

**MINUTES OF A SPECIAL COMMITTEE OF THE WHOLE  
MEETING OF THE DUPAGE WATER COMMISSION  
HELD ON THURSDAY, FEBRUARY 20, 2014  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Zay at 6:35 P.M.

Commissioners in attendance: J. Broda, L. Crawford, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess and J. Zay

Commissioners Absent: R. Furstenau, C. Janc, W. Murphy and J. B. Webb

Also in attendance: Treasurer D. Ellsworth, J. Spatz, C. Johnson, C. Peterson, T. McGhee, J. Rodriguez, R. C. Bostick, J. Schori, M. Weed, F. Frelka, E. Kazmierczak, and T. Good of Gorski & Good, LLP

**TENTATIVE DRAFT FISCAL YEAR 2014-2015 BUDGET**

General Manager Spatz gave a brief PowerPoint presentation on the Tentative Draft Fiscal Year 2014-2015 Budget, highlighting significant savings over the last four fiscal years.

General Manager Spatz began his presentation by comparing the debt activity from 2011 to present day noting that the Commission's debt in 2011 reflected \$142M with an interest rate of over 4% compared to present day debt which had significantly decreased reflecting \$43M at an interest rate slightly below 1%. With regards to the Revenue Bonds, General Manager Spatz noted that the Commission would be paying down approximately \$1M of principal each month.

With regards to the Investment and Reserve Activity, General Manager Spatz noted that the Commission was actively investing with a diversified portfolio earning a market yield of about 53 basis points and that the Commission had restructured its reserve accounts.

Next, General Manager Spatz presented the Management Budget Trends; total revenues vs. total expenditures noting a \$6.5M reduction (over 33%) in the total operating expenditures from the FY2010/2011 budget to the Tentative FY2014-2015 budget. He also added that because of the large reduction in operating expenditures, the Commission was able to pay down additional debt sooner resulting in a significant reduction in interest costs.

General Manager Spatz reported on the budget projections starting with the revenue chart; water sales makes up 72%, fixed costs payments is 5%, sales tax is 22% and other income is about 1%. On the expense chart, General Manager Spatz reported that water purchases & distribution costs is 87%, depreciation is at 7%, personnel services is 3%, professional services is 1% and insurance and administrative costs were both at .5%.

## Minutes of the 2/20/14 Committee of the Whole Meeting

General Manager Spatz briefly reviewed the total revenues and total operating expenditures noting that the revenues reflected an increase of about \$16.4M mainly due to water sales. Expenditures reflected professional services were budgeted to decrease due to the reduction in legal cost. Administration costs were budgeted to decrease by about 13.8% due to reductions in diesel fuel projections and in repairs and maintenance costs. Total operating expenditures were budgeted to increase by about \$9.9M. The main drivers are:

- Water purchases from the City of Chicago are budgeted to increase by approximately \$10.7M due to water rate increases.
- Depreciation was budgeted to increase by \$300K
- All other operating expenditures are budgeted to decrease by about \$1.1M.

### **2014-2019 FIVE-YEAR CAPITAL IMPROVEMENT PLAN**

General Manager Spatz began by noted several new projects had been added with expenditures totaling about \$5M per year and provided a brief summary of the new projects which included:

- Roof replacement of the DuPage Pumping Station
- Replacement of reservoir hatches
- Replacement of Effluent Vaults Stairs
- Installation of a backhaul radio system
- Security system upgrades throughout all Commission facilities
- Commission Condition Assessment
- Distribution system upgrades

With regards to the Commission's Condition Assessment, General Manager Spatz noted that a preliminary scope had been developed in stages which would give the Commission an opportunity to reevaluate areas needing more in-depth assessment and address any deficiencies identified. Commissioner's Russo and Suess both shared the importance of getting a thorough outside assessment of the Commission's system noting that the project should begin sooner rather than later.

Before concluding his presentation, General Manager Spatz asked Board members to submit, to staff, any/all of their questions and preferable in advance of the March meeting to allow staff the time to prepare a full Question/Answer explanation sheet; also offering to sit down with any Board member for a more one-on-one in-depth review.

With no further questions, Chairman Zay asked for a consensus to allow staff to distribute the Tentative Draft FY 2014-2015 Management Budget to the Commission's customers to which all agreed.

Commissioner Russo moved to adjourn the meeting at 6:58 P.M. Seconded by Commissioner Saverino and unanimously approved by a Voice Vote

All voted aye. Motion carried.