn mentioned that some of our Municipal customers are concerned with the level of our Reserves.

With no further discussion, Commissioner Broda moved to adjourn the meeting at 6:39 P.M. Seconded by Commissioner Saverino and unanimously approved by a Voice Vote.

All voted aye. Motion carried.