Minutes of a Meeting
of the

COMMITTEE OF THE WHOLE

DuPage Water Commission
600 E. Butterfield Road, Elmhurst, Illinois

February 20, 2025

The meeting was called to order by Chairman Zay at 6:04 P.M.

Commissioners in attendance: D. Bouckaert, N. Cuzzone, J. Fennell, J. Pruyn, K Romano, P. Suess, D. Van Vooren, J. Zay

Commissioners Absent: D. Novotny, K. Rush, D. Russo, F. Saverino

Also in attendance: P. May, C. Bostick, C. Peterson, M. Weed, D. Cuvalo, D. Panaszek, J. Loster, D. Mundall, P. Luetkehans of Leutkehans, Brady, Garner and Armstrong, LLC.

TENTATIVE DRAFT BUDGET FOR FISCAL YEAR 2025-2026

General Manager Paul May provided a presentation of the draft proposed FYE 2026 Budget. Mr. May noted that the Commission holds no outstanding debt. The reserve fund policy was revised from 180 days to 120 days of operating expenses and is currently adequately funded.

5-Year Capital Costs exclude costs associated with strategic capital projects such as increasing the WaterLink pipe size ($20M FY25-26), and the Regional Source Water Project ($5M FY25-26). When excluding these items from the conventional CIP funding program, the Capital Reserve is currently adequately funded.

The water commodity cost from the City of Chicago will be based upon the 2024 CPI, expected to be 4.0%; equivalent to $0.19 per thousand gallons for a change from $4.70 (rounded) to $4.88 per thousand gallons (rounded). This will impact the DWC wholesale rate accordingly. Mr. May noted that DWC margins have decreased since 2015-2016 from $1.03, to the current margin of $0.88. The current FYE 2026 budget proposal includes a 4% DWC rate adjustment which will increase the DWC customer rate from $5.58 per T-gallons to $5.80 per T-gallons, therefore adjusting the DWC margin from $0.88 to $0.92, but still significantly lower than previous years.

Mr. May reviewed the budgeted revenues and expenses, noting budgeted revenues of $148,899,901 and budgeted expenses of $158,637,087 - therefore contemplating a net operating loss of $9.7M. FY 2025-2026 strategic objectives were introduced and described by Mr. May.

General Manager May then provided an overview of all accounts with particular attention to new items or items for which a significant change is expected. Of particular note are the following: 10% reduction in projected interest income due to lowered invested balances, 28% increase in auto insurance due to market conditions and higher fleet asset values, and a 3.6% increase in total personnel costs. Commissioner Van Vooren asked about the current employment levels for the

Commission, noting that there is an increasing workload due to the WaterLink project and other activities. General Manager May noted that the proposed FYE 2026 employee head-count remains unchanged at 37, but he does expect that there will need to be an increase in FYE 2027 as the WaterLink project moves forward.

General Manager May thanked staff for their work during the budget process, and then opened the floor to additional questions.

Commissioner Van Vooren asked for details regarding the policy for costs incurred by the Commission as a result of the WaterLink Project. General Manager May explained that the WaterLink communities will be funding the full cost of all outside costs, including legal, engineering, construction, or any other vendor/consultant/construction services. It has not historically been the Commission's practice to invoice the new customers for "soft costs" associated with staff time.

General Manager May presented the Capital Improvement Plan. Commissioner Suess asked what the actual amount was spent last year versus what was budgeted; Mr. May noted that the Commission has accelerated some work and is on-track to expend around $9M this year, depending upon the timing of invoicing.

Commissioner VanVooren asked about the amount budgeted for repair on aging valves. General Manager May noted out the budgeted amount is appropriate for the planned repairs, along with additional funds which are included in the budget for emergency repairs as they arise. Commissioner Suess raised a concern that the Commission resources are being stretched with the onset of the WaterLink project. General Manager May assured the Commissioner that the current resources are sufficient, but will likely need to be expanded in coming years. Chairman Zay voiced his support for General Manager May and his staffing choices and budgetary decisions, noting that the Commission should be proud of managing a lean operation, but should also be prepared to supplement staff resources when warranted.

General Manager May discussed proposed Total Revenues versus Total Operating Expenditures. Commissioner Suess voiced his support for a $.20 increase versus a $.22 increase. Mr. May acknowledged that DWC increased by the Chicago percentage increase last year, and is proposing to do so again this year. However, Mr. May retained his recommendation to do so because of the decrease in reserve funds following the purchase of the Green Acres property, as well as significant strategic objective such as the Regional Source Water Project, for which the Commission would be prudent to be properly positioned. Mr. May noted that even with the increase in the margin from $0.88 to $0.92, the Commission remains well below historic margins.

Chairman Zay recommended that the Board to send the budget to the customers as presented and continue this discussion at the March board meeting.

With no further discussion, Commissioner Pruyn moved to adjourn the meeting at 6:54 P.M. Seconded by Commissioner Romano and unanimously approved by a Voice Vote.

All voted aye. Motion carried.