

**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.

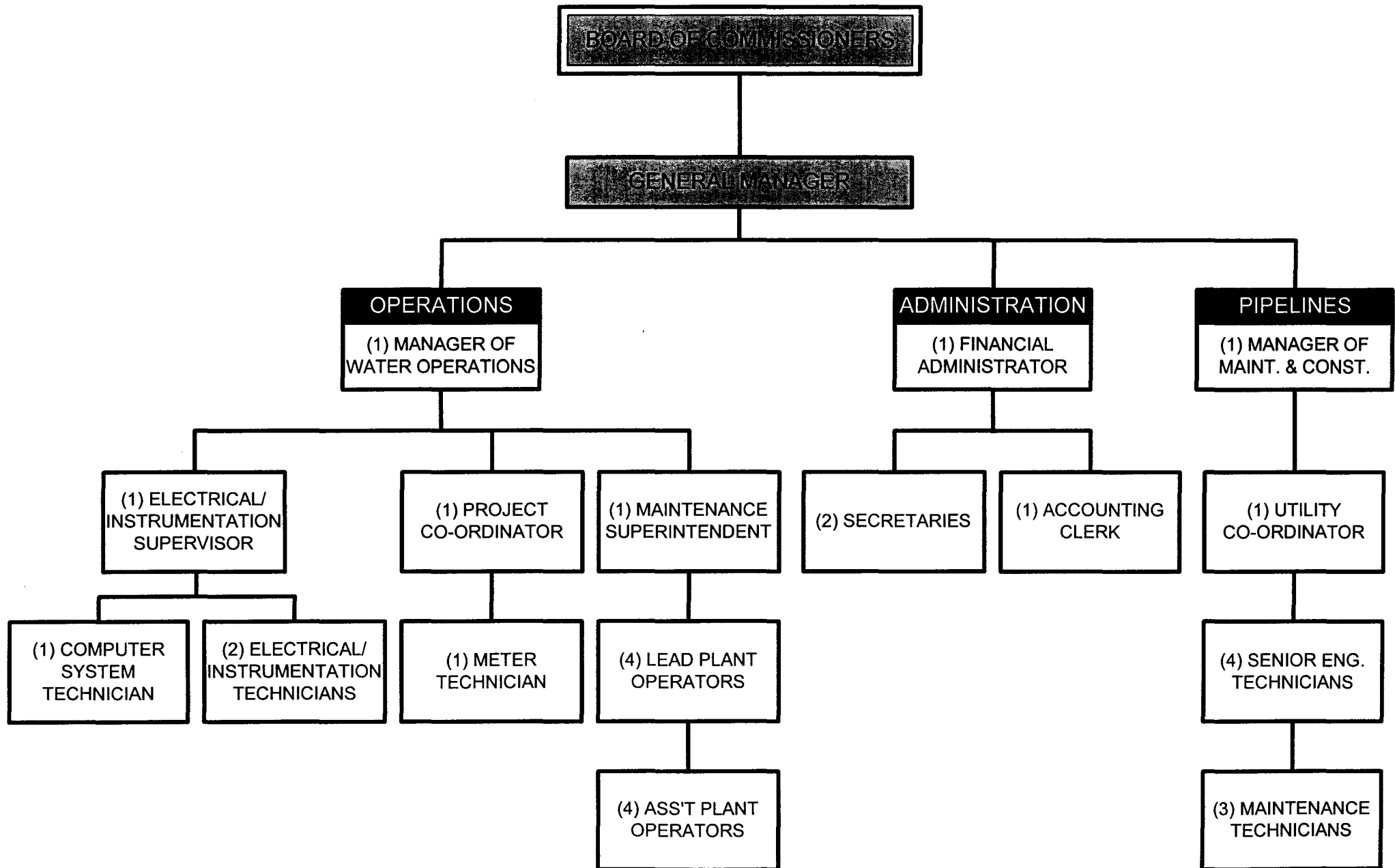
DU PAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2003 TO APRIL 30, 2004

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