

**Minutes of a Meeting
of the**

FINANCE COMMITTEE

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

March 20, 2025

Chairman Suess called the meeting to order at 5:46 P.M.

Committee members in attendance: P. Suess, J. Pruy, D. Russo, K. Romano, and J. Zay

Committee members absent: None

Also in attendance: P. May, C. Peterson, and B. Fates

Treasurer Fates reported that he had reviewed and approved the journal entries and bank reconciliations for the month of February 2025.

Commissioner Romano moved to approve the Minutes of the February 20, 2025, Finance Committee Meeting of the DuPage Water Commission. Motion seconded by Commissioner Russo and unanimously approved by a Voice Vote.

Chairman Suess lead a discussion regarding the proposed Fiscal Year 2026 budget and rate. Chairman Suess reviewed key points including reserve targets, water rate increases, budgeted expenses and revenue and surplus projection, and provided a summary document (Exhibit A). General Manager May acknowledged and corroborated those positions and reviewed the margins over the past ten years, noting that in budgeted fiscal year 2025-2026 the recommended rate include a margin \$0.06 below the proposed margin in fiscal year 2016-2017 (Exhibit B). The Committee commenced a discussion regarding expected cash flows at year-end, and Chairman Suess requested an explanation regarding budgeting a loss. General Manager May explained that the loss in part reflects non-cash expenditures such as depreciation, and is also based upon a conservative forecast for water sales.

Chairman Zay discussed the aging of the DWC system, the advancement of the Source Water Project, and the possibility of expanding costs of repairs possible at Lexington. Chairman Suess appreciated the same, and emphasized that he wants to ensure that the Commission and all government entities are thoughtful, data-driven, and intentional to ensure that any margin increase is needed and justified. Commissioner Russo acknowledged the importance of being a good financial steward, and discussed some of the major decisions that are coming up in the next year which presents a degree of financial uncertainty at this time; noting that as major decisions are made this year – especially regarding the source water project - uncertainty should be reduced and the Commission would be a more informed position to hold the margin. After some discussion, the Committee concurred to retain the proposed rate as proposed in the draft budget presentation.

Commissioner Romano asked about an item on the 5-year capital plan that did not have any funds identified during the five-year period. General Manager May noted that the line-item description is for some possible transmission upgrades in the future that are still being reviewed, and therefore not funded; but that is listed so that it remains identified as a future project.

Chairman Zay left the meeting at 6:15 P.M to attend the Administration Committee Meeting.

Financial Administrator Peterson discussed the Waterlink escrow balances and whether funds should be moved eventually to improve interest returns. The Finance Committee requested additional information be presented in the next meeting.

There were no comments on the Treasurer's report or financial statements.

Financial Administrator Peterson informed the Finance Committee that a fraudulent check had been cleared through the Operating and Maintenance account. The check amount was \$5,301.00. It was stolen after the check had been mailed, but before it was received by the vendor. The Finance Committee directed the Financial Administrator to close the account and set up additional security measures on the new account.

Commissioner Russo briefly updated the Finance Committee regarding the steps related to the sale of land by the Commission.

With no other items coming before the Committee, Commissioner Romano moved to adjourn the meeting at 6:38 P.M. Seconded by Commissioner Pruy and unanimously approved by a Voice Vote.

Exhibit A

DuPage Water Commission Discussion

Key Points

Reserves Exceed Targets

- **Current Reserves:** \$128.9M
- **Target Reserves:** \$105.4M

Chicago Water Rate Increases

- **2025 Rate Increase:** 4.0% (from \$4.70 to \$4.88 per 1,000 gallons)
- **2024/2025 Increase:** 3.7% (from \$4.55 to \$4.70)
- **2023/2024 Increase:** 5.0% (from \$4.33 to \$4.55)

Water Commission Expense (Per 1,000 Gallons)

- **2025/2026 (Proposed):** \$0.92
- **2024/2025:** \$0.88
- **2023/2024:** \$0.85

Budgeted Expenses for 2025/2026

- **Total Expenses:** \$158.6M
 - **Water Expenses:** \$136.7M (86.2%)
 - **Commission Expenses:** \$21.9M (13.8%)
- **Assumed Water Sales:** 26 billion gallons

Revenue & Surplus Projection

- **A Commission rate of \$0.92** per 1,000 gallons would generate **\$23.9M** in revenue
- Projected Commission Expense: **\$21.9M**
- Projected Surplus: **\$2.0M**
- **Each \$0.01 in rate generates \$260,000 in revenue**

Proposed Rate Reduction

- **Proposal:** Reduce the Commission rate from **\$0.92 to \$0.90**
- **Impact:** Projected surplus reduced from **\$2.0M to \$1.5M**

PROPOSED DUPAGE WATER COMMISSION 2025 RATE

The proposed 2025-26 DWC Budget contemplates increasing the wholesale rate by the commodity % increase, 4.0%.

