



# **DuPage Water Commission**

600 E. Butterfield Road, Elmhurst, IL 60126-4642  
(630) 834-0100 Fax: (630) 834-0120

## **AGENDA**

**FINANCE COMMITTEE  
THURSDAY, FEBRUARY 13, 2003  
6:30 P.M.**

**600 EAST BUTTERFIELD ROAD  
ELMHURST, IL 60126**

- I. Roll Call
- II. Approval of Minutes of January 9, 2003
- III. Approval of Minutes of January 15, 2003
- IV. Treasurer's Report – January, 2003
- V. Financial Statements – January, 2003
- VI. Accounts Payable
- VII. Ordinance O-1-03: An Ordinance of the DuPage Water Commission, Counties of DuPage, Cook and Will, Illinois, Abating the 2002 Tax Levy for \$93,970,000 General Obligation Water Refunding Bonds, Series 2001, of the Commission
- VIII. Insurance Coverage
- IX. Five-Year Capital Plan
- X. Fiscal Year 2003-04 Tentative Draft Budget
- XI. Retention of Financial Advisor

All visitors must present a valid drivers license or other government-issued photo identification, sign in at the reception area and wear a visitor badge while at the DuPage Pumping Station.

XII. Financial Review

- A. Net Asset (Fund Balance) Analysis
- B. Five Year Capital Improvement Program
- C. Self Insurance Study
- D. Outstanding Revenue and General Obligation Bonds

XIII. Non-Recurring Items

- A. Review the original Charter Customer Agreements and Accounts
- B. What is the basis for reimbursement for customer infrastructure and what are the criteria for comparison between Charter Customers and Subsequent Customers
- C. Return on investment and feasibility of pre-payments of the General Obligation and Revenue Bonds
- D. Impact/Connection Fee Study

**MINUTES OF A MEETING OF THE  
FINANCE COMMITTEE  
OF THE DU PAGE WATER COMMISSION  
HELD ON JANUARY 9, 2003**

The meeting was called to order at 6:40 p.m. at the offices of the DuPage Water Commission, 600 E. Butterfield Rd., Elmhurst, Illinois 60126. Committee members in attendance: A. Poole, Committee Chairman, J. Tenison, J. Janicik and B. Krajewski. Also in attendance: Commission Chairman M. Vondra (*ex officio*) and R. Skiba.

**MINUTES OF MEETINGS – DECEMBER 12, 2002**

Motion by Commissioner Tenison, seconded by Commissioner Janicik, to approve the minutes of the December 12, 2002 Finance Committee meeting. This motion carried unanimously.

**TREASURER'S REPORT – DECEMBER, 2002**

The Committee reviewed the December, 2002 Treasurer's Report. Motion by Commissioner Tenison, seconded by Commissioner Janicik to recommend acceptance of the report by the full Commission at its meeting of January 9, 2003.

**FINANCIAL STATEMENTS - DECEMBER, 2002**

The Committee reviewed the December, 2002 financial statements. After a brief discussion, the Committee accepted the report.

**ACCOUNTS PAYABLE**

The Committee reviewed the revised accounts payable in the amount of \$3,696,477.71. Staff identified the revisions for and discussed them with the Committee. Motion by Commissioner Janicik, seconded by Commissioner Tenison, to recommend approval of the revised accounts payable at the January 9, 2003 Commission meeting.

**PROPERTY INSURANCE COVERAGE**

The Committee reviewed a staff memo regarding coverage for acts of terrorism that had been either limited or excluded from the Commission's November 1, 2002 insurance renewals. The Commission covers its property using four different insurance policies provided by three different insurance carriers as described in the staff memo.

Motion by Commissioner Janicik, seconded by Commissioner Tenison, to recommend the Commission accept the Allianz Insurance extended coverage for \$51,141.59, but decline the extended coverage from Sheffield Insurance. Motion carried unanimously.

The Committee requested a list of companies and marketing activities related to the November 1, 2002 insurance program. Staff will provide this information for the February Committee meeting.

#### **LIABILITY INSURANCE CARRIER RATING**

The Commission's insurance broker advised of a downgrade of Kemper Insurance Company by A.M. Best. The change in rating is from "Excellent" to "Very Good." No change was made to Kemper's reserve funds rating.

Trying to change carriers at this time does not appear to be imperative. However, the broker will pursue a change in carrier if the Commission so directs.

The Committee directed staff to keep this item on the agenda. Staff is to continue monitoring and reporting any further changes in this carrier rating.

#### **FIVE YEAR CAPITAL PLAN**

Commission Chairman Vondra ask the Committee to consider the possibility of a tap on fee. This fee would be charged by the Commission's customers on new housing projects and remitted by the customer to the Commission. Chairman Vondra asked for a recommendation from the Committee. Commissioner Janicik stated his agreement that such a fee should be studied. Commissioner Poole did not agree this type of fee is necessary.

Motion by Commissioner Janicik, seconded by Commissioner Tenison for purposes of discussion, that the Committee and staff review impact fees assessed on behalf of the Commission by its customers on new housing projects within the customers' corporate boundaries.

Commissioner Poole believes that the higher fixed cost burden placed on growing Commission customers is equivalent to an impact fee. Commissioner Tenison questioned whether impact fees could take the place of fixed cost payment. Staff stated that any change in the method of assessing fixed costs would require an amendment to the Commission's contract with its customers.

The Committee then voted unanimously to approve the motion to study impact fees.

### **BASIS FOR REIMBURSEMENT FOR CUSTOMER INFRASTRUCTURE**

Commission Chairman Vondra has been asked how the Commission handled the construction of customer connection infrastructure. What were the financing differences between charter customer and subsequent customer connection infrastructure? What were the disadvantages for subsequent customers?

Staff reported that this had been considered in establishing the subsequent customer pricing structure. A memo will be prepared for the Commission as to how these differences were handled.

### **RETENTION OF FINANCIAL ADVISOR**

Staff reported that five responses had been received to the Commission's request for financial advisor services (RFP's). Because the RFP's were issued based on a December 12, 2002 Finance Committee motion which was narrower in scope than the Commission directive given later that same date, staff had not opened these proposals.

Commissioner Janicik had noticed this discrepancy. He also thought it was ill advised to have sent the RFP's to only financial advisors with prior service or interest in the Commission. However, since the process is underway, he suggested the RFP's be opened with the Committee seeking a broader scope of service to include a review of such things as debt retirement, review of reserve balance adequacy and insurance exposures through an addendum to the RFP.

Motion by Commissioner Janicik, seconded by Commissioner Tenison, to open the RFP responses then draft an addendum to the RFP for review at the next Committee meeting, requesting a response for the expansion of financial advisory services to include debt retirement, review of reserve balance adequacy and insurance exposures. Motion carried unanimously.

### **ADJOURNMENT**

With no further business to come before the Committee, the meeting was adjourned at 7:28 p.m.

**MINUTES OF A MEETING OF THE  
FINANCE COMMITTEE  
OF THE DU PAGE WATER COMMISSION  
HELD ON JANUARY 15, 2003**

The meeting was called to order at 3:50 p.m. at the offices of the DuPage Water Commission, 600 E. Butterfield Rd., Elmhurst, Illinois 60126. Committee members in attendance: A. Poole, Committee Chairman, J. Tenison, B. Krajewski and J. Janicik. Also in attendance: Commissioner Chaplin, J. Holzwart, R. Martin, R. Skiba and P. Modaff (Village of Woodridge).

**PROPERTY INSURANCE COVERAGE**

The Committee discussed that the Commission was able to obtain only \$40 million of underground property insurance coverage. The original cost of the Commission's system of watermain is \$321 million. In addition, the Commission still has an equity interest in the 12-foot diameter tunnel connecting the Lexington pump station to the Chicago water supply. This tunnel originally cost over \$27 million. As of November 1, 2001, the Commission's broker estimated replacement cost for these facilities was nearly \$410 million.

Staff explained the Commission adopted a policy in 1992 of holding unencumbered cash in the amount of 5% of the cost of the Commission's original total construction costs. This amount was to be increased annually by the change in the Engineering News Record's construction index. This reserve currently stands at \$27.3 million.

Having cash available for emergency system repairs avoids borrowing under duress. It also allows for repairs to commence without waiting for the resolution of any questions of insurance coverage. The policy issue considered is the continuing appropriation of a 5% contingency reserve in the current insurance milieu.

Commissioner Tenison suggested the something less than 5% might be adequate. Because of budget timing, implementing any change in policy such as that may be difficult for May 1<sup>st</sup>, the General Manager stated. It was also noted that this is part of the overall financial review for which services of a financial advisor are being sought.

**FIVE YEAR CAPITAL PLAN**

The General Manager reviewed the changes made to the Five-Year Capital Plan. He advised the Committee that all such changes had been incorporated into the plan. Three scenarios were presented to the Committee. The first, as directed by the

Commission, contained a rate structure starting at \$1.65 per thousand gallons effective May 1, 2003 with \$0.05 increases each succeeding May 1<sup>st</sup>. Commissioner Poole requested the second scenario. It contains a flat \$1.65 per thousand gallons rate. A \$1.55 per thousand-gallon scenario was run at the request of Commissioner Thorn.

Commissioner Tenison asked if the Commission still needed sales tax revenues to fund its operations. Maybe it was time to voluntarily drop this source of funds.

Commissioner Poole thought this might be possible, but only after all systems construction is complete and when all outstanding bonds have been retired. In addition to the projects in the Five-Year Plan, the Commission has, in the past, considered acquiring the Lexington Pumping Station. Sales taxes may be an appropriate funding source if this opportunity arises.

Commissioner Janicik noted that the Commission's sales tax is within the purview of the State Legislature. The legislature could remove this revenue source at any time. If that happened, the Commission's water rate would increase significantly.

The General Manager agreed with that concern. However, it was noted that the sales tax was implemented by the legislature in 1986 after passage of an advisory referendum within the Commission's service area.

### **RETENTION OF FINANCIAL ADVISOR**

The General Manager reviewed a summary of the responses received to the Commission's request for proposals (RFP's) for financial advisory services. He noted that only Speer Financial and Norene & Associates had served the Commission in this capacity. During the issue of the 2001 General Obligation Refunding Bonds, Ehlers & Associates had served only a limited role in pricing the bonds.

Commissioner Janicik noted that the proposal itself was too limited. The Committee wanted to consider an overall financial plan including possibly refunding or retiring outstanding bonds as well as review of fund retention policies and adequacy of insurance coverage.

Commissioner Poole asked about the cost for preparation of a disclosure document mentioned in one of the proposals. The General Manager stated that, if the revenue bonds were refunded, the underwriters' counsel would likely prepare such a document.

Commissioner Krajewski suggested an addendum to the RFP to expand the scope of financial advisory service. Commissioner Tenison asked if the addendum would go only to the five firms that had proposed. As the process has already begun, the Committee consensus was to send the addendum to only those five firms.

Staff will prepare an addendum to the RFP. The expansion of scope of financial advisory services requested with include the refunding and/or retirement of outstanding bonds, as well as the review of reserve balance and insurance coverage adequacy.

**ADJOURNMENT**

With no further business to come before the Committee, the meeting was adjourned at 5:05 p.m.

Board/Minutes/FC 2003-01.Special.DOC





# DuPage Water Commission

## MEMORANDUM

TO: General Manager

FROM: Financial Administrator

DATE: February 6, 2003

SUBJECT: Financial Report – January 31, 2003

### **OVERALL FINANCIAL CONDITION**

The Commission's overall financial condition improved by \$17.1 million in the first nine months of fiscal year 2002-03. Total assets increased \$5.9 million. Liabilities have decreased by \$11.2 million after the May 1, 2002 revenue bond principal payment of \$9.1 million. Total revenues were 0.2% more than budget and total operating expenses were 3.9% below budget. All requirements of the revenue bond ordinance have been met as of January 31, 2003.

The general obligation bond principal and interest payments are fully funded through March 1, 2003. These payments continue to be funded through the Commission's sales tax proceeds. Funds are on hand as of January 31<sup>st</sup> to fully abate the calendar year 2002 property tax levy and fund these bond payments through March 1, 2004. Property taxes for these bond payments have been abated annually since 1986. In addition, \$7.7 million of sales tax funds have been used to reduce the customers' fixed cost payments for fiscal year 2002-03 by 43%. Though at a higher level for the current fiscal year, this is a continuation of a practice started in fiscal year 1997-98.

### **REVENUE ANALYSIS**

Water operations and maintenance revenues were 0.4% less than budget. Wet weather slowed May water sales. Beginning in June, extremely dry hot conditions helped the Commission set an all time monthly record for water deliveries in July: 3.8 billion gallons. Water sales from May through January were 25.1 billion gallons versus 24.3 billion for the same period last fiscal year.

The operations and maintenance water rate increased \$0.01 per 1,000 gallons and the fixed cost rate dropped by \$0.11 per 1,000 gallons effective May 1, 2002. With this change in the water rate structure, operations and maintenance revenues are \$1.3 million more, and fixed cost revenues are \$2.4 million less than the same period last year.

The national economic slow down has affected the Commission's sales tax receipts. After finishing fiscal year 2001-02 6.6% below budget, sales tax collections in the first nine months of the fiscal year, were \$830,000 (3.4%) less than the first nine months of fiscal year 2001-02. Based on the prior year's result, this budget line item was reduced

4.8% for fiscal year 2002-03. This revenue source is presently 5.3% below budget. Despite this decline, the Commission has sufficient sales tax funds available to complete all budgeted construction as well as continuing the abatement of general obligation bond property taxes in February, 2003, and the 43% support of annual revenue bond debt service requirements.

Falling interest rates have caused an increase in investment market values. As a result of these market fluctuations, investment income is 40.4% above budget. Statement 31 of the Governmental Accounting Standards Board requires investments be reported at fair market value. The Commission invests for yield and, except in extremely rare situations, holds investments until maturity.

A number of these investments were purchased when market yields were higher and are being held because the current market cannot match those yields. The market value of these investments exceeds their value at maturity by approximately \$3.1 million. This market-based income will not be realized. On January 31, 2002, Commission's investments were earning approximately 2.9%. Now average yields are down to around 2.3%. This revenue source was \$44,500 less than it was for the first nine months of the last fiscal year.

Other income is being derived from construction reimbursements for additional and emergency metering facilities. The projects, now completed, are new metering stations for the Cities of Naperville and Oakbrook Terrace and an emergency connection for the Village of Schaumburg. Schaumburg's regular water supply comes from another wholesale water agency.

### **EXPENSE ANALYSIS**

Overall direct water supply costs were 1.1% over budget, and \$4.3 million more than first nine months last fiscal year. Water purchases from the City of Chicago from May through January were 3.5% more than the same period last fiscal year. Coupled with a 4% Chicago water rate increase and higher electric costs, this increased water purchases from the City by \$2.2 million during the first nine months of the fiscal year. Repairs to the DuPage pumping station heating system and the blow-off valve repair project added an additional \$1.9 million not incurred in the previous fiscal year.

Bond interest costs are 15.5% (\$1,851,000) less than the previous fiscal period due to a bond refinancing in December, 2001 and reductions in outstanding bond principal. This line item is below budget and will remain so for the entire fiscal year due to a budgeting error. A \$935,000 premium amortization was budgeted as a discount. The result will be a \$1.87 million favorable budget variance by fiscal year end.

Contract services in the amount of \$200,000 was budgeted for soil testing in conjunction with the blow-off valve repair project. To date, the magnitude of these services has been far less than anticipated in the budget. The contractual service budget also included \$300,000 for a corrosion survey. This work has been rebudgeted for next fiscal year.

Insurance costs are substantially more than the prior fiscal year, but significantly less than the current fiscal year budget. Rising property insurance costs are the reason for the change from last fiscal year. Additionally, the Commission had to increase property insurance deductibles, which caused the Commission to increase its self-insurance budget line item by nearly \$1.0 million. Through January 31, 2003, no self-insured losses had been incurred.

Personnel costs are less than budgeted at January 31<sup>st</sup> due to positions unfilled earlier in the fiscal year and group insurance cost that were less than expected. Depreciation expense will remain under budget until various construction projects are completed.

The Commission is working with the County of DuPage and the municipalities within the county to solve a water quality issue involving unincorporated areas not presently receiving a Lake Michigan water supply. In this process, the Commission has agreed to incur some legal costs not initially budgeted. This increase in professional service costs will not adversely affect the Commission's water rate.

### **CONSTRUCTION PROJECTS**

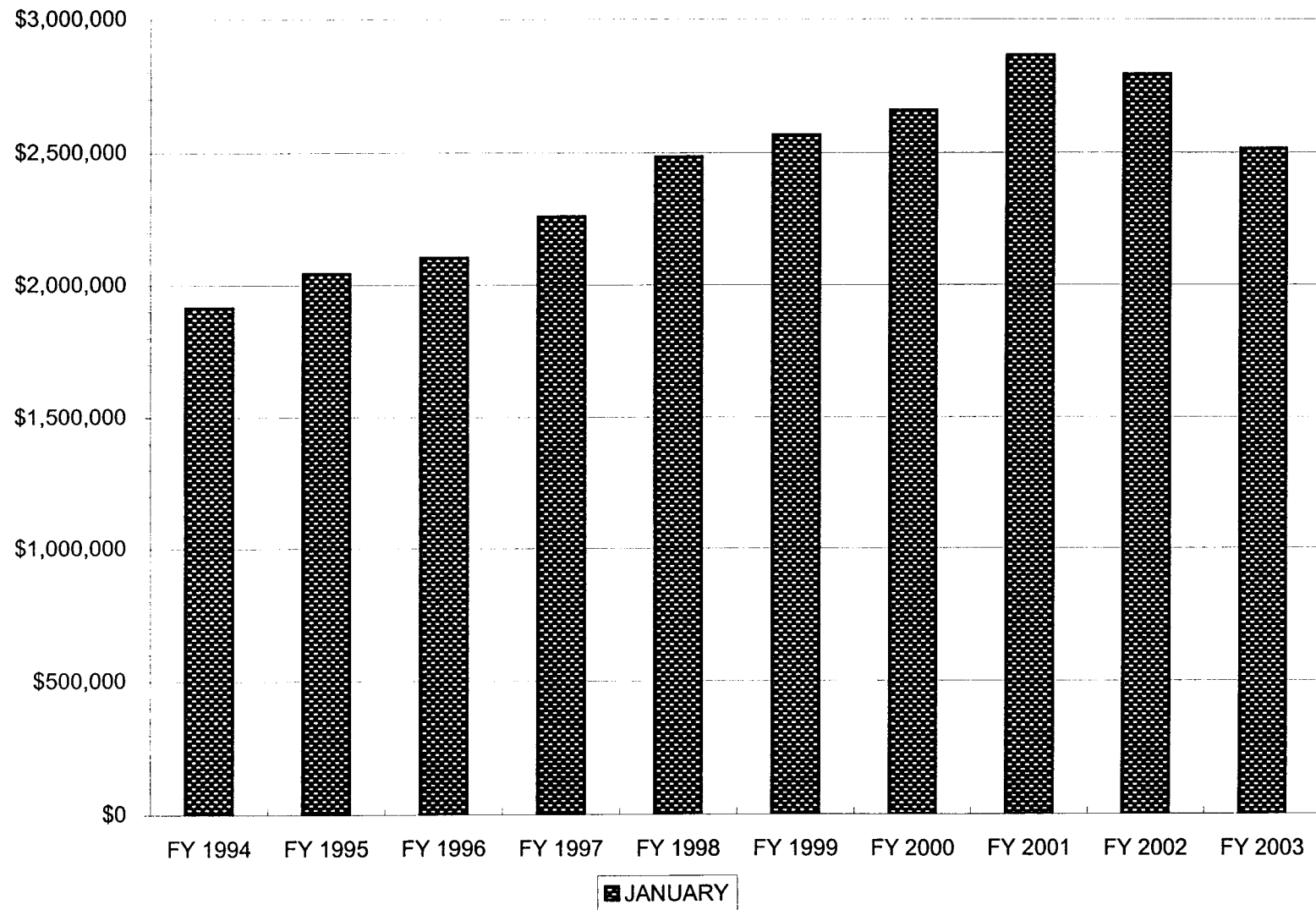
For control purposes, the Commission budgets a line item for construction costs during the fiscal year. For financial reporting purposes these costs are capitalized on an interim basis until fiscal year end. The under budget condition relates to postponing the construction of an engine generator facility until next fiscal year.

### **INVESTMENT PORTFOLIO**

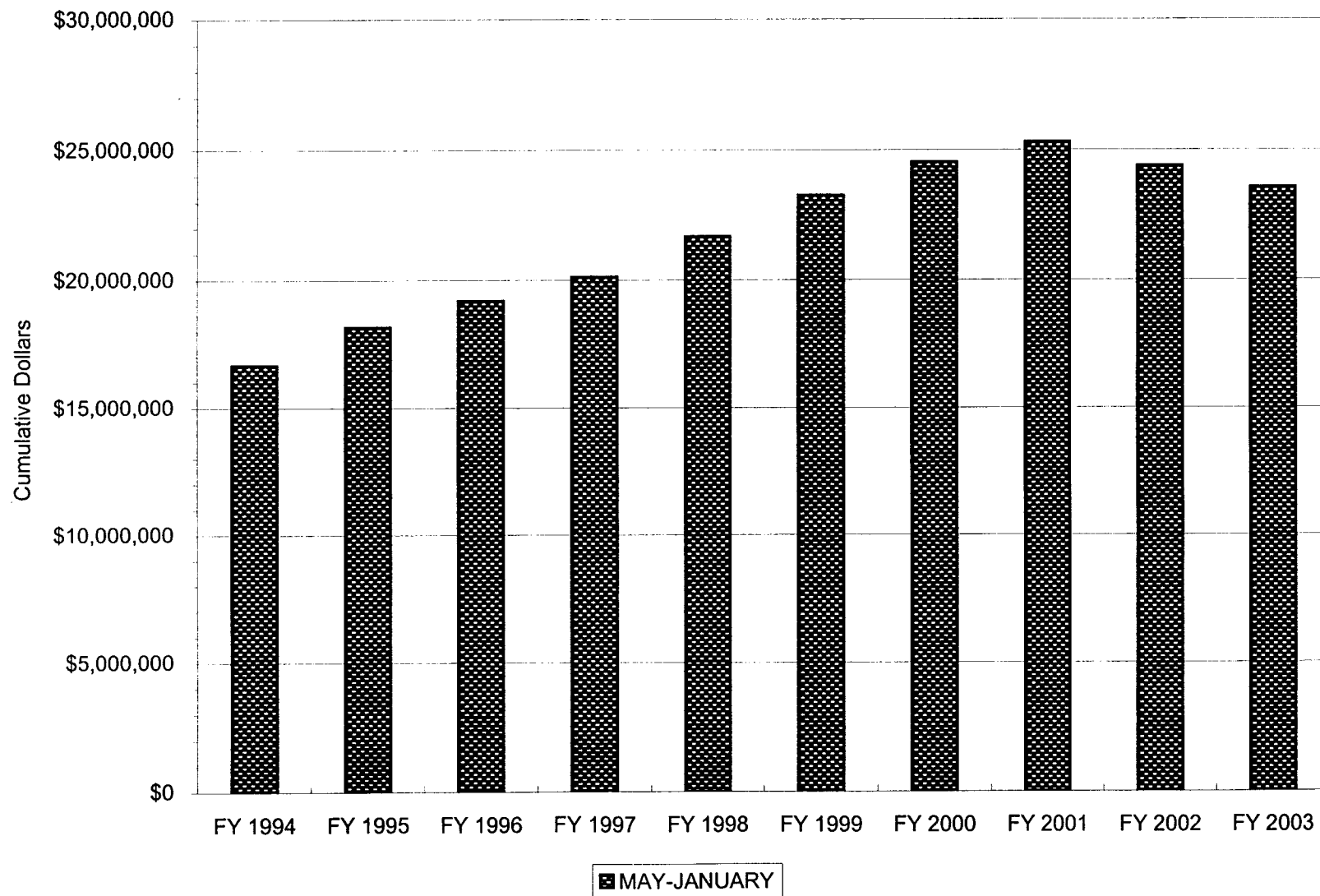
The Commission's investment portfolio has a market value of \$202.9 million. It is earning 1.45% based on market yield and 2.28% based on original purchase price. The benchmark yield adopted by the Commission was 1.08% at January 31, 2003.

Commission funds are invested as follows: United States Treasury obligations (40.5%), United States Agency obligations (30.4%), the Illinois Funds Money Market Fund (8.6%), the Illinois Funds Prime Funds (8.2%), certificates of deposit (12.3%) and government money market funds (less than 0.1%).

# DuPage Water Commission Sales Tax Analysis Current Month



**DuPage Water Commission  
Sales Tax Analysis Year to Date**



DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
BALANCE SHEET - CURRENT FISCAL YEAR CHANGES  
January 31, 2003

PAGE 6

	January 31, 2003 TOTAL WATER FUND (ALL ACCOUNTS)	April 30, 2002 TOTAL WATER FUND (ALL ACCOUNTS)	CURRENT FISCAL YEAR INCREASE (DECREASE)
<b>ASSETS</b>			
CASH	26,588.03	14,929.52	11,658.51
INVESTMENTS	202,891,348.16	191,681,644.80	11,209,703.36
DUE FROM OTHER FUNDS	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	6,175,143.34	6,082,165.09	92,978.25
SALES TAX RECEIVABLE	7,920,000.00	7,920,000.00	0.00
ACCOUNTS RECEIVABLE-OTHER	563,675.45	1,287,832.41	(724,156.96)
INTEREST RECEIVABLE	1,925,991.08	1,243,835.01	682,156.07
INVENTORIES & PREPAIDS	520,436.86	531,437.50	(11,000.64)
FIXED ASSETS	425,781,780.24	420,316,806.65	5,464,973.59
CONSTRUCTION IN PROGRESS	19,655,993.80	19,655,993.80	0.00
LESS: ACCUMULATED DEPRECIATION	(64,506,087.87)	(59,785,050.29)	(4,721,037.58)
DEFERRED WATER SUPPLY CONTRACT COST	14,133,919.04	20,221,726.40	(6,087,807.36)
<b>TOTAL ASSETS</b>	<b>615,088,788.13</b>	<b>609,171,320.89</b>	<b>5,917,467.24</b>
<b>LIABILITIES &amp; EQUITY</b>			
ACCOUNTS PAYABLE	3,981,086.08	3,982,867.90	(1,781.82)
ACCRUED PAYROLL & TAXES	190,395.85	197,760.38	(7,364.53)
DUE TO OTHER FUNDS	0.00	0.00	0.00
BONDS PAYABLE CURRENT	18,005,000.00	17,550,000.00	455,000.00
ACCRUED INTEREST	4,024,747.71	5,129,812.08	(1,105,064.37)
ACCRUED LIABILITIES	328,910.74	465,903.63	(136,992.89)
CONTRACT RETENTION	1,106,945.59	1,999,014.59	(892,069.00)
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00
DEFERRED REVENUE	3,067,415.40	3,287,168.91	(219,753.51)
LONG TERM BONDS PAYABLE	219,584,014.18	228,850,622.09	(9,266,607.91)
<b>TOTAL LIABILITIES</b>	<b>250,288,515.55</b>	<b>261,463,149.58</b>	<b>(11,174,634.03)</b>
<b>NET ASSETS</b>			
UNRESTRICTED FUNDS			
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	27,300,000.00	27,300,000.00	0.00
RESERVED FOR WATER RATE STABILIZATION	50,498,567.68	46,471,405.89	4,027,161.79
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	64,008,846.93	53,471,628.45	10,537,218.48
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>141,807,414.61</b>	<b>127,243,034.34</b>	<b>14,564,380.27</b>
RESTRICTED BY ORDINANCE/RESOLUTION	49,912,516.94	48,906,282.50	1,006,234.44
INVESTED IN PROPERTY PLANT AND EQUIPMENT	173,080,341.03	171,558,854.47	1,521,486.56
<b>TOTAL NET ASSETS</b>	<b>364,800,272.58</b>	<b>347,708,171.31</b>	<b>17,092,101.27</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>615,088,788.13</b>	<b>609,171,320.89</b>	<b>5,917,467.24</b>

a - ESTABLISHED AT 5% OF ORIGINAL CONSTRUCTION COSTS AS OF MAY 1, 1992; INCREASED ANNUALLY BY THE ENGINEERING NEWS RECORD CONSTRUCTION INDEX

ASSETS	TOTAL WATER FUND ALL ACCOUNTS	WATER FUND DEPOSITORY ACCOUNTS	OPER & MAINT ACCOUNT	REVENUE BOND INTEREST ACCOUNT	REVENUE BOND PRINCIPAL ACCOUNT	REVENUE BOND DEBT SERVICE RESERVE ACCOUNT	OPER & MAINT RESERVE ACCOUNT	DEPRECIATION ACCOUNT	GENERAL ACCOUNT
CASH	26,588.03	1,000.00	24,416.38	0.00	0.00	1,171.65	0.00	0.00	0.00
INVESTMENTS	202,891,348.16	3,066,415.40	10,376,202.30	2,046,673.37	7,193,814.23	17,942,709.33	9,577,174.27	5,706,783.01	146,981,576.25
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	6,175,143.34	6,175,143.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES TAX RECEIVABLE	7,920,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,920,000.00
ACCOUNTS RECEIVABLE-OTHER	563,675.45	563,675.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	1,925,991.08	0.00	0.00	29,114.46	102,327.21	0.00	78,020.83	33,750.00	1,682,778.58
INVENTORIES & PREPAIDS	520,436.86	520,436.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	425,781,780.24	425,781,780.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	19,655,993.80	19,655,993.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	(64,506,087.87)	(64,506,087.87)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	14,133,919.04	14,133,919.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>615,088,788.13</b>	<b>405,392,276.26</b>	<b>10,400,618.68</b>	<b>2,075,787.83</b>	<b>7,296,141.44</b>	<b>17,943,880.98</b>	<b>9,655,195.10</b>	<b>5,740,533.01</b>	<b>156,584,354.83</b>
<b>LIABILITIES &amp; EQUITY</b>									
ACCOUNTS PAYABLE	3,981,086.08	0.00	3,981,086.08	0.00	0.00	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	190,395.85	0.00	190,395.85	0.00	0.00	0.00	0.00	0.00	0.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BONDS PAYABLE CURRENT	18,005,000.00	2,401,250.00	0.00	0.00	7,203,750.00	0.00	0.00	0.00	8,400,000.00
ACCRUED INTEREST	4,024,747.71	0.00	0.00	2,056,976.88	0.00	0.00	0.00	0.00	1,967,770.83
ACCRUED LIABILITIES	328,910.74	0.00	328,910.74	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT RETENTION	1,106,945.59	0.00	1,106,945.59	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED REVENUE	3,067,415.40	3,067,415.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	219,584,014.18	219,584,014.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>250,288,515.55</b>	<b>225,052,679.58</b>	<b>5,607,338.26</b>	<b>2,056,976.88</b>	<b>7,203,750.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10,367,770.83</b>
<b>NET ASSETS</b>									
UNRESTRICTED FUNDS									
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	27,300,000.00	0.00	0.00	0.00	0.00	106,668.48	68,634.26	740,533.01	26,384,164.25
RESERVED FOR WATER RATE STABILIZATION	50,498,567.68	7,259,255.65	0.00	0.00	0.00	0.00	0.00	0.00	43,239,312.03
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	64,008,846.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64,008,846.93
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>141,807,414.61</b>	<b>7,259,255.65</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>106,668.48</b>	<b>68,634.26</b>	<b>740,533.01</b>	<b>133,632,323.21</b>
RESTRICTED BY ORDINANCE/RESOLUTION	49,912,516.94	0.00	4,793,280.42	18,810.95	92,391.44	17,837,212.50	9,586,560.84	5,000,000.00	12,584,260.79
INVESTED IN PROPERTY PLANT AND EQUIPMENT	173,080,341.03	173,080,341.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>364,800,272.58</b>	<b>180,339,596.68</b>	<b>4,793,280.42</b>	<b>18,810.95</b>	<b>92,391.44</b>	<b>17,943,880.98</b>	<b>9,655,195.10</b>	<b>5,740,533.01</b>	<b>146,216,584.00</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>615,088,788.13</b>	<b>405,392,276.26</b>	<b>10,400,618.68</b>	<b>2,075,787.83</b>	<b>7,296,141.44</b>	<b>17,943,880.98</b>	<b>9,655,195.10</b>	<b>5,740,533.01</b>	<b>156,584,354.83</b>

a - ESTABLISHED AT 5% OF ORIGINAL CONSTRUCTION COSTS AS OF MAY 1, 1992; INCREASED ANNUALLY BY THE ENGINEERING NEWS RECORD CONSTRUCTION INDEX

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
BALANCE SHEET - GENERAL ACCOUNT DETAIL  
January 31, 2003

PAGE 8

ASSETS	TOTAL GENERAL ACCOUNT	WATER FUND SUBACCOUNT	SALES TAXES SUBACCOUNT	GO BOND DEBT SERVICE SUBACCOUNT
CASH	0.00	0.00	0.00	0.00
INVESTMENTS	146,981,576.25	53,037,278.36	83,155,841.66	10,788,456.23
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	0.00	0.00	0.00	0.00
SALES TAX RECEIVABLE	7,920,000.00	0.00	7,920,000.00	0.00
ACCOUNTS RECEIVABLE-OTHER	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	1,682,778.58	586,197.92	850,042.77	246,537.89
INVENTORIES & PREPAIDS	0.00	0.00	0.00	0.00
FIXED ASSETS	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>156,584,354.83</b>	<b>53,623,476.28</b>	<b>91,925,884.43</b>	<b>11,034,994.12</b>
<b>LIABILITIES &amp; EQUITY</b>				
ACCOUNTS PAYABLE	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	0.00	0.00	0.00	0.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00
BONDS PAYABLE CURRENT	8,400,000.00	0.00	0.00	8,400,000.00
ACCRUED INTEREST	1,967,770.83	0.00	0.00	1,967,770.83
ACCRUED LIABILITIES	0.00	0.00	0.00	0.00
CONTRACT RETENTION	0.00	0.00	0.00	0.00
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>10,367,770.83</b>	<b>0.00</b>	<b>0.00</b>	<b>10,367,770.83</b>
<b>NET ASSETS</b>				
UNRESTRICTED FUNDS				
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES	26,384,164.25	10,384,164.25	16,000,000.00	0.00
RESERVED FOR WATER RATE STABILIZATION	43,239,312.03	43,239,312.03	0.00	0.00
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	64,008,846.93	0.00	64,008,846.93	0.00
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>133,632,323.21</b>	<b>53,623,476.28</b>	<b>80,008,846.93</b>	<b>0.00</b>
RESTRICTED BY ORDINANCE/RESOLUTION	12,584,260.79	0.00	11,917,037.50	667,223.29
INVESTED IN PROPERTY PLANT AND EQUIPMENT	0.00	0.00	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>146,216,584.00</b>	<b>53,623,476.28</b>	<b>91,925,884.43</b>	<b>667,223.29</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>156,584,354.83</b>	<b>53,623,476.28</b>	<b>91,925,884.43</b>	<b>11,034,994.12</b>



DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
STATEMENT OF REVENUES & EXPENDITURES  
January 31, 2003

PAGE 9

REVENUE	CURRENT MONTH ACTUAL	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D BUDGET VARIANCE FAVORABLE (UNFAVORABLE)	% OF Y-T-D BUDGET
OPERATIONS & MAINTENANCE REVENUES	3,255,835.52	33,637,587.98	33,770,346.45	(132,758.47)	99.6%
FIXED COST REVENUES	847,063.17	7,623,568.43	7,623,568.50	(0.07)	100.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	78,960.14	746,457.99	785,105.20	(38,647.21)	95.1%
EMERGENCY WATER SERVICE	1,849.65	9,453.45	0.00	9,453.45	N/A
SALES TAXES	2,514,580.90	23,558,665.79	24,887,450.34	(1,328,784.55)	94.7%
INVESTMENT INCOME	253,035.93	4,810,842.64	3,426,369.86	1,384,472.78	140.4%
OTHER INCOME	5,869.55	535,583.88	280,347.95	255,235.93	191.0%
<b>TOTAL REVENUE</b>	<b>6,957,194.86</b>	<b>70,922,160.16</b>	<b>70,773,188.30</b>	<b>148,971.86</b>	<b>100.2%</b>
<b>EXPENSES</b>					
PERSONAL SERVICES	216,705.09	1,758,406.71	1,840,582.00	82,175.29	95.5%
PROFESSIONAL SERVICES	123,431.20	342,096.27	188,526.91	(153,569.36)	181.5%
CONTRACTUAL SERVICES	19,961.07	185,603.16	561,969.04	376,365.88	33.0%
INSURANCE	25,220.51	630,514.73	1,212,675.16	582,160.43	52.0%
ADMINISTRATIVE COSTS	11,813.29	79,693.80	99,450.74	19,756.94	80.1%
WATER SUPPLY COSTS	3,661,583.89	36,004,529.16	35,626,054.05	(378,475.11)	101.1%
BOND INTEREST EXPENSE	1,117,731.84	10,051,310.22	11,413,566.75	1,362,256.53	88.1%
LAND AND RIGHT OF WAY	0.00	3,495.00	4,533.19	1,038.19	77.1%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	548,240.40	4,774,409.84	5,065,145.95	290,736.11	94.3%
<b>TOTAL OPERATING EXPENSES</b>	<b>5,724,687.29</b>	<b>53,830,058.89</b>	<b>56,012,503.79</b>	<b>2,182,444.90</b>	<b>96.1%</b>
<b>NET OPERATING INCOME</b>	<b>1,232,507.57</b>	<b>17,092,101.27</b>	<b>14,760,684.51</b>	<b>2,331,416.76</b>	<b>115.8%</b>
CONSTRUCTION EXPENDITURES	547,401.53	5,464,973.59	6,263,687.68	798,714.09	87.2%
<b>NET FUND TRANSACTIONS</b>	<b>685,106.04</b>	<b>11,627,127.68</b>	<b>8,496,996.83</b>	<b>3,130,130.85</b>	<b>136.8%</b>
BEGINNING NET ASSETS		347,708,171.31			
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED		5,464,973.59			
<b>ENDING NET ASSETS</b>		<b>364,800,272.58</b>			

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
BALANCE SHEET - COMPARISON TO PRIOR FISCAL YEAR  
January 31, 2003

PAGE 10

	January 31, 2003 TOTAL WATER FUND (ALL ACCOUNTS)	January 31, 2002 TOTAL WATER FUND (ALL ACCOUNTS)	INCREASE (DECREASE) VS. PRIOR FISCAL YEAR
<b>ASSETS</b>			
CASH	26,588.03	107,097.35	(80,509.32)
INVESTMENTS	202,891,348.16	190,470,295.61	12,421,052.55
DUE FROM OTHER FUNDS	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	6,175,143.34	6,528,221.10	(353,077.76)
SALES TAX RECEIVABLE	7,920,000.00	7,950,000.00	(30,000.00)
ACCOUNTS RECEIVABLE-OTHER	563,675.45	1,041,977.42	(478,301.97)
INTEREST RECEIVABLE	1,925,991.08	1,877,716.31	48,274.77
INVENTORIES & PREPAIDS	520,436.86	431,325.67	89,111.19
FIXED ASSETS	425,781,780.24	404,570,096.13	21,211,684.11
CONSTRUCTION IN PROGRESS	19,655,993.80	30,733,576.60	(11,077,582.80)
LESS: ACCUMULATED DEPRECIATION	(64,506,087.87)	(58,046,426.00)	(6,459,661.87)
DEFERRED WATER SUPPLY CONTRACT COST	14,133,919.04	21,834,701.95	(7,700,782.91)
<b>TOTAL ASSETS</b>	<b>615,088,788.13</b>	<b>607,498,582.14</b>	<b>7,590,205.99</b>
<b>LIABILITIES &amp; EQUITY</b>			
ACCOUNTS PAYABLE	3,981,086.08	4,166,541.55	(185,455.47)
ACCRUED PAYROLL & TAXES	190,395.85	222,731.12	(32,335.27)
DUE TO OTHER FUNDS	0.00	0.00	0.00
BONDS PAYABLE CURRENT	18,005,000.00	18,390,000.00	(385,000.00)
ACCRUED INTEREST	4,024,747.71	3,169,532.09	855,215.62
ACCRUED LIABILITIES	328,910.74	338,746.69	(9,835.95)
CONTRACT RETENTION	1,106,945.59	1,755,220.58	(648,274.99)
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00
DEFERRED REVENUE	3,067,415.40	3,132,814.70	(65,399.30)
LONG TERM BONDS PAYABLE	219,584,014.18	237,142,723.16	(17,558,708.98)
<b>TOTAL LIABILITIES</b>	<b>250,288,515.55</b>	<b>268,318,309.89</b>	<b>(18,029,794.34)</b>
<b>NET ASSETS</b>			
UNRESTRICTED FUNDS			
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	27,300,000.00	26,500,000.00	800,000.00
RESERVED FOR WATER RATE STABILIZATION	50,498,567.68	45,599,944.88	4,898,622.80
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	64,008,846.93	67,915,652.92	(3,906,805.99)
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>141,807,414.61</b>	<b>140,015,597.80</b>	<b>1,791,816.81</b>
RESTRICTED BY ORDINANCE/RESOLUTION	49,912,516.94	39,502,948.93	10,409,568.01
INVESTED IN PROPERTY PLANT AND EQUIPMENT	173,080,341.03	159,661,725.52	13,418,615.51
<b>TOTAL NET ASSETS</b>	<b>364,800,272.58</b>	<b>339,180,272.25</b>	<b>25,620,000.33</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>615,088,788.13</b>	<b>607,498,582.14</b>	<b>7,590,205.99</b>

a - ESTABLISHED AT 5% OF ORIGINAL CONSTRUCTION COSTS AS OF  
MAY 1, 1992; INCREASED ANNUALLY BY THE ENGINEERING NEWS  
RECORD CONSTRUCTION INDEX

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
COMPARATIVE STATEMENT OF REVENUES & EXPENDITURES  
January 31, 2003

PAGE 11

	January 31, 2003 Y-T-D CURRENT FISCAL YEAR	January 31, 2002 Y-T-D PRIOR FISCAL YEAR	INCREASE (DECREASE)	% INCREASE (% DECREASE)
REVENUE				
OPERATIONS & MAINTENANCE REVENUES	33,637,587.98	32,366,188.34	1,271,399.64	3.9%
FIXED COST REVENUES	7,623,568.43	10,032,417.09	(2,408,848.66)	-24.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	746,457.99	680,845.20	65,612.79	9.6%
EMERGENCY WATER SERVICE	9,453.45	0.00	9,453.45	N/A
SALES TAXES	23,558,665.79	24,389,124.49	(830,458.70)	-3.4%
INVESTMENT INCOME	4,810,842.64	4,855,363.98	(44,521.34)	-0.9%
OTHER INCOME	535,583.88	1,755,050.74	(1,219,466.86)	-69.5%
TOTAL REVENUE	70,922,160.16	74,078,989.84	(3,156,829.68)	-4.3%
EXPENSES				
PERSONAL SERVICES	1,758,406.71	1,607,754.34	150,652.37	9.4%
PROFESSIONAL SERVICES	342,096.27	133,445.37	208,650.90	156.4%
CONTRACTUAL SERVICES	185,603.16	233,617.26	(48,014.10)	-20.6%
INSURANCE	630,514.73	457,286.50	173,228.23	37.9%
ADMINISTRATIVE COSTS	79,693.80	88,281.50	(8,587.70)	-9.7%
WATER SUPPLY COSTS	36,004,529.16	31,681,830.65	4,322,698.51	13.6%
BOND INTEREST EXPENSE	10,051,310.22	11,901,997.55	(1,850,687.33)	-15.5%
LAND AND RIGHT OF WAY	3,495.00	3,495.00	0.00	0.0%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	4,774,409.84	4,630,248.59	144,161.25	3.1%
TOTAL OPERATING EXPENSES	53,830,058.89	50,737,956.76	3,092,102.13	6.1%
NET OPERATING INCOME	17,092,101.27	23,341,033.08	(6,248,931.81)	-26.8%
CONSTRUCTION EXPENDITURES	5,464,973.59	6,280,858.93	(815,885.34)	-13.0%
NET FUND TRANSACTIONS	11,627,127.68	17,060,174.15	(5,433,046.47)	-31.8%
=====				
BEGINNING NET ASSETS	347,708,171.31	315,839,239.17		
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED	5,464,973.59	6,280,858.93		
ENDING NET ASSETS	364,800,272.58	339,180,272.25		
=====				

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 01/31/03	BID PRICE 01/31/03
<b>Water Fund Depository Accounts (WF-1210)</b>											
Illinois Funds-Money Market	1.224%	01/31/03	02/01/03	1.224%	1.224%	\$ 1,294,187.23	\$ 1,294,187.23	\$ -	\$ 1,294,187.23	\$ -	100.000
Illinois Funds-Prime Fund	1.301%	01/31/03	02/01/03	1.301%	1.301%	1,772,228.17	1,772,228.17	-	1,772,228.17	-	100.000
				1.269%	1.269%	\$ 3,066,415.40	\$ 3,066,415.40	\$ -	\$ 3,066,415.40	\$ -	
<b>Water Fund Oper. &amp; Maint. Acct. (WF-1211)</b>											
Illinois Funds-Money Market	1.224%	01/31/03	02/01/03	1.224%	1.224%	\$ 5,377,963.67	\$ 5,377,963.67	\$ -	\$ 5,377,963.67	\$ -	100.000
Illinois Funds-Prime Fund	1.301%	01/31/03	02/01/03	1.301%	1.301%	4,998,238.63	4,998,238.63	-	4,998,238.63	-	100.000
				1.261%	1.261%	\$ 10,376,202.30	\$ 10,376,202.30	\$ -	\$ 10,376,202.30	\$ -	
<b>Revenue Bond Interest Account (WF-1212)</b>											
One Group Government Money Market	0.604%	01/31/03	02/01/03	0.604%	0.604%	\$ 157.74	\$ 157.74	\$ -	\$ 157.74	\$ 5.08	100.000
U. S. Treas. Notes (Banc One Trust Company)	5.750%	11/07/02	04/30/03	1.214%	1.120%	686,000.00	693,288.75	(7,610.31)	700,899.06	9,861.25	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	12/04/02	04/30/03	1.191%	1.120%	670,000.00	677,118.75	(5,234.38)	682,353.13	9,631.25	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	01/09/03	04/30/03	1.145%	1.120%	669,000.00	676,108.13	(2,299.68)	678,407.81	9,616.88	101.063
				1.184%	1.120%	\$ 2,025,157.74	\$ 2,046,673.37	\$ (15,144.37)	\$ 2,061,817.74	\$ 29,114.46	
<b>Revenue Bond Principal (WF-1213)</b>											
One Group Government Money Market	0.604%	01/31/03	02/01/03	0.604%	0.604%	\$ 185.45	\$ 185.45	\$ -	\$ 185.45	\$ 5.93	100.000
U. S. Treas. Notes (Banc One Trust Company)	5.750%	06/11/02	04/30/03	2.154%	1.120%	1,581,000.00	1,597,798.13	(32,793.39)	1,630,591.52	22,726.88	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	07/10/02	04/30/03	2.148%	1.120%	768,000.00	776,160.00	(15,810.00)	791,970.00	11,040.00	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	08/05/02	04/30/03	1.556%	1.120%	765,000.00	773,128.13	(15,270.11)	788,398.24	10,996.88	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	09/13/02	04/30/03	1.638%	1.120%	765,000.00	773,128.13	(11,534.76)	784,662.89	10,996.88	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	10/07/02	04/30/03	1.459%	1.120%	172,000.00	173,827.50	(2,317.97)	176,145.47	2,472.50	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	10/08/02	04/30/03	1.460%	1.120%	591,000.00	597,279.38	(7,803.04)	605,082.42	8,495.63	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	11/07/02	04/30/03	1.214%	1.120%	913,000.00	922,700.63	(10,128.59)	932,829.22	13,124.38	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	12/04/02	04/30/03	1.191%	1.120%	782,000.00	790,308.75	(6,109.37)	796,418.12	11,241.25	101.063
U. S. Treas. Notes (Banc One Trust Company)	5.750%	01/09/03	04/30/03	1.145%	1.120%	781,000.00	789,298.13	(2,684.68)	791,982.81	11,226.88	101.063
				1.622%	1.120%	\$ 7,118,185.45	\$ 7,193,814.23	\$ (104,451.91)	\$ 7,298,266.14	\$ 102,327.21	
<b>Revenue Bond Debt Svc. Reserve (WF-1214)</b>											
U. S. Treas. Bills (Banc One Trust)	0.000%	10/11/02	04/10/03	1.563%	1.150%	\$ 17,982,000.00	\$ 17,942,709.33	\$ 99,035.86	\$ 17,843,673.47	\$ -	99.782
				1.563%	1.150%	\$ 17,982,000.00	\$ 17,942,709.33	\$ 99,035.86	\$ 17,843,673.47	\$ -	
<b>Water Fund Oper. &amp; Maint. Res. (WF-1215)</b>											
Illinois Funds-Money Market	1.224%	01/31/03	02/01/03	1.224%	1.224%	\$ 174,528.84	\$ 174,528.84	\$ -	\$ 174,528.84	\$ -	100.000
Illinois Funds-Prime Fund	1.301%	01/31/03	02/01/03	1.301%	1.301%	188,270.43	188,270.43	-	188,270.43	-	100.000
U. S. Treas. Notes (Banc One Capital Markets)	4.250%	12/12/01	11/15/03	2.967%	1.200%	5,000,000.00	5,115,625.00	(3,320.31)	5,118,945.31	44,270.83	102.313
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	1.330%	4,000,000.00	4,098,750.00	68,750.00	4,030,000.00	33,750.00	102.469
				2.898%	1.258%	\$ 9,362,799.27	\$ 9,577,174.27	\$ 65,429.69	\$ 9,511,744.58	\$ 78,020.83	

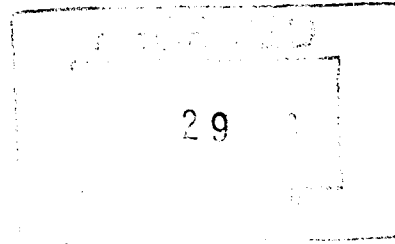
FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 01/31/03	BID PRICE 01/31/03
Water Fund Depreciation Account (WF-1216)											
Illinois Funds-Money Market	1.224%	01/31/03	02/01/03	1.224%	1.224%	\$ 856,228.22	\$ 856,228.22	\$ -	\$ 856,228.22	\$ -	100.000
Illinois Funds-Prime Fund	1.301%	01/31/03	02/01/03	1.301%	1.301%	751,804.79	751,804.79	-	751,804.79	-	100.000
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	1.330%	4,000,000.00	4,098,750.00	68,750.00	4,030,000.00	33,750.00	102.469
				2.479%	1.310%	\$ 5,608,033.01	\$ 5,706,783.01	\$ 68,750.00	\$ 5,638,033.01	\$ 33,750.00	
Water Fund General Account (WF-1217)											
Illinois Funds-Money Market	1.224%	01/31/03	02/01/03	1.224%	1.224%	\$ 2,135,773.21	\$ 2,135,773.21	\$ -	\$ 2,135,773.21	\$ -	100.000
Illinois Funds-Prime Fund	1.301%	01/31/03	02/01/03	1.301%	1.301%	4,475,255.15	4,475,255.15	-	4,475,255.15	-	100.000
U. S. Treas. Strip-int (ABN AMRO)	0.000%	03/19/02	05/15/03	2.661%	1.080%	10,000,000.00	9,968,750.00	269,974.50	9,698,775.50	-	99.688
F.H.L.B. (D. Rauscher)	6.875%	11/30/01	08/15/03	2.951%	1.190%	5,000,000.00	5,150,500.00	(173,818.14)	5,324,318.14	157,552.08	103.010
F.H.L.B. (D L J)	3.750%	11/13/02	02/13/04	1.569%	1.467%	10,000,000.00	10,232,000.00	(38,367.60)	10,270,367.60	171,875.00	102.320
U. S. Treas. Notes (Dain Rauscher)	7.250%	01/31/02	05/15/04	3.204%	1.340%	10,000,000.00	10,743,750.00	(140,550.00)	10,884,300.00	151,041.67	107.438
F.H.L.B. (RBC D. Rauscher)	3.625%	06/14/02	10/15/04	3.403%	1.600%	10,000,000.00	10,331,250.00	283,593.75	10,047,656.25	105,729.17	103.313
				2.560%	1.344%	\$ 51,611,028.36	\$ 53,037,278.36	\$ 200,832.51	\$ 52,836,445.85	\$ 586,197.92	
Sales Tax Funds (WF-1230)											
Illinois Funds-Money Market	1.224%	01/31/03	02/01/03	1.224%	1.224%	\$ 7,544,345.48	\$ 7,544,345.48	\$ -	\$ 7,544,345.48	\$ -	100.000
Illinois Funds-Prime Fund	1.301%	01/31/03	02/01/03	1.301%	1.301%	4,374,008.68	4,374,008.68	-	4,374,008.68	-	100.000
U. S. Treas. Strip-pm (ABN AMRO)	0.000%	03/20/02	02/15/03	2.547%	1.230%	5,000,000.00	4,998,437.50	112,287.50	4,886,150.00	-	99.969
Cert. of Deposit (Mid America Bank)	2.750%	04/12/02	04/15/03	2.750%	2.750%	6,000,000.00	6,000,000.00	-	6,000,000.00	132,904.11	100.000
Cert. of Deposit (Winfield Community Bank)	3.000%	06/17/02	06/17/03	3.000%	3.000%	1,000,000.00	1,000,000.00	-	1,000,000.00	18,739.73	100.000
Cert. of Deposit (West Suburban Bank)	3.000%	07/16/02	07/16/03	3.000%	3.000%	5,935,100.00	5,935,100.00	-	5,935,100.00	97,075.47	100.000
F.H.L.B. (D. Rauscher)	6.875%	11/30/01	08/15/03	2.951%	1.190%	5,000,000.00	5,150,500.00	(173,818.14)	5,324,318.14	157,552.08	103.010
Cert. of Deposit (West Suburban Bank)	2.480%	10/15/02	10/15/03	2.480%	2.480%	64,900.00	64,900.00	-	64,900.00	476.24	100.000
Cert. of Deposit (Suburban Bank & Trust)	2.000%	10/16/02	10/16/03	2.000%	2.000%	6,000,000.00	6,000,000.00	-	6,000,000.00	35,178.08	100.000
Cert. of Deposit (Oak Brook Bank)	1.700%	01/15/03	01/15/04	1.700%	1.700%	6,000,000.00	6,000,000.00	-	6,000,000.00	4,471.23	100.000
U. S. Treas. Notes (Banc One Capital Markets)	4.250%	12/12/01	11/15/03	2.967%	1.200%	5,000,000.00	5,115,625.00	(3,320.32)	5,118,945.32	44,270.83	102.313
F.H.L.B. (ABN AMRO)	3.375%	06/21/02	05/14/04	3.002%	1.535%	10,000,000.00	10,232,300.00	163,550.00	10,068,750.00	70,312.50	102.323
F.H.L.B. (RBC D. Rauscher)	3.625%	09/12/02	10/15/04	2.400%	1.600%	10,000,000.00	10,331,250.00	83,450.00	10,247,800.00	105,729.17	103.313
F.H.L.B. (RBC D. Rauscher)	4.000%	10/17/02	02/15/05	2.462%	1.910%	10,000,000.00	10,409,375.00	64,875.00	10,344,500.00	183,333.33	104.094
				2.391%	1.745%	\$ 81,918,354.16	\$ 83,155,841.66	\$ 247,024.04	\$ 82,908,817.62	\$ 850,042.77	
2001 G. O. Bonds Debt Service (WF-1243)											
ABN AMRO Government Money Market	1.115%	01/31/03	02/01/03	1.115%	1.115%	\$ 199.35	\$ 199.35	\$ -	\$ 199.35	\$ 0.39	100.000
U. S. Treas. Notes (LaSalle Bank)	5.500%	03/08/02	02/28/03	2.450%	0.950%	10,758,000.00	10,788,256.88	(284,918.90)	11,073,175.78	246,537.50	100.281
				2.450%	0.950%	\$ 10,758,199.35	\$ 10,788,456.23	\$ (284,918.90)	\$ 11,073,375.13	\$ 246,537.89	
TOTAL ALL FUNDS				2.277%	1.450%	\$ 199,826,375.04	\$ 202,891,348.16	\$ 276,556.92	\$ 202,614,791.24	\$ 1,925,991.08	
January 31, 2003	90 DAY US TREASURY YIELD			1.080%							



Arthur J. Gallagher & Co.

Arthur J. Gallagher Risk Management Services, Inc.

January 23, 2003



Attn: Business Manager  
Dupage Water Commission  
600 East Butterfield Road  
Elmhurst, IL 60126

Re: Kemper Insurance Companies  
A.M. Best's Rating Change

Companies Bond: 3SM622442  
3SE622504

Dear Sir or Madam:

Effective 12/27/02, A.M. Best announced it downgraded the claims paying ability of Kemper Insurance Companies from a A- to a B+.

B++ and B+ (Very Good) ratings are considered "Secure" ratings by A.M. Best and are assigned to companies, which in their opinion have a good ability to meet their obligations to policy holders over a long period of time. B and B- (Fair) ratings or below are classified by A.M. Best as "Vulnerable" ratings.

Our company standards recommend the use of A- VI or better A.M. Best rated markets, but we realize that market availability can be limited or unavailable for some of our clients. However, we will endeavor to find acceptable replacements if so instructed. Should you elect to replace coverage mid-term, a short rate premium cancellation penalty may be charged by the carrier.

Our present plans are to replace surety bonds at their renewal date. However, we will continue to monitor the situation and will keep you apprised of any important developments.

Best regards,

David J. Roth, Bond Manager  
ARTHUR J. GALLAGHER & CO.

DJR/af

**DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET &  
FIVE YEAR CAPITAL IMPROVEMENT PLAN  
MAY 1, 2003 to APRIL 30, 2004**

**DU PAGE WATER COMMISSION**  
**TENTATIVE DRAFT MANAGEMENT BUDGET**  
**MAY 1, 2003 to APRIL 30, 2004**  
**FEBRUARY 13, 2003**



**Du Page Water Commission  
Tentative Draft Management Budget  
May 1, 2003 to April 30, 2004  
Executive Summary**

- In January, 2003, the Commission revised its five-year capital improvement program. All new construction will be supported with sales tax revenues. Major repairs to existing facilities are funded by water rates.
- Total budgeted revenue increased \$1.09 million versus the fiscal year 2002-03 budget. Operation and maintenance revenues are based on 95.7% of the IDNR allocation for the fiscal year. The total charter customer average water rate will remain \$1.65 per thousand gallons. Higher use and a \$0.01 per 1,000 gallons rate shift from fixed cost to operations and maintenance revenues increases water sales by \$2.22 million. Sales tax proceeds will be used to pay 50% of the annual fixed cost requirement. This reduced the fixed cost revenues by \$1.25 million. The national economic situation has reduced the sales tax budget by \$1.16 million. Higher cash balances and a small increase in expected yields resulted in a \$1.55 million increase in the investment income budget.
- Total operating expenses increased \$2.86 million versus the fiscal year 2002-03 budget. Direct water distribution costs increased by \$4.74 million. This includes a 4% rate increase from the City of Chicago, an expected 2.1% increase in customer demand and increased electrical pumping costs because of rate increases and increased pumping to meet customer demand. A reduction of \$2.65 million in bond interest costs due to a correction of an error in last fiscal year's budget and reductions in principal outstanding over the past fiscal year by regular maturities.
- The Commission holds liquid assets, for the purpose of making emergency system repairs, in an amount equal to 5% of the original construction costs escalated by annual increases in the Engineering News Record (ENR) Construction Index. This reserve is expected to increase from \$28.1 million to \$28.9 million during fiscal year 2003-04. Sales tax funds not needed for this contingency will be reserved for new construction. Funds generated by usage charges not required for the contingency balance will be reserved for water rate stabilization.

**TOTAL REVENUES AND OPERATING EXPENSES.** The total average Charter Customer water rate will remain \$1.65/1,000 gallons. The operation and maintenance component of the water rate will rise \$0.04/1,000 gallons to \$1.38/1,000 gallons. This will be offset by a \$0.04 reduction to \$0.27/1,000 gallons in the fixed cost rate due to increased use of sales tax funds to make fixed cost payments. Fiscal year 2003-04 revenues are budgeted to be 2.6% more than the forecasted total revenues of fiscal year 2002-03. The Commission will use sales tax funds to reduce customer fixed cost obligations to 50% of the annual revenue bond debt service requirement. This has the added benefit of further reducing the missed fixed cost payments of future subsequent Commission customers.

Operating expenditures have increased by 3.9% versus the fiscal year 2002-03 budget and by 7.9% versus the forecast for fiscal year 2002-03. Increased water purchases, a higher Chicago water rate and a full year of work on the blow-off valve repair project started last fiscal year accounts for much of this increase.

**CONSTRUCTION EXPENDITURES.** Funding for construction expenditures will come from sales tax proceeds. The sales tax is a general revenue source and the infrastructure constructed by the Commission will benefit both current and future customers. Funding new capital projects in this manner helps maintain water rate stability. This process also reduces the subsequent customers' "buy-in" to the Commission, as they will have already participated in the financing of these new improvements.

Construction projects for fiscal year 2003-04 are outlined in the five-year planning document adopted by the Commission at its January 9, 2003 board meeting. Construction will begin on a transmission main interconnection between the Northwest and Southwest Transmission Mains along Illinois Route 83. This will increase the Commission's ability to handle emergencies such as a break in a major transmission main.

Pump stations at Tank Sites #2, #3, and #4 will be under design in fiscal year 2002-03. These pump stations will also allow the Commission to more effectively increase water turn over in the tanks, thereby improving water quality, and increase the Commission's useful water storage. Design work on the reservoir expansion at the DuPage Pumping Station will continue. Engine generator design and construction begins in fiscal year 2003-04 with completion scheduled for the next fiscal year.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
5000	REVENUES				
5110	O & M PAYMENTS	PAGE 3	42,429,205	43,256,125	45,479,533
5120	FIXED COST PAYMENTS	PAGE 3	10,164,758	10,164,758	8,916,329
5130	SUBSEQUENT CUSTOMER DIFFERENTIAL	PAGE 3	1,030,821	1,005,634	1,023,572
5140	EMERGENCY WATER SERVICE	PAGE 3	10,804	0	29,059
5200	PROPERTY TAXES	PAGE 3	0	0	0
5300	SALES TAXES	PAGE 3	31,917,473	33,717,690	32,555,791
5810	INTEREST INCOME	PAGE 3	6,042,991	4,531,250	6,080,000
5900	OTHER INCOME	PAGE 3	596,714	370,750	56,300
	TOTAL REVENUE		92,192,766	93,046,207	94,140,584
6000	OPERATING EXPENDITURES				
6100	PERSONAL SERVICES	PAGE 5	2,349,370	2,434,103	2,597,416
6200	PROFESSIONAL SERVICES	PAGE 7	306,432	249,320	392,310
6300	PURCHASED SERVICES	PAGE 8	269,948	737,400	850,950
6400	INSURANCE	PAGE 9	647,365	1,493,781	1,746,663
6500	ADMINISTRATIVE COSTS	PAGE 10	114,821	131,520	147,120
6600	DIRECT WATER DISTRIBUTION COSTS	PAGE 11	46,328,541	45,768,774	50,510,173
6700	BOND INTEREST COSTS	PAGE 12	13,349,920	15,218,089	12,570,616
6800	LAND AND RIGHT-OF-WAY	PAGE 12	3,495	5,995	5,995
6900	CAPITAL EQUIPMENT/DEPRECIATION	PAGE 13	6,681,598	6,698,472	6,780,299
	TOTAL OPERATING EXPENDITURES		70,051,490	72,737,454	75,601,542
7000	CONSTRUCTION EXPENDITURES	PAGE 14	0	0	0
	TOTAL EXPENDITURES		70,051,490	72,737,454	75,601,542
	NET OPERATING ACCOUNTING TRANSACTIONS		22,141,276	20,308,753	18,539,042

**FUND BALANCES.** The Commission reports its net assets in accordance with the new recently adopted accounting principles. For internal management purposes the Unrestricted Net Assets category is divided into three sub-categories:

- 4210 - Unrestricted Net Assets
  - 4211 - Held for emergency repairs;
  - 4212 - Reserved for wholesale water rate stabilization;
  - 4213 - Reserved for the acquisition of capital assets;
- 4220 - Net Assets Restricted by Ordinance/Resolution;
- 4230 - Net Assets Invested in Property, Plant and Equipment.

The amounts reported in the 4210 series of accounts constitute the Commission's day-to-day operating balance. Account 4220 shows assets held for bond payments and required bond reserves. Account 4230 represents the Commission's infrastructure investment net of unpaid long-term debt used for its construction.

**FUND BALANCE RECOMMENDATION.** At the end of fiscal year 1991-92, the Commission determined that a liquid balance available for emergency repairs equal to 5% of the original construction cost (\$413,500,000) was appropriate. This balance is adjusted annually by the Engineering News Record (ENR) construction index. This index is expected to increase by 2.50% between April 30, 2003 and April 30, 2004. Based on these criteria, targeted emergency repairs appropriation are as follows:

<u>Fiscal Year Ended</u>	<u>ENR index</u>	<u>Target Balance</u>
April 30, 1992	4946	\$20,700,000
April 30, 2003	6726 (Est)	\$28,100,000
April 30, 2004	6894 (Est)	\$28,900,000

Net cash balances not needed for this contingency will be reserved for the acquisition of capital assets (from sales taxes) and for wholesale water rate stabilization (from water sales revenues). The Commission must carry an additional \$15.8 million of restricted funds to meet water revenue bond ordinance requirements which can be used to pay for major repairs (the depreciation account, \$5.0 million) or to support operations during an emergency (the operations and maintenance reserve account, \$10.8 million). Those amounts must begin to be replenished the month following their use.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
NET ASSETS BALANCE					
	NET CURRENT YEAR TRANSACTIONS	PAGE 1	22,141,276	20,308,753	18,539,042
	FIXED ASSET EQUITY TRANSFERS		0	0	0
	BEGINNING NET ASSET BALANCE		347,708,171	346,440,411	369,849,447
	ENDING NET ASSET BALANCE		369,849,447	366,749,164	388,388,489
NET ASSETS BALANCE ANALYSIS					
4211	HELD FOR EMERGENCY REPAIRS		28,100,000	28,100,000	28,900,000
4212	RESERVED FOR WHOLESALE WATER RATE STABILIZATION		46,942,014	52,055,620	48,056,941
4213	RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS		51,644,181	54,915,406	55,167,930
4210	TOTAL UNRESTRICTED		126,686,195	135,071,026	132,124,871
4220	RESTRICTED BY ORDINANCE/RESOLUTION		61,164,965	49,339,630	61,246,535
4230	INVESTED IN PROPERTY PLANT AND EQUIPMENT		181,998,287	182,338,508	195,017,083
	NET ASSETS BALANCE		369,849,447	366,749,164	388,388,489
USE OF OPERATING INCOME					
	NET OPERATING ACCOUNTING TRANSACTIONS		22,141,276	20,308,753	18,539,042
	ITEMS NOT IN ACCOUNTING BUDGET				
	USED FOR G. O. BOND PRINCIPAL		(8,400,000)	(7,945,000)	(8,810,000)
	USED FOR REVENUE BOND PRINCIPAL		(9,150,000)	(9,150,000)	(9,605,000)
	CONSTRUCTION OUTLAYS		(6,833,771)	(8,283,500)	(9,242,000)
	NON-CASH ACCOUNTING EXPENSES				
	DEPRECIATION		6,681,598	6,698,472	6,780,299
	BALANCED BUDGET CALCULATION		4,439,103	1,628,725	(2,337,659)

**WATER REVENUES.** The average combined Charter Customer operation and maintenance (O&M) and fixed cost rate will remain \$1.65 per 1,000 gallons. O&M revenues for fiscal year 2003-04 are based on selling 32.956 billion gallons at a rate of \$1.38 per thousand gallons. Commission customers are expected to use 95.7% of their revised Illinois Department of Natural Resources (IDNR) allocations.

In fiscal year 2003-04, no fixed costs are being assessed for any of the reserves required under the Revenue Bond Ordinance. All such reserves are fully funded. Fixed cost payments fund only the annual revenue bond principal and interest payments. By using sales taxes to fund 50% of this requirement, the average fixed cost rate will be \$0.27 per 1,000 gallons based on historical usage for calendar years 2001 and 2002.

The Subsequent Customer Differential represents items budgeted for new customers. These include the fixed cost recapture from January 1, 1989 to the date of first service and a capital risk charge of 15%. The cost of new customer facilities is also recaptured in this line item net of a credit for revenue bond funds used to construct Charter Customer feeder mains and meter stations.

**SALES TAXES.** This revenue source was projected to decline 3.5% in fiscal year 2002-03. With the expectation that retail sales may still be slow, sales tax revenues have been budgeted for a 2% increase over the estimated current fiscal year actual.

**INTEREST INCOME.** The average rate of return has been estimated to be 3.0%.

**OTHER INCOME.** With no new metering station requests, there are no reimbursements of estimated construction costs. A USEPA vulnerability assessment grant (\$50,000) and income for an easement lease make up the bulk of these anticipated receipts.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
5000	REVENUES				
5100	WATER REVENUES				
5110	O & M PAYMENTS		42,429,205	43,256,125	45,479,533
5120	FIXED COST PAYMENTS		10,164,758	10,164,758	8,916,329
5130	SUBSEQUENT CUSTOMER DIFFERENTIAL		1,030,821	1,005,634	1,023,572
5140	EMERGENCY WATER SERVICE		10,804	0	29,059
5200	PROPERTY TAXES		0	0	0
5300	SALES TAXES		31,917,473	33,717,690	32,555,791
5800	INVESTMENT EARNINGS				
5810	INTEREST INCOME		6,042,991	4,531,250	6,080,000
5900	OTHER INCOME		596,714	370,750	56,300
	TOTAL REVENUE		92,192,766	93,046,207	94,140,584

**FIXED COST PAYMENT SCHEDULE.** As required in the Charter Customer water purchase contract, the schedule of fixed cost payments for the presently served Commission Customers is shown below. The costs are allocated based on historic water use for calendar years 2001 and 2002. However, the average fixed cost rate of \$0.27 per 1,000 gallons is based on the total fixed cost requirement net of sales tax funding (\$8,916,329) divided by the budgeted fiscal year 2003-2004 water sales of 32.956 billion gallons.

The fixed cost payment schedule does not include any new customers added during the fiscal year.



DU PAGE WATER COMMISSION  
ESTIMATED CHARTER CUSTOMER  
FIXED COST PAYMENT SCHEDULE (WF-5120)  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

MUNICIPALITY	2001 & 2002 CALENDAR YEARS USE (1000 GAL)	2001 & 2002 CALENDAR YEARS % USAGE	REQUIRED FIXED COST PAYMENT \$17,832,658 50% SALES TAX FUNDED (\$8,916,329) AMOUNT TO BE RATE FUNDED \$8,916,329	FOR: 05/31/03 DUE: 07/10/03	FOR: 06/30/03 DUE: 08/10/03	FOR: 07/31/03 DUE: 09/10/03	FOR: 08/31/03 DUE: 10/10/03	FOR: 09/30/03 DUE: 11/10/03	FOR: 10/31/03 DUE: 12/10/03	FOR: 11/30/03 DUE: 01/10/04	FOR: 12/31/03 DUE: 02/10/04	FOR: 01/31/04 DUE: 03/10/04	FOR: 02/29/04 DUE: 04/10/04	FOR: 03/31/04 DUE: 05/10/04	FOR: 04/30/04 DUE: 06/10/04
ADDISON	2,861,874	4.5578%	\$406,380	\$33,865	\$33,865	\$33,865	\$33,865	\$33,865	\$33,865	\$33,865	\$33,865	\$33,865	\$33,865	\$33,865	\$33,865
BENSENVILLE	1,857,849	2.9588%	263,820	21,985	21,985	21,985	21,985	21,985	21,985	21,985	21,985	21,985	21,985	21,985	21,985
BLOOMINGDALE	1,858,607	2.9600%	263,916	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993
CAROL STREAM	2,916,086	4.6441%	414,084	34,507	34,507	34,507	34,507	34,507	34,507	34,507	34,507	34,507	34,507	34,507	34,507
CLARENDON HILLS	533,869	0.8502%	75,804	6,317	6,317	6,317	6,317	6,317	6,317	6,317	6,317	6,317	6,317	6,317	6,317
DARIEN	1,616,342	2.5742%	229,524	19,127	19,127	19,127	19,127	19,127	19,127	19,127	19,127	19,127	19,127	19,127	19,127
DOWNERS GROVE	4,428,815	7.0532%	628,896	52,408	52,408	52,408	52,408	52,408	52,408	52,408	52,408	52,408	52,408	52,408	52,408
ELMHURST	3,258,717	5.1898%	462,732	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561
GLEN ELLYN	2,066,635	3.2913%	293,460	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455
GLENDALE HTS	2,009,811	3.2008%	285,396	23,783	23,783	23,783	23,783	23,783	23,783	23,783	23,783	23,783	23,783	23,783	23,783
HINSDALE	1,902,401	3.0297%	270,144	22,512	22,512	22,512	22,512	22,512	22,512	22,512	22,512	22,512	22,512	22,512	22,512
ITASCA	1,061,643	1.6908%	150,756	12,563	12,563	12,563	12,563	12,563	12,563	12,563	12,563	12,563	12,563	12,563	12,563
LISLE	2,046,845	3.2598%	290,652	24,221	24,221	24,221	24,221	24,221	24,221	24,221	24,221	24,221	24,221	24,221	24,221
LOMBARD	3,227,352	5.1398%	458,280	38,190	38,190	38,190	38,190	38,190	38,190	38,190	38,190	38,190	38,190	38,190	38,190
NAPERVILLE	12,207,129	19.4408%	1,733,412	144,451	144,451	144,451	144,451	144,451	144,451	144,451	144,451	144,451	144,451	144,451	144,451
OAK BROOK	3,052,744	4.8617%	433,488	36,124	36,124	36,124	36,124	36,124	36,124	36,124	36,124	36,124	36,124	36,124	36,124
ROSELLE	1,581,405	2.5185%	224,556	18,713	18,713	18,713	18,713	18,713	18,713	18,713	18,713	18,713	18,713	18,713	18,713
VILLA PARK	1,454,453	2.3163%	206,532	17,211	17,211	17,211	17,211	17,211	17,211	17,211	17,211	17,211	17,211	17,211	17,211
WESTMONT	2,085,529	3.3214%	296,148	24,679	24,679	24,679	24,679	24,679	24,679	24,679	24,679	24,679	24,679	24,679	24,679
WHEATON	4,030,246	6.4185%	572,292	47,691	47,691	47,691	47,691	47,691	47,691	47,691	47,691	47,691	47,691	47,691	47,691
WILLOWBROOK	839,222	1.3365%	119,172	9,931	9,931	9,931	9,931	9,931	9,931	9,931	9,931	9,931	9,931	9,931	9,931
WOOD DALE	1,092,302	1.7396%	155,112	12,926	12,926	12,926	12,926	12,926	12,926	12,926	12,926	12,926	12,926	12,926	12,926
WOODRIDGE	2,312,273	3.6825%	328,344	27,362	27,362	27,362	27,362	27,362	27,362	27,362	27,362	27,362	27,362	27,362	27,362
WINFIELD	645,166	1.0275%	91,608	7,634	7,634	7,634	7,634	7,634	7,634	7,634	7,634	7,634	7,634	7,634	7,634
OAK BROOK TERRACE	94,710	0.1508%	13,452	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121
IAWC-ARROWHEAD	134,719	0.2148%	19,128	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594
IAWC-VALLEY VIEW	464,731	0.7401%	65,988	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499
IAWC-COUNTRY CLUB	73,568	0.1172%	10,452	871	871	871	871	871	871	871	871	871	871	871	871
IAWC-LMBRD HGHTS	50,169	0.0799%	7,128	594	594	594	594	594	594	594	594	594	594	594	594
IAWC-DP/LISLE	421,135	0.6707%	59,796	4,983	4,983	4,983	4,983	4,983	4,983	4,983	4,983	4,983	4,983	4,983	4,983
ARGONNE NATIONAL LAB	377,745	0.6016%	53,640	4,470	4,470	4,470	4,470	4,470	4,470	4,470	4,470	4,470	4,470	4,470	4,470
IAWC-LIBERTY RIDGE WEST	213,087	0.3394%	30,264	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522
IAWC-LIBERTY RIDGE EAST (1)	13,990	0.0223%	1,992	166	166	166	166	166	166	166	166	166	166	166	166
ROUNDING	0	0.0000%	(19)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)
ALL CUSTOMERS TOTAL	62,791,169	100.0000%	\$8,916,329	\$743,027	\$743,027	\$743,027	\$743,027	\$743,027	\$743,027	\$743,027	\$743,028	\$743,028	\$743,028	\$743,028	\$743,028

(1) - CUSTOMER LESS THAN TWO FULL CALENDAR YEARS - USE ALLOCATION

ESTIMATED O & M RATE  
ESTIMATED FIXED COST CHARGE PER 1000 GALLONS

ESTIMATED TOTAL RATE

	FY 2003-04	FY 2002-03
ESTIMATED O & M RATE	\$1.38	\$1.34
ESTIMATED FIXED COST CHARGE PER 1000 GALLONS	0.27	0.31
ESTIMATED TOTAL RATE	\$1.65	\$1.65

**SALARIES AND WAGES.** Commission employee wages are established and evaluated according to competitive rates paid by the Commission's customers and general labor market considerations. Increases are awarded to employees on the basis of merit. Normal plant operation staff scheduling accounts for most of the overtime costs. No new employees are budgeted for fiscal year 2003-04.

**FRINGE BENEFITS.** Each employee presently has a SEP/IRA account. The Commission funds these accounts with contributions in the amount of 8% of the employees' annual salary. The budget has been increased to allow the Commission to consider converting to a different type of pension plan. The Commission is currently subject to the 1.45% Medicare tax. If the pension plan is changed, the Commission would become subject to the 6.2% Social Security tax.

Group health and life insurance benefits are provided for all full time employees. No group insurance benefit increases are planned. The Commission recently changed healthcare in order to reduce monthly premium costs. Due to previous experience, the budget contemplates up to a 30% increase for the last four months of the budget year.

**PROFESSIONAL DEVELOPMENT.** Travel, training and development are budgeted for courses and seminars related to the Commission's computer system, as well as the overall operations of the Commission's facilities.

**OTHER PERSONNEL COSTS.** These expenses are for employee recruitment and annual physical examinations required for normal operating procedures and confined space entry.

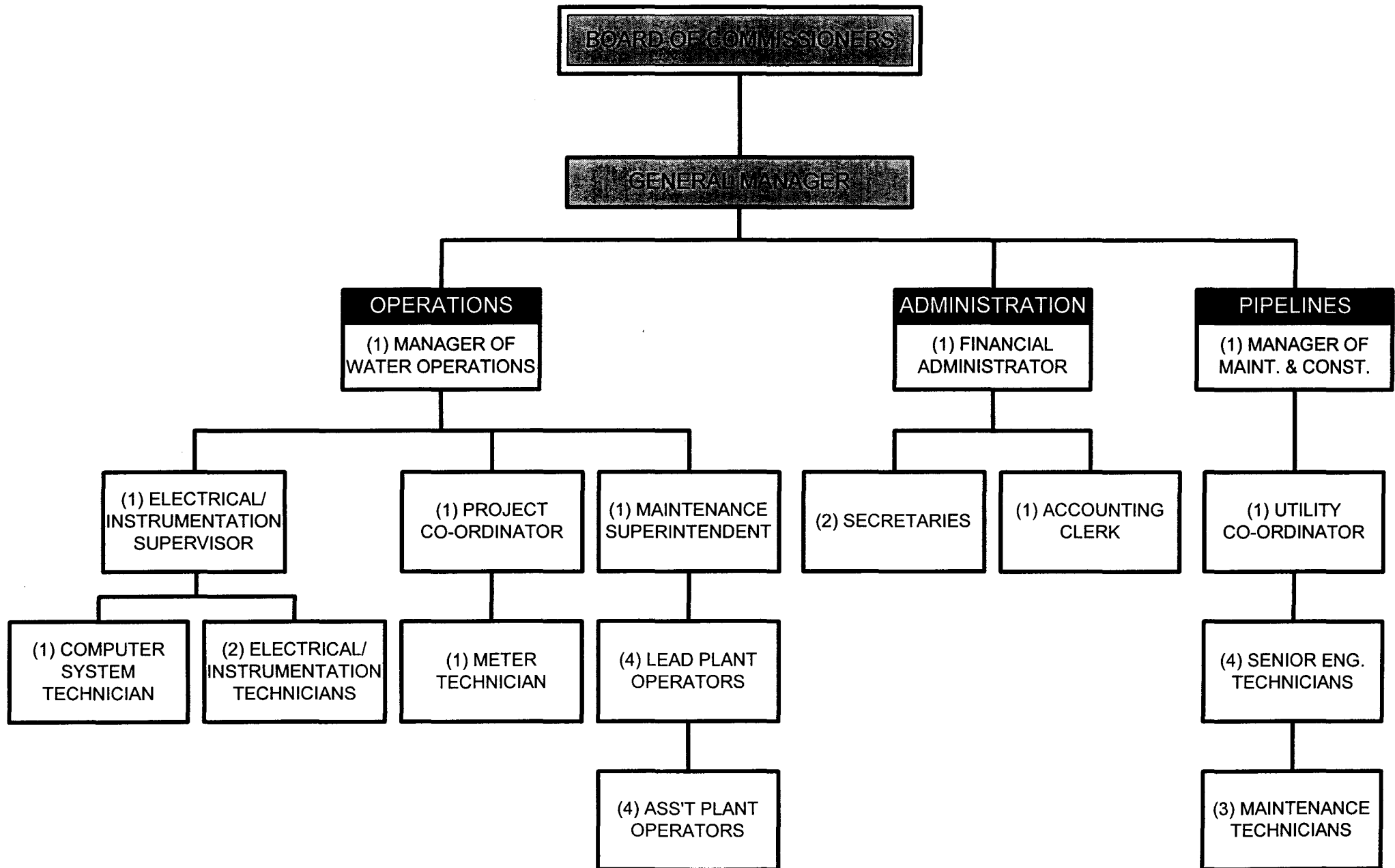
DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
6000	OPERATING EXPENSES				
6100	PERSONAL SERVICES				
6110	SALARIES & WAGES				
6111	ADMINISTRATIVE-REGULAR		582,209	571,730	606,608
6112	OPERATIONS-REGULAR		1,078,022	1,104,156	1,152,160
6116	ADMINISTRATIVE - OVERTIME		1,348	1,429	1,517
6117	OPERATIONS - OVERTIME		168,777	145,000	110,000
6120	FRINGE BENEFITS				
6121	PENSION		145,927	145,784	224,434
6122	MEDICAL/LIFE BENEFITS		319,657	394,810	306,000
6123	MEDICARE		24,375	26,424	143,077
6128	STATE UNEMPLOYMENT TAXES		1,627	1,620	1,620
6130	PROFESSIONAL DEVELOPMENT				
6131	TRAVEL		12,845	13,500	15,450
6132	TRAINING		6,965	12,250	14,550
6133	PROFESSIONAL DEVELOPMENT		1,388	8,100	12,100
6190	OTHER PERSONNEL COSTS				
6191	PERSONNEL RECRUITMENT		6,230	9,300	9,900
	TOTAL PERSONAL SERVICES		2,349,370	2,434,103	2,597,416

**PERSONNEL TABLE.** The personal service budget is based on the personnel structure in the table below. The total authorized personnel under this budget is 30.

DU PAGE WATER COMMISSION  
ORGANIZATIONAL CHART  
FISCAL YEAR 2003 - 2004



**FINANCIAL SERVICES.** Provision has been made under general financial consulting for a financial advisor to assist the Commission in its overall financial review. This review may cover bond refunding or retirement, reserve balance appropriateness and insurance coverage concerns.

The budget for bond advisory services is for follow-up as required on the 1993 Water Revenue Obligation bond. Trust services and bank charges are for revenue and general obligation bonds, as well as investment safekeeping services. The amount budgeted for other financial services is the revenue bond arbitrage rebate annual calculation.

**LEGAL SERVICES.** The budget for general counsel provides for the legal services of a corporate counsel. Bond counsel will be utilized for tax abatement and arbitrage issues. Special counsel will provide legal services for non-routine matters such as the water quality issue. The other legal service line item provides for defense cost should the Commission become involved in unanticipated litigation.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
6200	PROFESSIONAL SERVICES				
6230	FINANCIAL SERVICES				
6231	BOND ADVISORY SERVICES		0	2,000	1,000
6232	GENERAL FINANCIAL CONSULTING		625	750	60,750
6233	TRUST SERVICES/BANK CHARGES		16,531	40,320	34,210
6239	OTHER FINANCIAL SERVICES		1,500	1,750	1,750
6250	LEGAL SERVICES				
6251	GENERAL COUNSEL		221,030	170,000	250,000
6252	BOND COUNSEL		0	1,500	1,600
6253	SPECIAL COUNSEL		0	5,000	15,000
6258	LEGAL NOTICES		3,746	3,000	3,000
6259	OTHER LEGAL SERVICES		63,000	25,000	25,000
	TOTAL PROFESSIONAL SERVICES		306,432	249,320	392,310

**AUDIT SERVICES.** The audit service budget is for the annual audit of fiscal year April 30, 2003, as well as the cash and investment audits for the end of August and December, 2003. Due to unforeseeable circumstances, the Commission was recently required to seek the services of another auditing firm. Proposals were taken from five firms. Fees for the firm selected will be 26% higher than the last fiscal year.

**INSURANCE SERVICES.** The work to be performed has been consolidated with the financial advisor budget above..

**CONSULTING SERVICES.** Most of the costs (\$500,000) in fiscal year 2003-04 are for conducting a corrosion survey of the entire distribution system. Other major projects requiring consulting services are the Blow-off Valve Repair Project (\$157,000) and the DuPage Pumping Station USEPA required preparation of an emergency response plan as part of its vulnerability assessment (\$50,000 expected to be offset by the grant reported under Other Income).

**CONTRACTUAL SERVICES.** Contractual services are for material testing for the blow-off valve repair project, scanning Commission documents to reduce storage space, temporary help and printing of the Commission's annual report.



DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
6300	PURCHASED SERVICES				
6310	AUDIT SERVICES		34,500	32,700	43,500
6350	INSURANCE SERVICES		0	12,000	0
6380	CONSULTING SERVICES				
6381	C.A.D.D. MAPPING		0	0	0
6385	TASTE & ODOR STUDY		0	0	0
6389	OTHER CONSULTING SERVICES		221,881	451,000	710,000
6390	CONTRACTUAL SERVICES				
6391	MATERIAL TESTING		9,303	200,000	50,000
6394	PUBLIC INFORMATION		1,849	3,500	3,500
6395	CONTRACT LABOR		1,812	3,200	3,200
6399	OTHER CONTRACTUAL SERVICES		603	35,000	40,750
	TOTAL PURCHASED SERVICES		269,948	737,400	850,950

**CASUALTY INSURANCE.** This covers the Commission against operating liabilities. The budget is based on known costs of current policies for the first six months of the fiscal year. The budget for the second half allows for an adjustment based on general inflation levels.

**PROPERTY INSURANCE.** This covers the Commission against damage to its physical plant. The budget is based on known costs of current policies for the first six months of the fiscal year. The budget for the second half allows for an adjustment based on general inflation levels. Reduced availability of this type of insurance has caused the Commission to significantly self-insure its underground facilities.

**OTHER COVERAGES.** The Commission carries deductibles on its property insurance policies. The deductible per above ground incident is \$25,000. Below ground facilities carry a \$1 million deductible per occurrence.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
6400	INSURANCE				
6410	CASUALTY INSURANCE				
6411	GENERAL LIABILITY		116,696	94,042	126,857
6412	PUBLIC OFFICIAL'S LIABILITY		76,830	82,575	80,000
6413	TEMPORARY BONDS		469	500	688
6414	ENGINEER'S LIABILITY		0	0	0
6415	WORKER'S COMPENSATION		27,419	54,274	59,607
6416	UMBRELLA COVERAGE		0	0	0
6417	ALL RISK-BUILDER'S RISK		0	0	0
6420	PROPERTY INSURANCE				
6421	TANGIBLE PROPERTY		425,951	237,390	454,511
6422	AUTOMOBILE		0	0	0
6490	OTHER COVERAGE				
6491	SELF INSURED CLAIMS		0	1,025,000	1,025,000
	TOTAL INSURANCE		647,365	1,493,781	1,746,663

**OCCUPANCY COSTS.** Amounts have been budgeted for heating the DuPage Pumping Station, as well as for telephone services for that station and the SCADA system.

**SUPPLIES AND REFERENCES.** General supplies include office and computer supplies. Books and publications include the purchase of standard construction books used in determining rates for labor and equipment in conjunction with the Commission's quick response repair contracts. There is also an allowance for the purchase of training and reference manuals for the Commission's safety programs.

**PRINTING AND POSTAGE.** Printing costs are for blue-line drawings used in construction in and around the Commission's pipeline. This item also includes the printing of letterhead and other business forms. Postage and delivery is for regular Commission mailings and delivery to various consultants working with the Commission.

**DUES AND SUBSCRIPTIONS.** The most significant outlay for this line item is for the Commission's DSL Internet access. This allows for electronic communication between the Commission and its customers and other interested parties. The Commission staff participates in the American Water Works Association, the American Public Works Association, National Association of Corrosion Engineers and the Government Finance Officers Association. The Commission also subscribes to the Governmental Accounting Standards Board to keep up with changes in accounting principles.

**OFFICE EQUIPMENT REPAIRS.** This item is for maintaining the Commission's telephone system, copy and facsimile machines, the educational model and other office machines including the administrative computer system.

**OTHER ADMINISTRATIVE EXPENSES.** This item includes funds for various meetings and ceremonial expenses related to Commission business. Recently costs have increased due to criminal background checks performed on contractors working on Commission premises.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
6500	ADMINISTRATIVE COSTS				
6510	OCCUPANCY COSTS				
6513	BUILDING HEATING		20,124	32,500	32,500
6514	TELEPHONE		30,876	33,110	35,310
6520	SUPPLIES & REFERENCES				
6521	GENERAL SUPPLIES		17,675	15,000	23,350
6522	BOOKS & PUBLICATIONS		4,086	2,500	3,500
6530	PRINTING & PUBLICATIONS				
6531	PRINTING EXPENSE		1,176	5,150	5,475
6532	POSTAGE & DELIVERY		11,594	12,000	15,600
6540	DUES, SUBSCRIPTIONS		12,197	17,500	13,755
6550	OFFICE EQUIPMENT REPAIRS		12,691	12,000	15,000
6590	OTHER ADMINISTRATIVE EXPENSE		4,402	1,760	2,630
	TOTAL ADMINISTRATIVE & MAINTENANCE COSTS		114,821	131,520	147,120

**WATER SUPPLY.** The fiscal year 2003-04 budget assumes a 2.1% increase in demand as projected in the IDNR allocations. Water costs from the City of Chicago are budgeted on the assumption that the Commission's customers will use 95.7% of the 34.437 billion gallons allocated for the fiscal year (32.956 billion gallons). At 97.5% accountability this means the Commission will purchase 33.801 billion gallons of water at an average rate of \$1.238 per 1,000 gallons. The City of Chicago raised water rates by 4% on January 1, 2003. An additional 4% increase is expected for January 1, 2004. In addition, 80% of the electrical costs and 50% of the labor and repair costs for the Lexington Pump Station are included in the water purchases line item. The budget for this item includes the electrical costs of operating the DuPage Pump Station, the elevated tanks and the metering stations as well as water quality chemicals and testing.

**PUMP STATION OPERATIONS.** This item includes the maintenance and repair of water pumps, reservoirs and the pump station building. Costs of meter testing and instrumentation maintenance are included here. Roof repairs account for \$250,000. The reduction in total budget for this item is the completion of replacement of the heating boilers at the Du Page Pumping Station in the past fiscal year (\$400,000).

**PIPELINE MAINTENANCE.** Repairs to the Commission's pipeline include both the Quick Response contract and work done by the Commission staff. The major expense in this category is the rehabilitation of approximately 125 blowoff valves (\$2.7 million). Maintenance of remote Commission facilities (standpipes, meter stations and remotely operated valves) is budgeted in this category.

**VEHICLES AND EQUIPMENT.** Equipment repairs and maintenance includes the cost of gasoline, oil and repairs to the Commission's vehicles.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
6600	DIRECT WATER DISTRIBUTION COSTS				
6610	WATER SUPPLY				
6611	WATER PURCHASES - CHICAGO CONTRACT		40,185,070	39,544,005	43,397,907
6612	ELECTRICITY		2,197,903	1,681,075	2,298,600
6613	WATER CHEMICALS		46,922	20,000	45,000
6614	WATER TESTING		3,357	6,000	6,000
6620	PUMP STATION OPERATIONS				
6621	PUMPING OPERATIONS		76,931	201,300	225,000
6622	BUILDING MAINTENANCE & REPAIR		1,085,953	800,000	715,015
6623	METER TESTING & REPAIR		38,941	125,000	125,000
6624	SCADA/INSTRUMENTATION		57,398	65,000	58,000
6625	EQUIPMENT RENTAL		3,124	5,000	5,000
6626	UNIFORMS		9,053	7,000	8,000
6630	PIPE LINE MAINTENANCE				
6631	PIPELINE REPAIRS		2,344,472	2,750,000	2,950,000
6632	PIPELINE CORROSION TESTING		50,657	55,000	60,000
6633	METER STATIONS, ROV, STANDPIPES		92,845	285,000	385,000
6634	PLAN REVIEW - PIPELINE CONFLICTS		49,417	95,000	96,000
6635	EQUIPMENT RENTAL		0	25,000	25,000
6636	UNIFORMS		2,526	3,250	3,850
6637	PIPELINE SUPPLIES		42,808	38,100	38,850
6640	VEHICLES & EQUIPMENT				
6641	REPAIRS		14,203	31,167	35,990
6642	GASOLINE		26,265	31,000	31,000
6643	LICENSES		696	877	961
	TOTAL DIRECT WATER DISTRIBUTION COSTS		46,328,541	45,768,774	50,510,173

**BOND INTEREST COSTS.** With the consolidation of the General Obligation Bond Debt Service Fund into the Water Fund, principal payments on these bonds are no longer a budgeted expense. Water Revenue bond principal has never been a GAAP budgeted expense. Interest costs are the only budgeted expenses for both the Water Revenue Bonds and General Obligation Bonds. The budget for this line item has been reduced by \$2.65 million. Correction of an error in last fiscal year's budget and reductions in principal outstanding over the past fiscal year by regular maturities account for this decrease. Final maturity on the General Obligation Bonds is March 1, 2011. Final maturity on the Water Revenue Bonds is May 1, 2014.

**LEASES.** The amount budgeted for leases include Cook County and Illinois State Toll Highway Authority leases for pipeline crossings and the use of the Illinois Toll Highway Authority's antenna system for the Commission's SCADA radio system.



DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
6700	BOND INTEREST COSTS				
6720	BOND INTEREST				
6721	GENERAL OBLIGATION BONDS		3,889,474	5,759,930	3,609,321
6722	REVENUE BONDS		9,460,446	9,458,159	8,961,295
	TOTAL PRINCIPAL AND INTEREST EXPENSES		13,349,920	15,218,089	12,570,616
6800	LAND AND RIGHT-OF-WAY				
6810	LEASES		500	1,000	1,000
6820	PERMITS & FEES		0	1,000	1,000
6830	EASEMENTS		2,995	2,995	2,995
6890	RELATED SERVICES		0	1,000	1,000
	TOTAL LAND AND RIGHT-OF-WAY		3,495	5,995	5,995

**WATER MAIN, BUILDING AND PUMPING EQUIPMENT DEPRECIATION.** The Commission recognizes depreciation on its water mains, buildings and pumping equipment. Buildings are being depreciated over a 40-year period. Pipelines are estimated to last 80 years. Pumping equipment has a 30-year life.

**EQUIPMENT PURCHASES & DEPRECIATION.** The Commission budgets for the purchase and depreciation of these items in one section. The purpose of budgeting in this manner is to allow control over the purchase of equipment, as well as to plan for depreciation to conform to accounting principles in the annual audit report. The major outlays for fiscal year 2002-03 are replacing the Commission's telephone system and replacement of copying equipment. The capitalized equipment budget item is for year-end audit compliance.

**VEHICLE PURCHASES & DEPRECIATION.** The Commission budgets for the purchase and depreciation of these items in one section. One new vehicle is being purchased to support the electrical technician. Two replacements for vehicles with over 100,000 miles are also planned in fiscal year 2003-04. The capitalized equipment budget item is for year-end audit compliance.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
6900	CAPITAL EQUIPMENT/DEPRECIATION				
6920	WATER MAINS		4,285,054	4,292,529	4,285,054
6930	BUILDINGS		2,041,230	2,013,014	2,049,980
6940	PUMPING EQUIPMENT		177,870	177,870	232,820
6950	EQUIPMENT PURCHASES & DEPRECIATION				
6951	DATA PROCESSING PURCHASES		1,704	43,350	35,000
6952	OTHER EQUIPMENT PURCHASES		4,179	22,500	45,000
6958	CAPITALIZED EQUIPMENT PURCHASES		(5,883)	(65,850)	(80,000)
6959	EQUIPMENT DEPRECIATION		126,803	148,823	142,803
6960	VEHICLE PURCHASES & DEPRECIATION				
6961	MOTOR VEHICLES PURCHASES		77,981	98,000	95,000
6968	CAPITALIZED VEHICLES PURCHASES		(77,981)	(98,000)	(95,000)
6969	VEHICLE DEPRECIATION		50,641	66,236	69,642
	TOTAL CAPITAL EQUIPMENT/DEPRECIATION		6,681,598	6,698,472	6,780,299
	TOTAL OPERATING EXPENSES		70,051,490	72,737,454	75,601,542

**METERING STATIONS.** All metering station projects will be completed before May 1, 2003. No new customer metering facilities have been requested for fiscal year 2003-04.

**DU PAGE PUMPING STATION.** The capital improvements to the DuPage Pump Station include construction of an engine generating facility to provide emergency and possible supplemental electricity to the station (\$1.1 million).

**SYSTEM STORAGE.** The completion of the installation of a 15-mgd pumping station at Tank Site #1 was completed in fiscal year 2002-03. The budget calls for \$350,000 to improve security and improve drainage and access by Commission personnel at Tank Site #1.

**TRANSMISSION MAINS.** The budget includes beginning work on Contract TIB-1, which will increase flow in the system in the event of a break on the Northwest or Southwest Transmission Mains. These mains are the primary conduits for water leaving the DuPage Pumping Station. TIB-1 will become the eastern connection between the Southwest and Northwest Transmission Mains along Illinois Route 83.

**FEEDER MAINS.** No new feeder mains are planned for fiscal year 2003-04.

**ENGINEERING, LEGAL, LAND, CONTINGENCY.** The expenditures for engineering, legal, material testing, land and right-of-way and miscellaneous items are all to support the construction of Contract TIB-1 and the engine generator facility construction. Design work in fiscal year 2003-04 will include the reservoir expansion at the DuPage Pumping Station and pumps at tank sites #2, 3, and 4.

The capitalized fixed asset budget item is for year-end audit compliance.

DU PAGE WATER COMMISSION  
TENTATIVE DRAFT MANAGEMENT BUDGET  
MAY 1, 2003 TO APRIL 30, 2004

## EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 02-03 FORECASTED	WATER FUND FY 02-03 BUDGET	WATER FUND FY 03-04 BUDGET
7000	CONSTRUCTION EXPENDITURES				
7100	METERING STATIONS		333,799	255,000	0
7300	DU PAGE PUMPING STATION		0	1,124,000	1,099,000
7400	SYSTEM STORAGE		120,577	109,000	350,000
7500	TRANSMISSION MAINS		4,769,682	5,000,000	5,797,500
7600	FEEDER MAINS		0	0	0
7910	CONSTRUCTION ENGINEERING				
7912	FACILITIES IMPROVEMENTS		0	1,048,000	1,026,000
7913	PIPELINE IMPROVEMENTS		1,430,397	550,000	600,000
7914	CUSTOMER ADDITIONS		36,865	10,000	0
7915	EMERGENCY CONNECTIONS		29,000	19,300	0
7950	LEGAL				
7951	GENERAL COUNSEL		37,973	75,000	30,000
7958	LEGAL NOTICES		0	1,000	4,000
7960	PURCHASED SERVICES				
7961	APPRAISAL SERVICES		0	200	500
7962	MATERIAL TESTING SERVICES		75,478	75,000	280,000
7963	VIDEO TAPING		0	300	4,500
7970	LAND AND RIGHT-OF-WAY				
7972	PERMITS & FEES		0	1,000	0
7973	EASEMENTS		0	0	0
7974	REAL PROPERTY		0	0	0
7979	RELATED SERVICES		0	700	500
7980	CAPITALIZED FIXED ASSETS		(6,833,771)	(8,283,500)	(9,242,000)
7990	MISCELLANEOUS CONSTRUCTION		0	15,000	50,000
	TOTAL CONSTRUCTION EXPENDITURES		0	0	0

**DU PAGE WATER COMMISSION  
2003 - 2004  
FIVE YEAR CAPITAL IMPROVEMENT  
PLAN**

**DECEMBER 12, 2002  
REVISED JANUARY 9, 2003**



# **DuPage Water Commission**

## **MEMORANDUM**

TO: Chairman Vondra and Commissioners

FROM: General Manager

DATE: January 29, 2003

SUBJECT: Revised Five-year Capital Improvement Plan

In accordance with Commission policy, the Five-year Capital Improvement Plan is reviewed and evaluated by staff in connection with each new budget cycle. A draft of the updated plan is then submitted to the Commission for its consideration. This annual document is based on the Commission's anticipated needs for normal operations and improvements to the system, which may be required for emergency conditions. It is formulated on the basis of anticipated revenue sources net of routine expenditures needed to keep the Commission in normal operations. The Commission amended the Five-year Capital Improvement Plan at its meeting on January 9, 2003. Those changes have been incorporated into the plan presented here.

The plan is divided into several operational sections—distribution system improvements, pump station improvements and standpipe improvements. A summary shows the capital outlay (funded by sales tax revenues) and major non-recurring maintenance items (funded by water rates) on a fiscal year basis. Each fiscal year's programmed expenditures are included in the financial projection of Commission revenues and expenditures through fiscal year 2007-08.

The status of the improvements approved in last year's plan is as follows:

Construction of the West Transmission Main, Contract TW-2 continues and should be completed in early 2003.

The draft fiscal year 2003-04 planning document represents the eighth consecutive year in which a five-year plan has been evaluated and approved by the Commission. Utilizing this process over the years has allowed the Commission to have a much better understanding of its long-term capital and operating needs and the level of funding required from various sources.

Last year the Commission increased the portion of its sales tax revenues currently used to fund the Water Revenue Bonds from 25% to 43%. This allowed the total average charter customer rate to drop from its current level of \$1.75 to \$1.65 per 1,000 gallons. This also had the effect of reducing fixed cost and missed fixed cost aggregates by an additional \$7.7 million per year thereby making it more economically feasible for future customers to join the Commission's system. Sales tax support for Water Revenue Bond payments has been increased to 50% for this Five-year Capital Improvement Plan.

Even with the assumption used in this Five-year Plan that sales tax receipts will grow at an annual rate of only 2%, the Commission's wholesale rate can be held stable at the level of \$1.65 per 1,000 gallons for the next six fiscal years--long enough to complete this five-year capital plan. This includes the \$10 million fund of the water quality loans to Commission customers. In order to stabilize rates under this scenario, a portion of sales tax funds will need to be used for operating expenses in fiscal year 2008-09.

Planned improvements accepted by the Board will be included in the 2003-04 budget document. That document will be sent to the Board for its review in February and released, in tentative draft form, to the Charter Customers prior to March 1, 2003.



**DU PAGE WATER COMMISSION**  
**2003 – 2004**  
**FIVE YEAR CAPITAL IMPROVEMENT PLAN**

<b>SUMMARY.....</b>	<b>1</b>
Five Year Projection Assumptions.....	2
Summary of Revenues, Expenditures and Fund Balances.....	3
Summary of Estimated Costs.....	4
<b>DISTRIBUTION SYSTEM IMPROVEMENTS.....</b>	<b>6</b>
Distribution System Introduction.....	7
Proposed Improvements. ....	8
Contract TW-3; St. Charles Road to Standpipe No. 1.....	9
Contract TIB-1; Route 83.....	11
Contract BOV-1.....	13
Corrosion Survey.....	14
<b>PUMP STATION IMPROVEMENTS.....</b>	<b>15</b>
30 Million-Gallon Reservoir.....	16
Storage Building & Yard.....	18
Engine Generator Facility.....	20
Pump #10.....	22
<b>STANDPIPE IMPROVEMENTS.....</b>	<b>23</b>
Install Pumps at Standpipes.....	24

**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**SUMMARY**

**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

- The fiscal year 2002-03 budget has been adjusted for known major variances.
- Operation and maintenance revenues are based on 95.7% of the IDNR allocation for each fiscal year.
- Fixed cost revenue requirements are 50% of the yearly debt service scheduled for the Commission's outstanding revenue bonds. Sales taxes are used to pay the remaining 50%.
- The total charter customer average water rate remains \$1.65 per thousand gallons for fiscal year 2003-04 then increases \$0.05 per thousand gallons in each succeeding fiscal year.
- Subsequent customer differential grows only as new customers are added. New customer capital costs are recaptured by rates charged from date of first service until April 30, 2024.
- Sales taxes increase 2% annually.
- Interest income is based on prior year's earnings versus prior year's net revenues excluding interest earned applied to the same figure for each projected fiscal year.
- Water purchase expense is based on the Commission billing 97.5% of all water purchased from Chicago and 4% annual increases in the Chicago water rate.
- The 20% water purchase credit is based on annual anticipated purchases. This credit ends during fiscal year 2004-05.
- All other operating expenses, not specifically mentioned above, are anticipated to rise 5% per year.
- Principal and interest costs are the scheduled debt service payments for the Commission's 1993 revenue bonds and general obligation bonds of 2001.
- Construction and major capital repair costs are inflated 2% per year.
- The target fund balance available for emergency repairs will increase by 3% per year. However, once this amount reaches a targeted maximum of \$50 million, the balance will hold at that level. (Presently the Commission indexes its targeted emergency repair balance to be 5% of the original construction costs escalated by the annual increases in the Engineering News Record Construction Index.)
- Sales tax proceeds not needed for immediate appropriation are reserved for construction through April 30, 2008. Water sales receipts not needed for immediate appropriation are reserved for rate stabilization.

DU PAGE WATER COMMISSION - 5 YEAR PROJECTION  
SUMMARY OF REVENUES, EXPENDITURES AND FUND BALANCES  
MAY 1, 2003 TO APRIL 30, 2008

ACCOUNT TITLE	ALL FUNDS FY 01-02 ACTUAL	ALL FUNDS FY 02-03 ADJ. BUDGET	ASSUMPTION OR % CHGE FY 02-07	ALL FUNDS FY 03-04 FORECAST	ALL FUNDS FY 04-05 FORECAST	ALL FUNDS FY 05-06 FORECAST	ALL FUNDS FY 06-07 FORECAST	ALL FUNDS FY 07-08 FORECAST
<b>REVENUES</b>								
O & M PAYMENTS	41,228,304	42,429,205	CALCULATED	45,354,398	47,784,783	50,384,390	52,513,649	54,669,881
SALES TAXES USED FOR O & M COSTS	0	0	CALCULATED	0	0	0	0	0
FIXED COST PAYMENTS (% PAID BY SALES TAX)	13,376,556	10,164,758	50.0%	8,916,329	8,916,661	8,916,062	8,915,586	8,918,607
SUBSEQUENT CUSTOMER DIFFERENTIAL/EMERGENCY SERVICE	901,353	1,041,625	1.0%	1,052,041	1,062,561	1,073,187	1,083,919	1,094,758
SALES TAXES USED FOR CONSTRUCTION AND BOND PAYMENTS	33,062,484	31,516,473	2.0%	32,146,802	32,789,738	33,445,533	34,114,444	34,796,733
INTEREST INCOME	6,027,426	6,043,616	EXTRAPOLATED	6,093,865	6,378,775	6,466,006	6,222,131	6,020,520
OTHER INCOME	3,002,774	531,714	0.0%	0	0	0	0	0
<b>TOTAL REVENUE</b>	<b>97,598,897</b>	<b>91,727,391</b>		<b>93,563,435</b>	<b>96,932,518</b>	<b>100,285,178</b>	<b>102,849,729</b>	<b>105,500,499</b>
<b>OPERATING EXPENDITURES</b>								
WATER PURCHASES (4% ANNUAL RATE INCREASES)	36,332,674	38,709,917	CALCULATED	41,697,057	44,074,758	46,369,940	48,614,034	50,993,484
20% CREDIT THRU SEP 2004	(7,266,535)	(7,741,983)	CALCULATED	(8,339,411)	(4,140,332)	0	0	0
5 YEAR CAPITAL PLAN MAJOR REPAIRS	141,789	2,067,900	CALCULATED	3,357,000	2,875,000	0	0	0
OTHER OPERATING EXPENSES (EXCL BOND INTEREST/DEPRC)	7,525,117	9,054,410	5.0%	9,507,131	9,982,488	10,481,612	11,005,693	11,555,978
REVENUE BOND PRINCIPAL AND INTEREST COSTS	17,835,408	17,832,908	CALCULATED	17,832,658	17,833,322	17,832,123	17,831,172	17,837,213
G.O. BOND PRINCIPAL AND INTEREST COSTS	15,761,973	13,122,650	CALCULATED	13,112,650	13,122,150	13,124,150	13,117,900	13,117,650
CAPITAL EQUIPMENT	193,957	83,864	5.0%	88,057	92,460	97,083	101,937	107,034
<b>TOTAL OPERATING EXPENDITURES</b>	<b>70,524,383</b>	<b>73,129,666</b>		<b>77,255,142</b>	<b>83,839,846</b>	<b>87,904,908</b>	<b>90,670,736</b>	<b>93,611,359</b>
5 YEAR CAPITAL PLAN NEW CONSTRUCTION	8,923,732	6,499,972	CALCULATED	8,767,000	12,738,000	23,315,000	21,634,000	2,057,000
5 YEAR CONSTRUCTION PLAN (DELAY)-CATCH-UP	0	0	CALCULATED	0	0	0	0	0
NEW CUSTOMERS & OTHER MINOR RELATED OUTLAYS	1,893,988	333,799	4.0%	500,000	520,000	540,800	562,432	584,929
WATER QUALITY LOANS	0	10,000,000	BOARD POLICY	0	0	0	0	0
<b>TOTAL CASH OUTLAYS AND COMMITMENTS</b>	<b>81,342,103</b>	<b>89,963,437</b>		<b>86,522,142</b>	<b>97,097,846</b>	<b>111,760,708</b>	<b>112,867,168</b>	<b>96,253,288</b>
<b>NET TRANSACTIONS</b>	<b>16,256,794</b>	<b>1,763,954</b>		<b>7,041,293</b>	<b>(165,328)</b>	<b>(11,475,530)</b>	<b>(10,017,439)</b>	<b>9,247,211</b>
UNRESTRICTED NET ASSETS - BEGINNING	113,148,022	127,243,034	CALCULATED	129,101,013	136,142,306	135,976,978	124,501,448	114,484,009
CONVERTED (TO) - FROM RESTRICTED OR CAPITAL NET ASSETS	(2,161,782)	94,025		0	0	0	0	0
<b>UNRESTRICTED NET ASSETS - ENDING</b>	<b>127,243,034</b>	<b>129,101,013</b>		<b>136,142,306</b>	<b>135,976,978</b>	<b>124,501,448</b>	<b>114,484,009</b>	<b>123,731,220</b>
HELD FOR EMERGENCY REPAIRS-TARGET (1)	27,300,000	28,100,000	3.0%	28,900,000	29,800,000	30,700,000	31,600,000	32,500,000
O&M RATE STABILIZATION RESERVE	46,471,406	49,757,832		52,909,018	52,040,393	49,809,804	46,814,131	42,933,949
CONSTRUCTION RESERVE	53,471,628	51,243,181		54,333,288	54,136,585	43,991,644	36,069,878	48,297,271
<b>UNRESTRICTED NET ASSETS - ENDING</b>	<b>127,243,034</b>	<b>129,101,013</b>		<b>136,142,306</b>	<b>135,976,978</b>	<b>124,501,448</b>	<b>114,484,009</b>	<b>123,731,220</b>
O & M RATE	1.33	1.34		1.38	1.43	1.49	1.54	1.59
FIXED COST RATE	0.43	0.32		0.27	0.27	0.26	0.26	0.26
<b>TOTAL RATE</b>	<b>1.76</b>	<b>1.66</b>		<b>1.65</b>	<b>1.70</b>	<b>1.75</b>	<b>1.80</b>	<b>1.85</b>

(1) TO MAX OF 50,000,000

SUMMARY OF ESTIMATED NEW CONSTRUCTION COSTS						
BASED ON FY 00-01 COSTS	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	Total
DISTRIBUTION SYSTEM IMPROVEMENTS						
Contract TW-3; St. Charles Road - Engineering		1,000,000	800,000	1,200,000		3,000,000
Contract TW-3; St. Charles Road - Construction (1)			8,500,000	11,701,000		20,201,000
Contract TIB-1; Route 83 - Engineering	600,000	120,000				720,000
Contract TIB-1; Route 83 - Construction (1)	6,000,000	2,250,000				8,250,000
PUMP STATION IMPROVEMENTS						
30 Million Gallon Reservoir - Engineering	738,000	475,000	400,000	400,000		2,013,000
30 Million Gallon Reservoir - Construction (1)		5,625,000	11,250,000	5,625,000		22,500,000
Vehicle Storage Bldg & Yard - Engineering	41,000					41,000
Vehicle Storage Bldg & Yard - Construction (1)		270,000				270,000
Engine Generator Facility - Engineering	168,000	168,000				336,000
Engine Generator Facility - Construction	1,120,000	1,120,000				2,240,000
Pump #10-Engineering					40,000	40,000
Pump #10-Installation					400,000	400,000
STANDPIPE IMPROVEMENTS						
Install Pumps at Standpipes-Tank Site #2,3,4 Engineering	100,000	110,000	110,000	110,000	110,000	540,000
Install Pumps at Standpipes-Tank Site #2,3,4 Construction (1)		1,350,000	1,350,000	1,350,000	1,350,000	5,400,000
	8,767,000	12,488,000	22,410,000	20,386,000	1,900,000	65,951,000
INFLATION FACTOR 2% PER YEAR	100.0%	102.0%	104.0%	106.1%	108.2%	103.9%
	8,767,000	12,738,000	23,315,000	21,634,000	2,057,000	68,511,000

Note (1) - Includes legal, property acquisition (if any) and soil testing services

SUMMARY OF ESTIMATED MAJOR REPAIR COSTS						
BASED ON FY 00-01 COSTS	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	Total
DISTRIBUTION SYSTEM IMPROVEMENTS						
Contract BOV-1; Rehab 320 Blowoff Valves-Engineering Reviews	157,000	144,000				301,000
Contract BOV-1; Rehab 320 Blowoff Valves-Engineering Tech Observ.	DWC In House	DWC In House				0
Contract BOV-1; Rehab 320 Blowoff Valves-Construction	2,700,000	2,675,000				5,375,000
Corrosion Survey	500,000					500,000
PUMP STATION IMPROVEMENTS						
None						0
STANDPIPE IMPROVEMENTS						
None						0
	3,357,000	2,819,000	0	0	0	6,176,000
INFLATION FACTOR 2% PER YEAR	100.0%	102.0%	104.0%	106.1%	108.2%	100.9%
	3,357,000	2,875,000	0	0	0	6,232,000

**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**DISTRIBUTION SYSTEM IMPROVEMENTS**

**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**DISTRIBUTION SYSTEM INTRODUCTION**

The Commission operates and maintains 170 miles of pipeline ranging in size from 12" to 90" in diameter. Water supply from Chicago is provided by 90" and 72" Transmission Mains. The 90" Transmission Main, with a C-factor of 120, is sized for the year 2020 maximum day demand for the Commission's service area. The 72" Transmission Main, with a C-factor of 120, is sized to provide year 2020 average day demand. Average day demand is defined as the total amount of water used by a customer within a year divided by 365. The projected average day demand is referred to as the Department of Natural Resources (DNR) allocation. Maximum day demand is defined in the Water Purchase Agreement as 1.7 times average day demand.

The pipeline system within DuPage County is sized in accordance with DNR allocations that were based upon estimates made by Commission customers in the early 1980's. This is also based upon C-factors of 120 for pipelines greater than 20 inches in diameter and 100 for pipelines 20 inches or smaller in diameter. The distribution system is looped to minimize disruption in the event of a break in one of the mains.<sup>1,2</sup>

---

<sup>1</sup> Funds are available in the emergency reserve for C-Factor corrective action.

<sup>2</sup> The hydraulic analysis reflected in this plan was based upon the original design C-Factors and not the present C-Factors.



**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROPOSED IMPROVEMENTS**

As approved in previous five-year capital improvement plans, the Commission is constructing a western transmission main. This improvement provides two benefits to the Commission. First, it will provide an additional conduit to improve flow in the southwestern and southern part of the Commission's distribution system. In addition, it will provide a way for water to get to the northern and southern part of the distribution system in the event of a break in the North, the Northwest, the South or the Southwest Transmission Mains.

Contract TW-2, which will be completed this fiscal year, connects the Northwest and Southwest Transmission Mains. Project TW-3, first proposed in the 1997-98 five-year capital improvement plan, will complete the western connection between the Northwest and North Transmission Mains.

Project TIB-1, which is currently under design, will increase flow in the system in the event of a break on the Northwest or Southwest Transmission Mains. These mains are the primary conduits for water leaving the DuPage Pumping Station. TIB-1 will become the eastern connection between the Southwest and Northwest Transmission Mains along Illinois Route 83.

To eliminate the need to repair or replace leaking corroded blow-off valves throughout the County during peak and non-peak service periods, the rehabilitation of 320 blow-off valves on the Commission's transmission and feeder mains, project BOV-1, began this fiscal year and should be completed Fiscal year 2004 -2005.

Due to the increasing incidence of corrosion related pipeline repairs, a corrosion engineering survey of the entire underground pipeline system was authorized as a part of the 2001-2002 Capital Improvement Plan. The corrosion evaluation will provide the Commission with a blueprint indicating areas of potential pipeline corrosion failure. The report will also identify the design and installation of cathodic protection systems and recommend methods for continuing inspection and testing of the underground pipeline system.

**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** Contract TW-3, St. Charles Road to Standpipe No. 1

**LOCATION:** Wayne and Bloomingdale Townships

**DESCRIPTION:** Install 50,000 feet of a 48" transmission main and two remotely operated valves. This transmission main will extend the West Transmission Main north and east to the end of the North Transmission Main. This West Transmission Main will be installed from the existing West Transmission Main at St. Charles and Fair Oaks Roads via various roads and areas to the end of the North Transmission Main in Roselle.

**PURPOSE:** To connect the West and North Transmission Mains, to increase reliability, to provide service in the event of a break on one of the main transmission mains.

**BENEFIT:** To improve the Commission's ability to transport water between the West and North Transmission Mains during a break on either transmission main. In addition to maintaining a higher level of service during a break of one of the Commission's primary transmission mains, this West Transmission Main will reinforce the northwestern limit of the Commission's distribution system, and provide an available supply of water to the northwest section of the County.

**ESTIMATED COST (2002 DOLLARS):**

**ENGINEERING:** \$3,000,000

**LAND/ROW:** Minimal; pipe primarily installed in public rights-of-way.

**CONSTRUCTION:** \$20,201,000

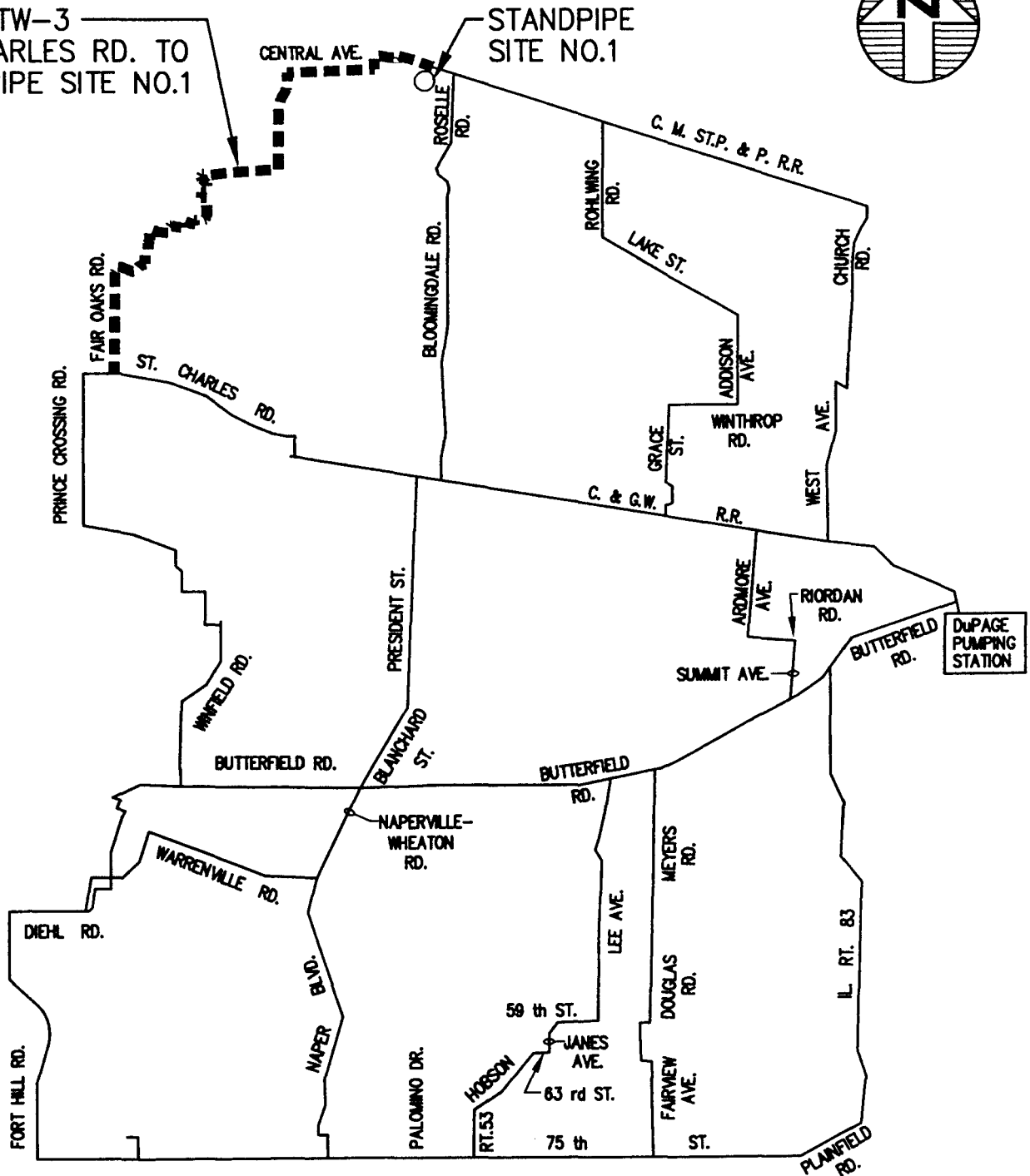
**TIMING:** Fiscal year 2004-2005 – Design  
Fiscal year 2005-2006 – Construction begins

See location map on next page.

# CONTRACT TW-3 DU PAGE WATER COMMISSION



TW-3  
ST. CHARLES RD. TO  
STANDPIPE SITE NO.1



**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** Contract TIB-1; Route 83

**LOCATION:** Elmhurst and Oakbrook Terrace

**DESCRIPTION:** Install 11,000 feet of a 72" transmission main and one remotely operated valve. This transmission main will connect the Northwest Transmission Main with Southwest Transmission Main by Route 83.

**PURPOSE:** To increase flow in the event of a break on the Northwest or Southwest Transmission Mains which are the main conduits for water leaving the DuPage Pumping Station.

**BENEFIT:** During a break of the Southwest Transmission or Northwest Transmission Main, service is severely disrupted. This improvement minimizes the disruption and provides additional flow to satisfy average day demand during emergency conditions.

**ESTIMATED COST (2002 DOLLARS):**

**ENGINEERING:** \$720,000 (Remaining)

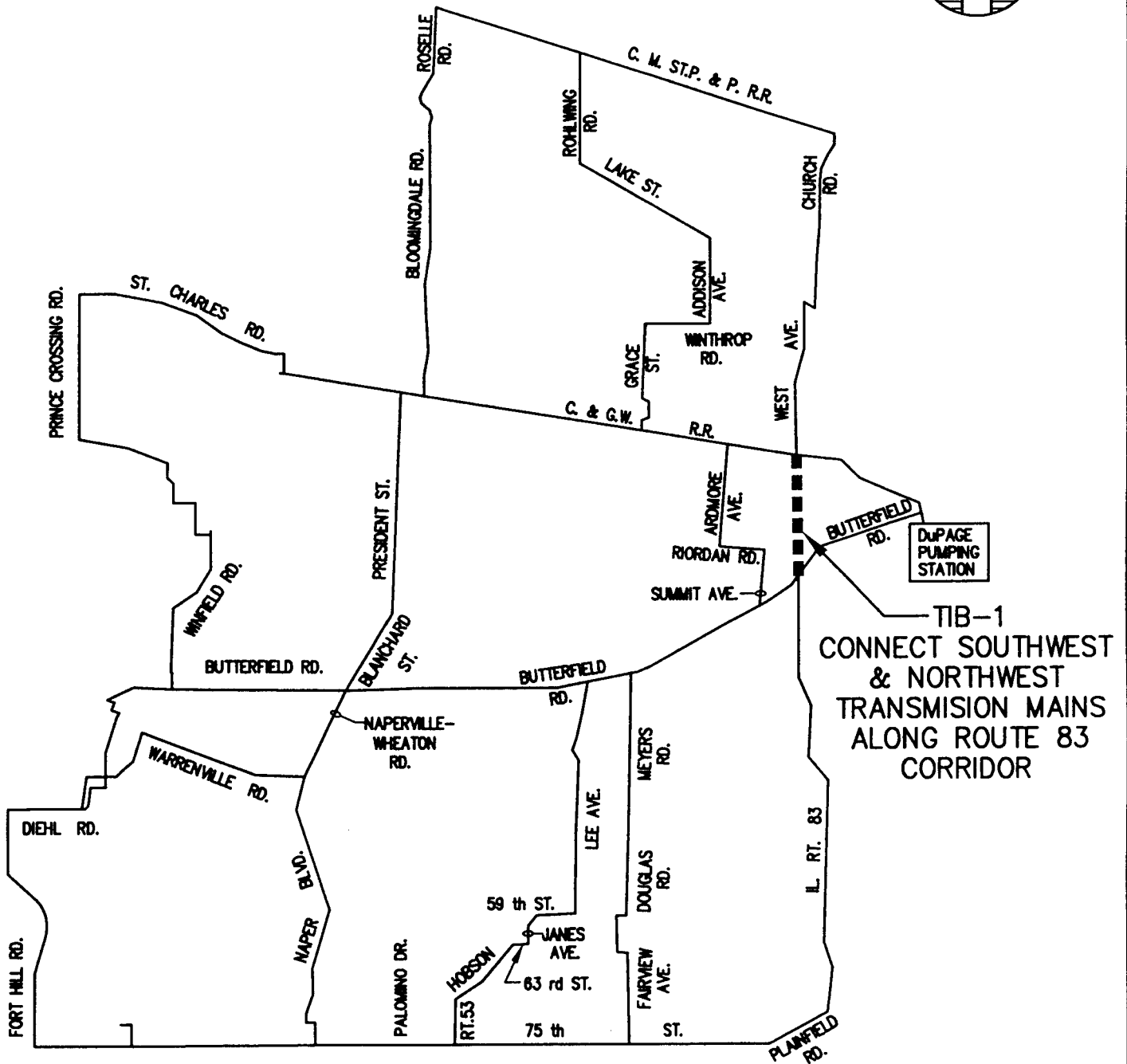
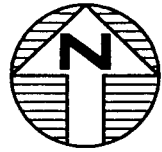
**LAND/ROW:** Minimal; pipe installed in public right-of-way

**CONSTRUCTION:** \$8,250,000

**TIMING:** Fiscal year 2003-2004 – Construction begins

See location map on next page.

# CONTRACT TIB-1 DU PAGE WATER COMMISSION



**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** Contract BOV-1; Blow-off Valve Repair

**LOCATION:** Entire County

**DESCRIPTION:** Rehabilitate 320 blow-off valves on the Commission's Transmission and Feeder Mains

**PURPOSE:** To reduce the number of leaking blow-off valves that requires continuous repair and/or replacement by systematically rehabilitating all such valves.

**BENEFIT:** This rehabilitation will eliminate untimely leaks throughout the County on the Commission's system.

**ESTIMATED COST (2002 DOLLARS):**

**ENGINEERING:** \$301,000 (Remaining; reviews only, technical observation by DWC personnel)

**LAND/ROW:** None; work performed on Commission owned pipe

**CONSTRUCTION:** \$5,375,000

**TIMING:** Fiscal Year 2004-2005 – Repairs completed

**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** Corrosion Survey

**LOCATION:** System wide

**DESCRIPTION:** Engineering corrosion survey of total pipeline system

**PURPOSE:** Identify areas of potential pipeline corrosion failure.

**BENEFIT:** Reduce pipeline corrosion failures

**ESTIMATED COST (2002 DOLLARS):**

**ENGINEERING:** \$500,000

**LAND/ROW:** None; work performed on Commission owned pipe

**CONSTRUCTION:** \$0

**TIMING:** Fiscal Year 2003-2004 – Engineering

**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PUMP STATION IMPROVEMENTS**



**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** 30 Million-Gallon Reservoir

**LOCATION:** South of two existing 15 million-gallon (MG) reservoirs at the DuPage Pumping Station

**DESCRIPTION:** Two 15-MG concrete reservoirs with baffled walls to prevent short-circuiting. The reservoirs will operate in series with the existing reservoirs. The influent of the proposed reservoirs will be constructed to allow for the addition of a taste and odor chemical feed system, if needed in the future.

**PURPOSE:** Increase storage capacity in the event of disruption in service from Chicago.

**BENEFIT:** Provide additional time for the Commission's customer utilities in the event of disruption of supply from Chicago and ability to take more water off peak to decrease power demand charge at Lexington Pumping Station.

**ESTIMATED COST (2002 DOLLARS):**

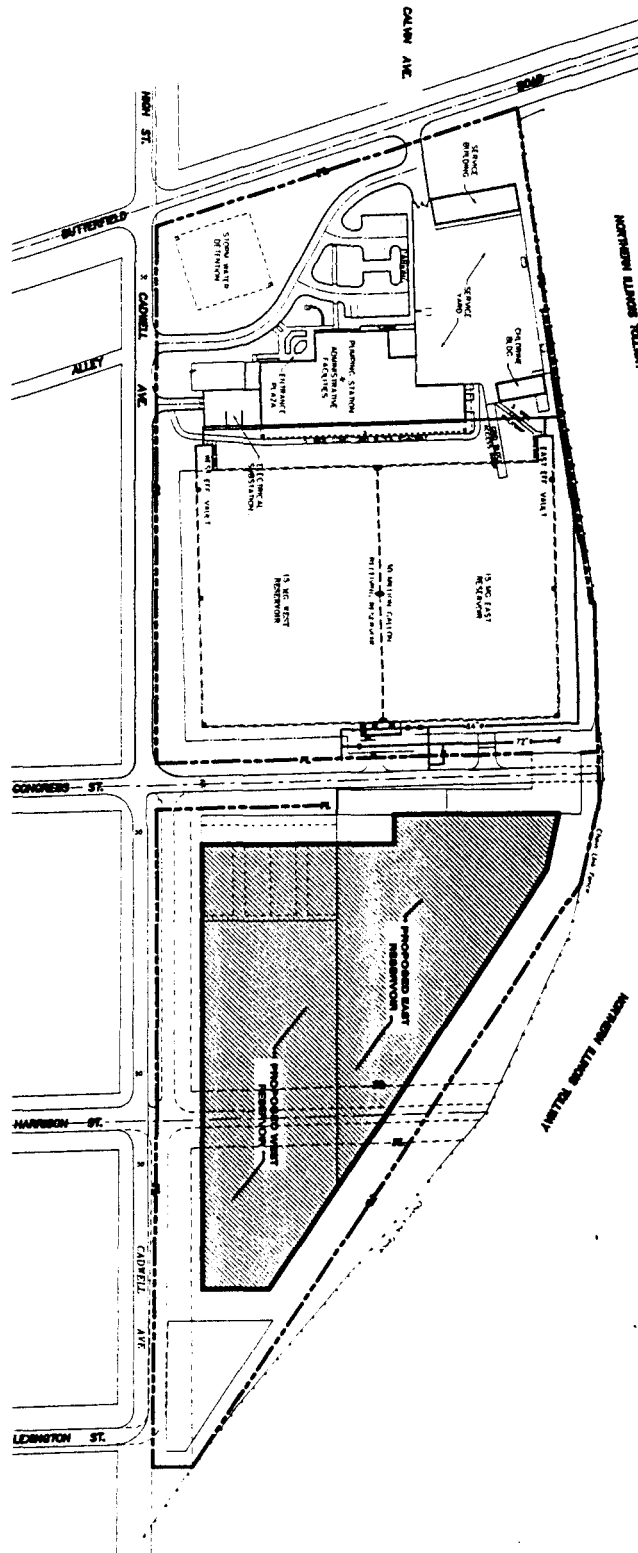
**ENGINEERING:** \$2,013,000 (remaining)

**LAND/ROW:** Construction on property owned by Commission

**CONSTRUCTION:** \$22,500,000

**TIMING:** Fiscal year 2003-2004 – Design  
Fiscal year 2004-2005 – Construction begins

See location map on next page.



**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** Storage Building & Yard

**LOCATION:** South of the existing 30 Million-Gallon Reservoir at the DuPage Pumping Station

**DESCRIPTION:** Construct a garage type structure to house Commission's construction equipment. In addition to the construction equipment building, a three-sided structure will be built to store spare repair pipe. The three-sided structure is necessary to shield the spare pipe from ultraviolet light in order to prevent degradation of the PVC tape coating.

**PURPOSE:** The Commission has limited inventory of spare construction material. Presently, the spare pipe and materials are kept next to the parking area by the service building and are subject to damage during snowplow operations.

**BENEFIT:** Protect construction equipment and spare pipe from the elements and decrease material cost by keeping stock material.

**ESTIMATED COST (2002 DOLLARS):**

**ENGINEERING:** \$41,000

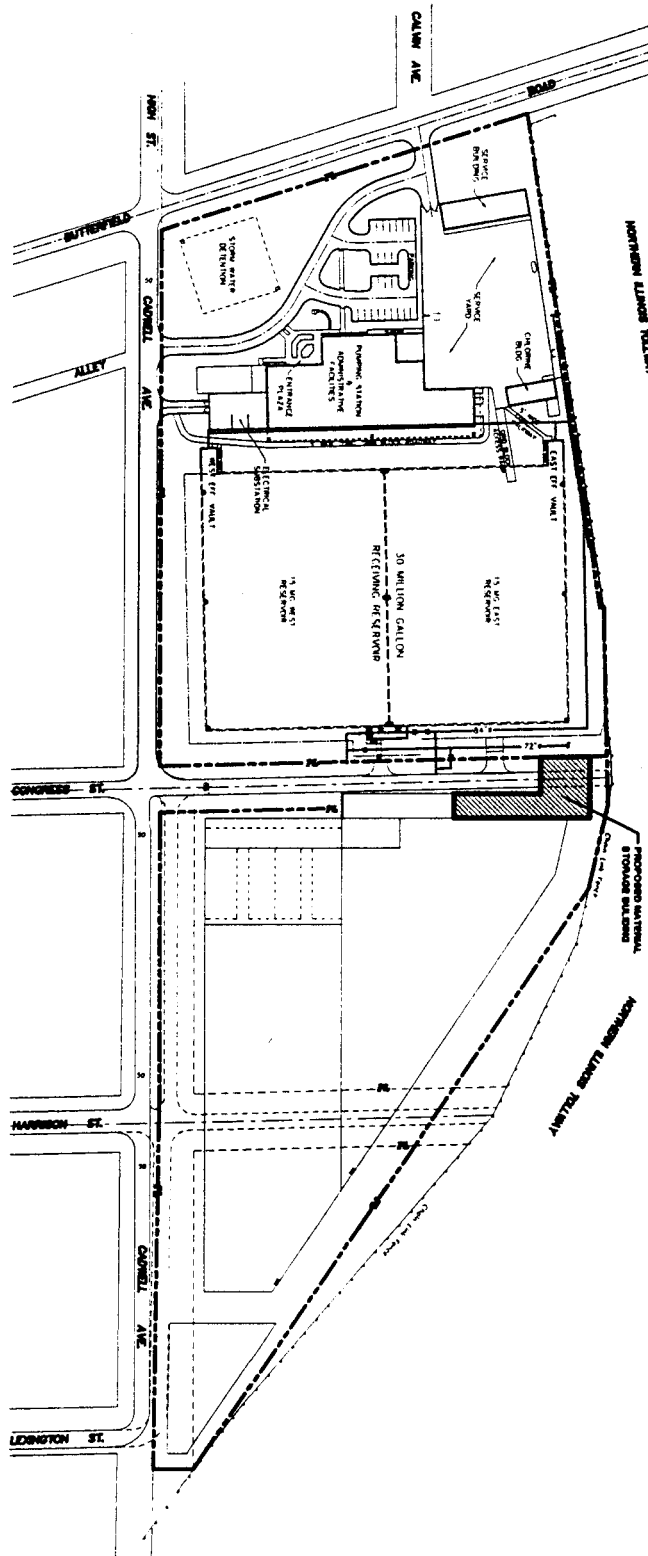
**LAND/ROW:** Constructed on property owned by Commission

**CONSTRUCTION:** \$270,000

**TIMING:** Fiscal year 2003-2004 – Design  
Fiscal year 2004-2005 – Construction

See site plan on next page.

# PROPOSED STORAGE BUILDING & YARD DU PAGE WATER COMMISSION



**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** Engine Generator Facility

**LOCATION:** Between the DuPage Pumping Station and the existing 30 Million-Gallon Reservoir

**DESCRIPTION:** Building and four engine generators.

**PURPOSE:** To provide sufficient electrical power to operate three pumps.

**BENEFIT:** To provide maintain pumping operations during electrical power outages. In addition to providing a backup power supply, the engine generators can supplement electrical power during high electrical demand periods, which will result in lower electrical rates.

**ESTIMATED COST (2002 DOLLARS):**

**ENGINEERING:** \$336,000

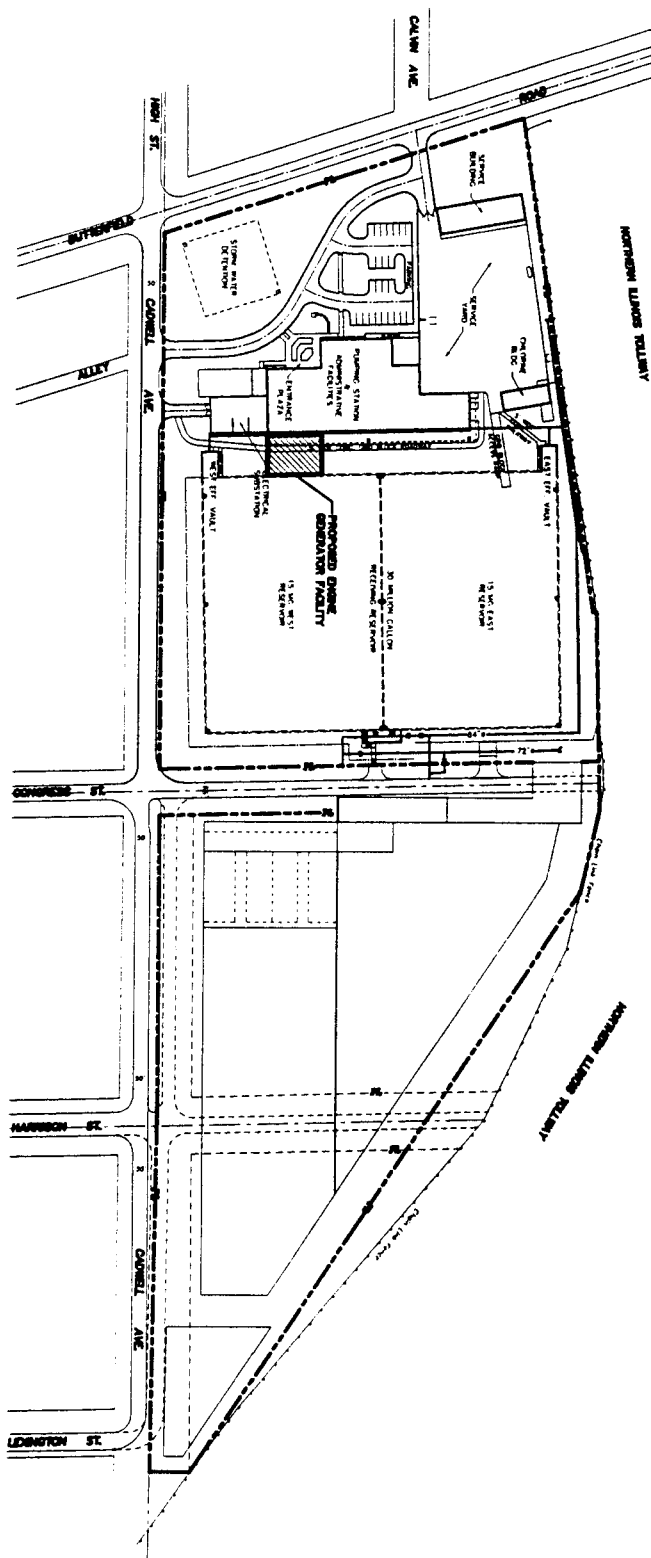
**LAND/ROW:** Constructed on property owned by Commission

**CONSTRUCTION:** \$2,240,000

**TIMING:** Fiscal year 2003-2004 – Design  
Fiscal year 2003-2004 – Construction

See site plan on next page.

# PROPOSED ENGINE GENERATOR FACILITY DU PAGE WATER COMMISSION



**DU PAGE WATER COMMISSION**  
**2003 – 2004**  
**FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** Pump #10

**LOCATION:** DuPage Pumping Station

**DESCRIPTION:** Install 30 MGD split case centrifugal pump and associated piping in space reserved for future pump.

**PURPOSE:** To increase firm pumping capacity from 210 MGD to 240 MGD to satisfy future demand requirements.

**BENEFIT:** To keep up with current rising water demands, new customers and maintain current ability to remove pumps from service without reducing pumping capacity.

**ESTIMATED COST (2002 DOLLARS):**

**ENGINEERING:** \$40,000 (10%)

**LAND/ROW:** Improvements to be constructed on property presently owned by the Commission

**CONSTRUCTION:** \$400,000

**TIMING:** Fiscal year 2007-2008 – Engineering  
Fiscal year 2007-2008 – Installation

**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**STANDPIPE IMPROVEMENTS**



**DU PAGE WATER COMMISSION  
2003 – 2004  
FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PROJECT:** Install Pumps at Standpipes

**LOCATION:** Tank #2 – Glendale Heights, Tank #3 – Naperville and Tanks #4E & #4W Lisle Township.

**DESCRIPTION:** Install three 3-MGD pumps and pump house at each standpipe.

**PURPOSE:** To allow for a weekly draining of the majority of water within a standpipe.

**BENEFIT:** By allowing water to be recirculated, these pumps will assist in reducing taste and odor problems that result from stale water. The proposed improvements will reduce the age of the water in the tanks. The addition of pumps at the standpipes will also increase water storage within the system to aid in emergency situations. Presently, the bottom two thirds of each standpipe is unusable storage. This installation of the pump station at Tank Site #1 will be used as a model for the other tank sites.

**ESTIMATED COST (2002 DOLLARS):**

**ENGINEERING:** \$540,000

**LAND/ROW:** Improvements to be constructed on property presently owned by the Commission.

**CONSTRUCTION:** Tank Sites #2, #3 and #4: \$5,400,000 (\$1,800,000 per standpipe site)

**TIMING:** Fiscal year 2003-2004 – Design  
Fiscal year 2004-2005 – Construction

**DRAFT**

February 13, 2003

«Title» «FirstName» «LastName»  
«JobTitle»  
«Company»  
«Address1»  
«Address2»  
«City», «State» «PostalCode»

**ADDENDUM TO REQUEST FOR PROPOSAL**

Dear «Title» «LastName»:

The DuPage Water Commission appreciates your January 8, 2003 response to its request for proposals to perform the services of financial advisor in the current or forward-current refunding of its 1993 Water Revenue Bonds. The Commission has decided, however, to consider broadening its original scope of services to include the possibility of retiring part or all of its outstanding bonds; the impact these policies may have on existing sources of funds; the appropriateness of existing reserve fund policies and the adequacy of current insurance coverage.

As a result, the Commission has accepted the proposal sent by you for the forward-current refunding of its 1993 Water Revenue Bonds but, by this addendum, wishes to increase the scope of financial advisory services being sought. Please extend your January 8, 2003 proposal to cover these additional elements of work:

1. Assist the Commission in determining the adequacy of its property insurance coverage;
2. Assist the Commission in determining the adequacy of its emergency repair reserves;
3. Advise the Commission on alternatives available for utilizing existing reserves for water rate stabilization and construction;
4. Review and advise the Commission on the pros and cons associated with refunding and/or retiring outstanding water revenue bonds;
5. Review and advise the Commission on the policy considerations associated with retiring outstanding general obligation bonds.

**DRAFT**

*DRAFT*

The Commission reserves the right to terminate this process for any element of the work. The financial advisor's proposal must quote fixed fees for each task listed above. Proposal must also include resumes from the any additional technical and management capacity that will be assigned to this expanded scope of service.

Proposals are to be returned to the office of the General Manager, DuPage Water Commission, 600 E. Butterfield Road, Elmhurst, Illinois 60126-4642, not later than 10:00 a.m. on March 5, 2003. The Finance Committee may conduct interviews with prospective financial advisors. The Commission will select and appoint the financial advisor by April 10, 2003.

Very truly yours,

*DRAFT*

Richard H. Skiba, Jr.  
Financial Administrator  
/bss

cc: J. Holzwart

ACCOUNTING/CORRESPONDENCE/RFP-FINANCIAL ADVISORS ADDENDUM.2003.02.13



# DuPage Water Commission

TO: Finance Committee

FROM: General Manager

DATE: February 6, 2003

SUBJECT: Customer Infrastructure Funding

Chairman Vondra has asked the Finance Committee to consider, as a non-recurring item, the equity of the Commission pricing model for Subsequent Customers as it relates to local facilities. Each Subsequent Customer is required to pay for the cost of any new facilities required to connect the Subsequent Customer to the Commission's existing system.

At a minimum, it is necessary to construct a new feeder main to connect the Subsequent Customer to the existing system as well as a metering station to measure the amount of water being delivered to the Subsequent Customer. A pressure adjusting station is frequently needed to adjust the Commission's system pressure to that of the receiving Subsequent Customer's system pressure.

**Local Facilities Costs.** Subsequent Customers must reimburse the Commission for the actual cost incurred by the Commission to construct the local facilities required to connect the Subsequent Customer to the Commission's system. These costs may be paid in one lump sum or financed as part of the water rate over the life of the Subsequent Contract at a minimum interest rate of 10% per year. The lump sum, of course, avoids this interest charge. This charge is a substitute for the portions of the Fixed Costs Payments made by Charter Customers for the local facilities that serve only the Charter Customers (see Charter Customer Facilities Credit below). In addition to these Commission constructed facilities, the Subsequent Customer needs to construct, at its own expense, a pressure or rate control facility if they are directly connected to the Commission. Such costs are incurred directly by the Subsequent Customer and are not a part of the Commission's water rate.

**Charter Customer Facilities Credit.** Subsequent Customers receive a 43.32% credit against required current fiscal year fixed cost payments. This adjustment guarantees that Subsequent Customers do not, in effect, pay for local facilities built as part of the original project that serve only the Charter Customers (see

accompanying chart). These facilities include feeder mains, metering stations and pressure adjusting stations. This credit offsets the requirement that Subsequent Customers pay for their own local connection facilities cost.

**Missed Fixed Costs.** This charge is designed to recover the amount of Fixed Costs that would have been paid by a Subsequent Customer if the Subsequent Customer had been a Customer as of January, 1989. The Charter Customer Facilities Credit also applies to this element of Subsequent Customer pricing. As a result, Subsequent Customers are obligated for only 56.68% of their proportionate share of missed fixed cost balance representing common facilities (see accompanying chart). These costs may be paid in one lump sum or financed as part of the water rate over the life of the Subsequent Contract at an interest rate of 10% per year.

**Storage.** Subsequent Customers must immediately develop and maintain water storage capacity equal to two times their average daily water demand minus credits for Commission storage and active shallow wells. This obligation will be imposed on Charter Customers only when, and if, the City of Chicago requires it.

cc: Chairman and Commissioners

Accounting\Correspondence\Customer Infrastructure Funding.doc

DU PAGE WATER COMMISSION  
 USE OF BOND PROCEEDS  
 FOR MISSED FIXED COST CALCULATION  
 April 30, 1992

ITEMS	SUPPLY CONSTRUCTION (G. O. BONDS)	DISTRIBUTION CONSTRUCTION (REVENUE BONDS)	DISTRIBUTION CONSTRUCTION %
-----			
CONSTRUCTION COSTS (04/30/92 AUDIT)			
-----			
12 FOOT DIAMETER TUNNEL	\$ 26,557,903		
CHICAGO PUMP STATION	52,336,068		
90 INCH TRANSMISSION MAIN	52,775,093		
DU PAGE PUMP STATION	47,846,669		
DU PAGE TRANSMISSION MAINS		\$ 123,978,698	
DU PAGE STORAGE		15,770,956	
COMMON FACILITIES		\$ 139,749,654	56.68%
		-----	
FEEDER MAINS		\$ 65,353,899	
METER STATIONS		19,775,501	
PRESSURE ADJUSTING STATIONS		21,693,600	
		-----	
CHARTER CUSTOMER FACILITIES		\$ 106,823,000	43.32%
	-----		
TOTAL FACILITIES	\$ 179,515,733	\$ 246,572,654	100.00%
	=====		



# DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642

Voice: (630)834-0100 Fax: (630)834-0120

## Facsimile

**\*\*\*\*\* Deliver At Once \*\*\*\*\***

**To:** To All City/Village Managers/Administrators

**From:** James Holzwart, General Manager

**Date:** January 30, 2003

**Number of Pages Including This Page:** 1

***If you did not receive all the pages indicated, please call (630)834-0100.***

---

**Subject:** Impact Fee Study

The DuPage Water Commission is conducting a study of impact fees and the relevance of such fees to its future operations. On December 13, 2002, the Commission requested information with regard to impact fees charged to developers by your community.

The Commission is also beginning a review of its overall financial situation. It is hoped that this information might prove to be useful in this process.

If your community has already responded to the December 13<sup>th</sup> request, the Commission expresses its appreciation and asks that this additional correspondence be ignored. If your community has not yet responded to this request, please make this information available to me directly or to the attention of the Commission's Financial Administrator.

Thank you for your assistance.

# MULTI TRANSMISSION REPORT

TIME : 01-30-03 10:43  
 TEL NUMBER1: 6308340120  
 TEL NUMBER2: 6308340120  
 NAME : DuPage Water Commission

FILE NUMBER : 845  
 DATE : 01-30 10:04  
 DOCUMENT PAGES : 01  
 START TIME : 01-30 10:04  
 END TIME : 01-30 10:43

## SUCCESSFUL

### ONE TOUCH NUMBER

24	GROUP	0002	ADMIN/VLG OFFICES	OT	26	35	38	41	44	46	49	52
					55	61	63	66				
				ABB.	001	005	008	012	021	024	020	027
					031	034	038	040	043	047		

## UNSUCCESSFUL

### PAGES SENT

### ONE TOUCH NUMBER

24	GROUP	0002	ADMIN/VLG OFFICES	OT	32	2522948		00
----	-------	------	-------------------	----	----	---------	--	----



**2002-2003 RISK MANAGEMENT PROPOSAL**

**FOR**

**DUPAGE WATER COMMISSION**



**Date Presented: October 30, 2002**

**Presented by:**

**Arthur J. Gallagher Risk Management Services, Inc.  
National Public Entity Division  
The Gallagher Centre  
Two Pierce Place  
Itasca, IL 60143  
(630) 773-3800  
[www.ajg.com](http://www.ajg.com)**

*This proposal is a matter of information only and does not amend, extend, or alter the coverage provided by the actual insurance policies.*



**DUPAGE WATER COMMISSION  
RISK MANAGEMENT PROPOSAL**

**EXECUTIVE SUMMARY**

The insurance market has continued to go through gyrations over the past year. The events of September 11, 2001, while having an impact on the market, are not the only factor influencing it. The year 2001 was the first year the insurance industry suffered a net loss. There have been underwriting losses for years (losses + expenses/premium) but the industry always made up the shortfall through investment income. Last year, the industry lost, as a whole, \$7.9 billion after taxes. The industry's statutory surplus, or net worth, fell \$27.7 billion, or 8.7%. This has continued to have a negative impact on the marketplace.

In spite of this bleak picture, we have been able to negotiate several alternatives for your renewal.

For your General Liability, Automobile, Public Officials' Liability, and Employment Practices Liability coverage, we recommend you stay with your current carrier. There will, however, be a \$5,000 deductible applied to this year's policy.

For your Property Coverage, we recommend Option IV which changes your primary Above-ground Property carrier from CNA to Allianz Insurance Company. Coverage is virtually identical and there is a significant premium savings by choosing this alternative. We have been able to increase the Flood and Earthquake Coverage limits to \$75,000,000 this year, from last year's limit of \$25,000,000 and the Contingent Business Interruption Limit has been raised from \$1,000,000 to \$8,000,000 this year.

Finally, we have received an option for higher limits on your Underground Property. The expiring limits are \$20,000,000. We have an option for an additional \$20,000,000 in limits.

I want to thank the Commission for its continued confidence in Arthur J. Gallagher & Co. to serve its risk management needs.



**DUPAGE WATER COMMISSION  
RISK MANAGEMENT PROPOSAL**

**INSURANCE SUMMARY  
Marketing Activity**

**General Liability:**

St. Paul	Declined
Kemper	Quoted – \$123,261

**Automobile:**

Kemper	Quoted – Included W/GL
--------	------------------------

**Umbrella:**

Kemper	Quoted – Included W/GL
--------	------------------------

**Public Officials' Liability:**

Kemper	Quoted – Included W/GL
--------	------------------------

**Underground Storage Tank Liability:**

Illinois National	Quoted – \$500
-------------------	----------------

<b>Pollution Liability:</b>	Quoted – Included with General Liability
-----------------------------	--

**Public Employees' Blanket Bond, Forgery, and Money and Securities:**

American Motorists Insurance Company (Kemper)	Quoted – Included with General liability
---	--

**Property:**

CNA	Quoted \$100,000,000 – \$265,000
	Quoted \$25,000,000 – \$210,000
Royal	Quoted \$120,250,672 excess \$100,000,000 (no Flood and Earthquake) – \$25,000
	Quoted \$120,520,672 excess \$100,000,000 (including \$50,000,000 Flood and Earthquake) – \$68,000
	Quoted \$195,250,672 excess \$25,000,000 (including \$50,000,000 Flood and Earthquake) – \$110,500
Allianz	Quoted \$100,000,000 – \$224,609
Royal	Quoted Underground – \$131,235
Sheffield	Quoted Excess Underground – \$62,580

