

**MINUTES OF A SPECIAL MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON WEDNESDAY, OCTOBER 26, 2011
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Zay at 6:00 P.M.

Commissioners in attendance: L. Crawford (arrived at 6:20 P.M.), R. Furstenau, C. Janc, D. Loftus, W. Murphy, J. Pruyne, D. Russo, P. Suess, J. B. Webb, and J. Zay

Commissioners Absent: T. Cullerton, F. Saverino, and M. Scheck

Also in attendance: N. Narducci (arrived at 6:03 P.M.), J. Spatz, M. Crowley, C. Johnson, M. Weed, and S. Lux of Baker Tilly

PUBLIC COMMENT

None

FUTURE WATER RATES

Chairman Zay asked General Manager Spatz to report on the meeting with the Mayors and Managers of the utility customers. General Manager Spatz reported that he and Chairman Zay met with the utility customers earlier in the day to review and explain Chicago's recently announced water rate increases and to provide an overview of the Commission's financial position, water rate model, and proposed water rate increases in response to Chicago's action.

Treasurer Narducci arrived at 6:03 P.M.

General Manager Spatz referred to two handouts he had prepared and distributed to the Commissioners which compared the differences between the City of Chicago's and the Commission's water rate increases. General Manager Spatz pointed out that Chicago sells water to the Commission at a rate of \$2.01 per 1,000 gallons and the Commission, in turn, sells it to its customers for about \$2.30 per 1,000 gallons. General Manager Spatz also noted that by charging a few percent over what Chicago is proposing to charge, the Commission would be able to pay down its debt by May of 2016.

General Manager Spatz went on to explain that currently an average family's bill for water through the Commission amounts to \$17.25/per month for about 7,500 gallons of water, plus any additional cost the communities add-on to cover their operational and capital needs. With the Commission's proposed 2012 rate increase, General Manager Spatz noted that that same water bill would amount to \$22.43/per month, an increase of about \$0.17 per day or \$5.18 per month.

Discussion then ensued regarding the elimination of the sales tax in 2016 and, specifically, what portion of the currently proposed rate increases was attributable to the loss of the Commission's sales tax authority.

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Chairman Zay noted that the currently proposed rate increases have nothing to do with the elimination of the Commission's sales tax authority but, rather, with the Commission's outstanding debt and the water rate increases recently announced by the City of Chicago. General Manager Spatz agreed, noting that the Commission would be losing approximately \$30MM in expenses at the same time as it loses the approximately \$32MM in sales tax revenue. General Manager Spatz added that by developing a four-year rate plan to enable the Commission to pay down its debt, the Commission would not only save on debt service costs but also should be able to work with the rating agencies to re-establish the Commission's AAA bond rating.

Commissioner Crawford arrived at 6:20 P.M.

Commissioner Loftus highlighted the following four goals to be achieved with the currently proposed rate increases over the next four years:

- Retire outstanding debt
- Implement a modest \$16MM Five-Year Capital Improvement Plan
- Prepare for the elimination of sales tax revenues in 2016
- Maintain sufficient reserves

Commissioner Murphy asked about the next steps in the process. Chairman Zay advised that if there was consensus among the Commissioners present, then staff would send a notice to the Charter Customers scheduling a hearing and Board vote at the regular November Commission meeting on the rate increases as proposed by General Manager Spatz.

After Chairman Zay thanked General Manager Spatz for the work he did on developing the rate model, it was the consensus of the Commissioners present to schedule a hearing on the following rate to be charged for Operation and Maintenance Costs in the calendar year set forth opposite each such rate:

\$2.73 per 1,000 gallons	2012
\$3.32 per 1,000 gallons	2013
\$3.97 per 1,000 gallons	2014
\$4.68 per 1,000 gallons	2015

Commissioner Murphy moved to adjourn the meeting at 6:26 P.M. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.