



# DuPage Water Commission

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**NOTICE IS HEREBY GIVEN THAT A SPECIAL COMMITTEE OF THE WHOLE MEETING OF THE DUPAGE WATER COMMISSION WILL BE HELD AT 5:00 P.M. ON THURSDAY, APRIL 21, 2011, AT ITS OFFICES LISTED BELOW. THE AGENDA FOR THE SPECIAL COMMITTEE OF THE WHOLE MEETING IS AS FOLLOWS:**

## AGENDA

**DUPAGE WATER COMMISSION  
COMMITTEE OF THE WHOLE  
THURSDAY, APRIL 21, 2011  
5:00 P.M.**

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

- I. Roll Call
- II. Tentative Draft Fiscal Year 2011-2012 Budget
- III. Other
- IV. Adjournment

Board/Agenda/Commission/COW1104.doc

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.

FY 2011-2012 Budget Questions

The following is a list of questions submitted by the Commissioners:

Account Number	Account Name	Question/Answer
01-4211	Emergency Repairs	<p>Q. Is this the rainy day fund?</p> <p>A. By Commission policy this is the amount that is to be held in contingency, which is equivalent to approximately 2 months operating costs.</p>
01-4214	Unrestricted	<p>Q. What has caused this to decline?</p> <p>A. A number of factors are related to the decline in unrestricted that included properly funding the restricted fund to appropriate levels as well as policy regarding emergency reserve funds and as well slight adjustments to the fixed assets as related to construction activity.</p>
01-5110	Revenues – O & M Payments	<p>Q. \$57.3m – seems high, please explain</p> <p>A. O&amp;M payments both Government and Private are \$ 2,903,096 (or 5.3%) higher than 2010-2011 budgeted amount. This is based on the proposed 10% increase in the water rates and an estimated slight reduction in water consumption.</p>
01-5300.10	Sales Taxes – Water Revenue	<p>Q. The sales tax available for general use – where does it go?</p> <p>A. By Ordinance, 80% of sales tax is required to be put in the water revenue fund to pay down the revenue bonds.</p>
5300.10	Sales Taxes – Water Revenue	<p>Q. \$24.1MM – is this the maximum amount that can be assigned for general use? \$6.9?</p> <p>A. By Ordinance, 80% of sales tax is required to be put in the water revenue fund to pay down the revenue bonds. The remainder will go to the water general fund and can be used for various Commission needs. The Commission's plan is to use this money to pay down outstanding debt.</p>
01-60-6100	General Personnel Services	<p>Q. \$4.266MM seems high. Please explain.</p> <p>A. Increases in the administrative and operating staff salary are attributed to the additions of a General Manager, a financial administrator, an accountant, a treasurer, and the commissioner's salaries. These line items include a 3% cost of living increase for most employees, as well as contingencies for collective bargaining agreements. The Commission has decided to remove the collective bargaining contingencies.</p> <p>It also includes a estimated increase in the cost of health care, and increases in the following:</p> <p>State unemployment taxes, pensions, and professional development for commission employees.</p>

Account Number	Account Name	Question/Answer
01-60-6111 01-60-6112	Admin Salaries Operations Salaries	<p>Q. In comparison to the last two FY, why is the increase in overall salaries significantly larger?</p> <p>A. Increases in the administrative and operating staff salary are attributed to the additions of a General Manager, a financial administrator, an accountant, a treasurer, and the commissioner's salaries. These line items include a 3% cost of living increase for most employees, as well as contingencies for collective bargaining agreements. The Commission has decided to remove the collective bargaining contingencies.</p>
01-60-6112	Operations Salaries	<p>Q. Regarding the 399 Collective Bargaining and 150 Collective Bargaining increase, are these Union increases starting June 1?</p> <p>A. Originally listed in anticipation of negotiations with the collective bargaining units. No economic proposal has been received. The Commission has decided to remove these amounts.</p>
01-60-6116	Administrative Overtime	<p>Q. Total amount is \$15,000. Why such an increase?</p> <p>A. This includes a Document Management Specialist that has been moved to the Administration staff and will receive overtime related to Board meetings/packet preparation. The Commission has decided leave the appropriation level to reflect the same as last year's which will eliminate any increases.</p>
01-60-6117	Operations Overtime	<p>Q. Total amount is \$240,000. Why such a large increase?</p> <p>A. The Operations overtime was increased by \$15,000 due to a contingency for collective bargaining agreement negotiations. The Commission has decided to remove that contingency and leave the appropriation level the same as last year.</p>
01-60-6121	Pension	<p>Q. IMRF is something Municipal Rates and Fringes? Is this correct? And 11.0% is an indicator which is standard or? Please explain.</p> <p>A. IMRF stands for Illinois Municipal Retirement Fund. As members of the IMRF, the Commission, as well as the employees, are required to make contributions. The IMRF contribution fund has kept the employee rate consistent at 4.5%. The Commission's contribution rate varies yearly and is currently at 11%. This rate is calculated by IMRF based upon member demographic information, actuarial assumptions, employee information, etc.</p>
01-60-6121	Fringe Benefits	<p>Q. Please explain all benefits</p> <p>A. The increases in the fringes benefits are related to: Pension, estimated increases in medical/life benefits, federal payroll taxes and state unemployment. The pension increase is related to the hiring of additional employees, as well as a slight increase in the employers</p>

Account Number	Account Name	Question/Answer
		<p>IMRF contribution rate.</p> <p>The estimate increase in medical/life benefits is related to a 15% estimated increase which is budgeted to be on the conservative side. Previous increase has varied from 1% - 22%.</p> <p>The increase in federal payroll taxes is related to social security and Medicare for additional employees that the Commission has or will hire.</p> <p>The increase in Illinois state unemployment is due to an increase from the State of Illinois.</p>
01-60-6122	Medical/Life Benefits	<p>Q. Blue Cross Benefits – Why the increase? And does the DPWC have an Expeditor or consultant who assists our group for outside bids from insurance companies or is this done internally?</p> <p>A. A 15% estimated increase was budgeted to be on the conservative side. Previous increase has varied from 1% - 22%. The Commission uses an insurance broker/consultant to assist us.</p> <p>Q. Is this for the “indirects” or office people only or does this include our field personnel as well?</p> <p>A. All personnel is covered by BCBS.</p>
01-60-6130 01-60-6131 01-60-6132 01-60-6133.01 01-60-6133.02	Professional Development	<p>Q. Question to the extent of the increases?</p> <p>A. The increases in professional development are related to:</p> <p>Travel, training, conference, and tuition reimbursement</p> <p>Travel has increased due to a travel allowance for the new General Manager.</p> <p>Training has increased for General Manager, future accounting staff, financial administrator consultants, and additional training that was removed from last year’s budget.</p> <p>Conference increase is related to all conferences that were removed and reinstated from last year’s budget.</p> <p>Tuition reimbursement increase for employee development, as per policy, was reinstated from last year’s budget.</p>
01-60-6133.01	Conferences	<p>Okay on all items with one exception –</p> <p>Q. Misc. Conference – Is this a catch all or anticipated trip to potentially one or two conferences being considered?</p> <p>A. The miscellaneous conferences would be a line item for various conferences that haven’t been identified. The Commission has decided to remove this line from the Budget.</p>

Account Number	Account Name	Question/Answer
01-60-6191	Other Personnel Costs	<p>Q. Which classification of our workforce does this cover and is this broken out specifically due to the "non-Coverage" within the medical benefits for pertinent line items?</p> <p>A. All classifications of our workforce are covered under this budget line. Annual physicals would be for all operating personnel. Pre-employment physicals would be for any new employee. All other categories cover all Commission employees. Note: This line does not cover medical benefits.</p>
01-60-6251 01-60-6252 01-60-6253	Legal Services – General Bond Counsel Legal Services - Special	<p>Q. All total \$146,000 as budgeted, correct?</p> <p>A. Yes</p> <p>Q. Why the need for increases in 6251 for general counsel at \$60k and increases in special counsel 6253 also \$60k</p> <p>A. No increases were made in either of the line items from last year's budget.</p>
01-60-6280	Insurance Consultants	<p>Q. In dealing with the insurance rates for DPWC under this consulting contract – any financial savings milestones/refunds to DPWC? And if so, has 2009, 2008 or previous years experienced any refunds? Secondly, is this a new consultant or has this contract been in place for several years?</p> <p>A. The Commission has been using Nugent Consulting for many years on contract. The Commission has realized savings every year and the savings are larger than consulting fees.</p> <p>Q. \$140K - Why such a large increase?</p> <p>A. The increase in consulting services is related to the INCODE Finance Programming Consulting, as well as an increase in unidentified consulting services for a PR firm, and consulting services regarding public meeting room HVAC system.</p>
01-60-6290	Contractual Services	<p>Q. \$477k – seems to be much less in FY10 and FY11 budgets. What has been the major cause of the increase in both the FY11 projected and the FY12 budget?</p> <p>A. Contractual services are significantly higher because \$264K is for accounting services of Baker Tilly and \$65K is for landscape conversions.</p>
01-60-6411 01-60-6412	General Liability Insurance Public Official Liability	<p>Q. Have these contracts for insurance and liability gone up or down since 2009 and 2008? Curious to see if these items are becoming more competitive due to this agency's maturity now and as an established and credible utility.</p> <p>A. The contracts for insurance have decreased each year that the Commission has used Nugent Consultant. Line item for public official liability has gone up due to the Commission's recent financial issues.</p>

Account Number	Account Name	Question/Answer
01-60-6412	Public Official Liability	<p>Q. \$107k - is our recent misfortune driven this number this high?</p> <p>A. Yes</p>
01-60-6512	Generator Diesel Fuel	<p>Q. \$200K total budget - Will this amount have the ability to fluctuate down if our Elmhurst facility operates less than 10 days as back-up generator service to the utility?</p> <p>A. Diesel fuel for \$200K is a budgeted estimate in case of emergencies which would allow the Commission to fuel the generators. If the Commission operates for less than 10 days on back-up generation service, the amount would be less than the \$200k.</p>
<p>01-60-6514</p> <p>01-60-6540</p> <p>01-60-6560</p> <p>01-60-6580</p>	<p>Communication Systems</p> <p>Repairs &amp; Maintenance – Building and Grounds</p> <p>Computer Software</p>	<p>Q. What is driving the increases in each of the following accounts?</p> <p>A. The increase is related to upgrades to the cell phone service and tracking system. The Commission has decided to reduce this amount by \$40,000.00.</p> <p>A slight increase in the professional dues fund was related to new memberships in the National Fire Protection Association, Illinois Facility Management Association, and Mid Central Water Works Association and a slight increase in the alliance for water efficiency dues.</p> <p>The majors increase in the repairs and maintenance of buildings and grounds:</p> <p>Public meeting room HVAC - \$65K</p> <p>Sewer jetting – \$20K</p> <p>Building masonry - \$120K</p> <p>Reservoir hatch replacement - \$175K</p> <p>Exterior painting - \$100K</p> <p>Pipe insulation - \$6.5K</p> <p>Building floor repair – \$5K</p> <p>Scissors lift - \$25K</p> <p>Parking lot striping - \$25K</p> <p>Crane inspections - \$1.2K</p> <p>The Commission is currently evaluating for adjustments</p> <p>The major increase in the computer software is to upgrade the Commission's Asset Management System</p>

Account Number	Account Name	Question/Answer
01-60-6612.01	Pump Station	<p>Q. Are the electrical charges based on 24 hour electrical rates, including the Water Towers?</p> <p>A. Yes the electrical charges are based upon 24 hour electrical rates. There are no demand charges in our current contract.</p>
01-60-6621	Pumping Services	<p>Q. High Lift Pump – for \$150,000 why not request potentially more for another pump in FY 2011-12 (or a partial) due to the fact that most of these suppliers are really bidding economical pricing in 2011 already. Again, if this is needed and this is considered longer lead times.</p> <p>A. The high lift pump repairs are for all pump repairs, as needed. The one -(1)- was generated from accounting system and referred to a footnote.</p> <p>Q. Valves and Actuators – I reviewed your number – I believe it to be low at first review.</p> <p>A. These valves and actuators are for a limited number of pumps. This line item does not include large valves either at the facility or out in the distribution system.</p>
01-60-6623 - 01-60-6627	Meter Testing and Repair	<p>Q. Explain increases?</p> <p>A. The Commission is purchasing \$50K in spare parts for existing 6" meters that will no longer be available.</p> <p>Scada/Instrumentation – The additions are related to adding another SCADA work station for \$11.5K</p> <p>RTU for Steeple Run Meter Station - \$9K</p> <p>Cathodic Protection Communications- \$5K</p> <p>Field Communicator replacement - \$5.2K</p>
01-60-6624	SCADA/ Instrumentation	<p>Q. Recycling and "Green" items – Does DPWC recycle the RTU batteries?</p> <p>A. Yes. The Commission's supplier picks up the old batteries for recycling</p>
01-60-6626	Uniforms	<p>Q. Does DPWC pay for the employee's work boots and uniforms?</p> <p>A. The Commission does pay for both uniforms and work boots.</p>
01-60-6631 01-60-6632 01-60-6633	Pipeline Repairs Cor Testing & Mitigation	<p>Q. Number looks low - In reviewing past annual budgets, repair costs look to be higher than what is budgeted for FY2011-12. Please clarify.</p> <p>A. The Commission budgeted for significant increases in both pipeline repairs and Cor Testing and Mitigation in the 2011-12 budget and feels that the appropriation level is adequate.</p>

Account Number	Account Name	Question/Answer
		<p>\$450K added for valve stem replacements and \$325K was added to cover major pipe repairs – both were removed from last year’s project.</p> <p>A corrosion construction project for \$1.5MM was added to address problem at 75<sup>th</sup> street. This was removed from last year’s budget.</p> <p>Increases are related to tank site seal coating - \$6K</p> <p>Fall protection at all tank sites - \$270K</p> <p>Tool replacement - \$1K</p> <p>Hoist inspections - \$4K</p> <p>Gas detectors - \$2.6K</p> <p>Safety equipment/supplies - \$6.6K</p> <p>An increase in RemSite hazard remediation - \$85K</p>
01-60-6633	Remote Facilities Maintenance	<p>Q. Why would safety equip/supplies be a listed as a budget item in this category in lieu of the Safety category – Please explain?</p> <p>A. All safety equip/supplies, including remote facility maintenance needs, will be put in the 01-60-6627 safety category.</p>
01-60-6642	Fuel Vehicles	<p>Q. Is there a fleet tracking system for fueling of the vehicles?</p> <p>A. The Commission has a manual tracking system for fueling vehicles which require employees to swipe his vehicle and employee id before fuel can be dispensed and the fuel usage spreadsheet at the pump line must be completed by employee each time they fuel. The Commission is looking into automating spreadsheet and tracking.</p>



**GENERAL QUESTIONS/COMMENTS**

Q. Concerned about the \$5.1M increase in expenditures. Please provide detailed breakdown.

A. Of the \$5.1M increase in expenditures \$3.3MM is used for maintenance corrosion mitigation and anticipated repairs. The \$1.2MM is anticipated to be used for estimated higher water rate increases from our supplier. The remaining amount would be used for increases and other expenditures.

Q. Concerned about Personnel Increases

A. The Commission is sensitive to the perception regarding personnel costs as well as cost of living increases and believes that this issue should be discussed at the April 21<sup>st</sup> Board meeting.

Q. Concerns regarding out of state travel.

A. The only out-of-state conference that the Commission has budgeted is the National American Water Works Association (AWWA) National Conference. This is the premiere water conference for water professionals. Both the General Manager and Manager of Water Operations are actively involved in both local and national AWWA committees and boards.

Bond Interest – Would like to discuss the Commission's strategy when it comes to the bonds and paying them off?