

**MINUTES OF A SPECIAL COMMITTEE OF THE WHOLE  
MEETING OF THE DuPAGE WATER COMMISSION  
HELD ON THURSDAY, FEBRUARY 16, 2017  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Zay at 6:05 P.M.

Commissioners in attendance: J. Broda, J. Fennell, J. Healy, D. Loftus, D. Novotny, R. Obarski, J. Pruy, D. Russo, M. Scheck, P. Suess, and J. Zay

Commissioners Absent: R. Gans and F. Saverino

Also in attendance: Treasurer W. Fates, J. Spatz, C. Johnson, C. Peterson, T. McGhee, R. C. Bostick, J. Schori, M. Weed, F. Frelka, and E. Kazmierczak

**TENTATIVE DRAFT BUDGET FOR FISCAL YEAR 2017-2018**

Chairman Zay began by introducing and welcoming Rebecca Boyd-Obarski Municipal Representative for District 5 and thanked her for joining the Commission. He then asked General Manager Spatz to begin his presentation.

General Manager Spatz began his PowerPoint presentation on the Tentative Draft Budget for Fiscal Year 2017-2018 noting that he would be highlighting debt activity, investment activity, reserve activity, reserve requirements going forward, the new tentative budget and budget trends, comparisons to last year's budget, and the five-year capital improvement plan.

With regards to the debt activity, General Manager Spatz shared that the Commission was completely debt free and operating mostly on water sales.

With regards to the Investment and Reserve Activity, General Manager Spatz noted that the Commission was actively investing with a diversified portfolio earning a market yield of about 1.13% with total investments of \$143.7M.

The long term capital reserve would require an additional \$2.1M in FY 2017-2018 which had already been fully funded.

With regards to the City of Chicago's expected water rate adjustment for 2017, General Manager Spatz noted that a water rate increase had been anticipated from the City of Chicago based on the increase in the Consumer Price Index from December 2015 to December 2016. On May 1, 2017, the total Charter Customer's water rate would increase from \$4.80 to \$4.88 (1.66%) per thousand gallons.

General Manager Spatz reported on the budget trends for the last five years starting with total revenues noting that the fixed costs and sales tax revenues remain at zero. General Manager Spatz pointed out the total expenditures for the budget year. The total expenditures minus water purchases and depreciation would give you the total operating expenditures and the total operating expenditures are budgeted to increase due to a

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complete upgrade of the back-up generators and HVAC systems at the Lexington Pumping Station, including an increase in labor and maintenance costs.

General Manager Spatz briefly reviewed the total revenues and total expenditures noting that revenues reflected that water sales make up 98.8% or \$120.5M, and 1.2% or \$1.4M make up other income. Total expenditures reflected direct water distribution cost make up 86.8%, depreciation was 7.5%, personnel services was 3.7%, professional services was 0.9%, insurance was 0.5% and administrative costs was 0.6%.

General Manager Spatz provided the following breakdown which compares the 2017-2018 Budget to the prior fiscal year:

### Revenues

- O&M payments decreased from \$121.0M to \$120.6M
- Fixed Cost Payments – remain zero
- Subsequent Customer Differential – remain the same as prior year
- Emergency Water Sales – remain the same as prior year
- Sales Taxes – budgeted at zero
- Interest income – estimated at 40 basis points on \$145M invested
- Total Revenue – budgeted to decrease from \$133.9M to \$122.0M

### Expenses

- Personnel services – budgeted to increase approximately 2.2%
- Professional services – budgeted to increase approximately 15.3%
- Insurance costs - budgeted the same as prior year
- Administrative costs – budgeted to increase slightly 0.3%
- Direct Distribution costs – budgeted the same as prior year
- Bond interest cost – budgeted at zero
- Land and Right-of-Way – budgeted the same as prior year
- Depreciation – budgeted to increase due to completion of some capital projects

Total Expenditures are budgeted to increase from \$120.8M to 121.7M and Net Operating Accounting Transaction are budgeted to decrease from 13.1M to 0.3M.

### **2017-2022 FIVE-YEAR CAPITAL IMPROVEMENT PLAN**

General Manager Spatz began by pointing out several new projects that had been added and some that have been updated with expenditures averaging about \$10.1M per year and provided a brief summary of the following new projects:

- Village of Bartlett Supply Line Connection Facilities
- Replacement of the SCADA system
- Standpipe Improvements
- Meter Replacements

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General Manager Spatz concluded his report with the following highlights:

- The Commission's pension liability had been fully funded
- The Commission is a self-sustaining water utility
- The Commission is completely debt free and no longer collecting any sales tax
- The Commission continues to hold the line on spending while maximizing efficiencies
- On May 1, 2017, the Commission would be increasing water rates slightly based upon the anticipated rate increase from the City of Chicago
- The Commission will be a best in class model government agency and water utility
- The Commission continues to grow by adding new customers which in turn would increase revenues and help keep customer rates down.

Discussion ensued regarding the City of Chicago's anticipated water rate increase and the additional revenue that the Commission would be collecting from the Village of Bartlett.

With no further discussion, Chairman Zay thanked General Manager Spatz and staff for their hard work on the budget noting how much progress had been accomplished.

Commissioner Loftus moved to adjourn the meeting at 6:38 P.M. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.