DuPage Water Commission
MEMORANDUM

TO: Chairman Vondra & Commissioners

FROM: Robert L. Martin, P.E.
General Manager

DATE: February 8, 2005

SUBJECT: Supplemental Board and Committee of the Whole Meeting Information

Attached is the following supplemental information for the February 10, 2005, Commission meetings:

1. Revised Agenda for the Board meeting showing the completed motion to approve Purchase Order No. 8684.

2. Tentative Draft Management Budget for Fiscal Year 2005 – 2006 that includes the column inadvertently omitted in the scanned copy previously distributed. The hard copy of the draft budget contains a column "% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET," but the scanned copy of the draft budget did not show this column.

3. Request for Board Action on Purchase Order No. 8684 dated February 8, 2005.

4. Minutes of the January 13, 2005, Committee of the Whole meeting.

5. Memorandum dated February 7, 2005, regarding follow-up from the January 13, 2005, Committee of the Whole meeting, which includes the minutes of the Managers Round Table held on February 1, 2005.

6. Media Article: Daily Herald, Sunday February 6, 2005, Water is cheaper, but bills don't fall.

Board/Commission Meeting Documents/February 10, 2005/CD/Supplemental Information.doc

DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642
(630)834-0100 Fax: (630)834-0120

AGENDA
REVISED
DuPAGE WATER COMMISSION
THURSDAY, FEBRUARY 10, 2005
7:30 P.M.

600 EAST BUTTERFIELD ROAD
ELMHURST, IL 60126

I. Roll Call

(Majority of the Commissioners then in office—minimum 7)

II. Motion to Allow Commissioner Wilcox to Participate in Meeting by Phone

RECOMMENDED MOTION: To allow Commissioner Wilcox to participate in the February 10, 2005 Commission meeting by teleconference (Voice Vote).

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

III. Public Comments

IV. Approval of Minutes

A. Regular Meeting of January 13, 2005

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

RECOMMENDED MOTION: To approve the Minutes of the January 13, 2005 Regular Meeting of the DuPage Water Commission (Voice Vote).

B. Executive Session Minutes of January 13, 2005

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

RECOMMENDED MOTION: To approve the Executive Session Minutes of the January 13, 2005 Regular Meeting of the DuPage Water Commission (Voice Vote).

V. Treasurer's Report – January 2005

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

RECOMMENDED MOTION: To accept the January 2005 Treasurer's Report (Voice Vote).

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.

VI. Committee Reports

A. Committee of the Whole

1. Fiscal Year 2005-2006 Capital Improvement Plan

RECOMMENDED MOTION: To approve the Fiscal Year 2005-2006 Capital Improvement Plan as presented (revised) (Voice Vote).

B. Administration Committee

1. Report of 2/10/05 Meeting

2. Actions on Items Listed on 2/10/05 Administration Committee Agenda

3. Pending Legislation

a. House Bill 15

b. House Bill 62

c. House Bill 290

C. Engineering & Construction Committee

1. Report of 2/10/05 Meeting

2. Actions on Items Listed on 2/10/05 Engineering & Construction Committee Agenda

D. Finance Committee

1. Report of 2/10/05 Meeting

2. Actions on Items Listed on 2/10/05 Finance Committee Agenda

3. Fiscal Year 2005-2006 Tentative Draft Management Budget

RECOMMENDED MOTION: To direct staff to distribute the Tentative Draft Management Budget for Fiscal Year 2005 – 2006 to the Commission's customer utilities (Voice Vote).

VII. Chairman's Report

VIII. Omnibus Vote Requiring Majority Vote

A. Ordinance No. O-2-05: An Ordinance of the DuPage Water Commission, Counties of DuPage, Cook and Will, Illinois, Abating the 2004 Tax Levy for the $93,970,000 General Obligation Water Refunding Bonds, Series 2001, of the Commission

(Concurrence of a Majority of the Appointed Commissioners—7)

B. Resolution No. R-7-05: A Resolution Awarding a Contract for Janitorial Services

(Concurrence of a Majority of the Appointed Commissioners—7)

C. Resolution No. R-8-05: A Resolution Awarding a Contract to Furnish and Install an Upgraded Telephone System

(Concurrence of a Majority of the Appointed Commissioners—7)

D. Resolution No. R-9-05: A Resolution Awarding a Contract to Furnish and Install a Redundant Uninterruptible Power Supply (UPS) System the UPS

(Concurrence of a Majority of the Appointed Commissioners—7)

RECOMMENDED MOTION: To adopt the items listed on the Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures (Roll Call).

IX. Omnibus Vote Requiring Super-Majority or Special Majority Vote

A. Ordinance No. O-1-05: An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Sections 2 and 3 of Article IX)

(Affirmative Majority of the Appointed Commissioners, containing the votes of at least 1/3 of the County Appointed Commissioners and 40% of the Municipal Appointed Commissioners—3 County + 3 Muni+1=7)

RECOMMENDED MOTION: To adopt the items listed on the Super/Special Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures (Roll Call).

X. Old Business

- Summary of Action Taken Since Previous Meeting

XI. New Business

A. Purchase Order No. 8678 (RTUs)

(TO SUSPEND PURCHASING PROCEDURES: 2/3 Majority of those Commissioners Present, provided there is a quorum—minimum 5)

(TO APPROVE: Concurrence of a Majority of the Appointed Commissioners—7)

RECOMMENDED MOTION: To suspend the purchasing procedures of the Commission's By-Laws and approve Purchase Order No. 8678 in the amount of $73,375.00 to HSQ Technology (Roll Call).

B. Purchase Order No. 8684 (File servers)

(Concurrence of a Majority of the Appointed Commissioners—7)

RECOMMENDED MOTION: To approve Purchase Order No. 8684 in the amount of $14,528.42 to Insight Enterprises, Inc. (Roll Call).

XII. Accounts Payable

(Concurrence of a Majority of the Appointed Commissioners—7)

RECOMMENDED MOTION: To approve the Accounts Payable in the amount of $4,313,024.96 subject to submission of all contractually required documentation (Roll Call).

XIII. Public Comments

XIV. Executive Session

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

RECOMMENDED MOTION: To go into Executive Session to discuss pending, probable or imminent litigation pursuant to 5 ILCS 120/2(c)(11) (Roll Call).

RECOMMENDED MOTION: To come out of Executive Session (Voice Vote).

XV. Adjournment

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

Board/Agenda/Commission/Rcm0502.doc

Du Page Water Commission
Tentative Draft Management Budget
May 1, 2005 to April 30, 2006
Executive Summary

- Total budgeted revenues increased $2.2 million versus the fiscal year 2004-05 budget. Operation and maintenance revenues are based on 94.0% of the IDNR allocation for the fiscal year. The total Charter Customer average water rate will remain $1.65 per thousand gallons, with operations and maintenance and fixed cost rates being $1.43 and $0.22, respectively, per thousand gallons. With the expectation that the economy will continue to rebound, sales tax proceeds are budgeted to increase 5.4%, or $1.7 million over last year's budget. Sales tax proceeds will be used to pay 50% of the annual fixed cost requirement. Investment income is budgeted to rise slightly because of an increase in expected yields.

- Total operating expenses increased $0.6 million versus the fiscal year 2004-05 budget. Direct water distribution costs rose by $4.6 million over last year's budget because of an increase in the Chicago water rate and the $3.0 million blow-off-valve repair project. The Chicago water rate increased 3.0% on January 1, 2005 and is anticipated to grow by another 3.0% next January. Personnel costs decreased $2.2 million because of the one-time, $2.6 million payment to Illinois Municipal Retirement Fund for the Commission's unfunded pension liability in December 2004. Budgeted insurance costs declined by $1.1 million because of lower insurance premiums. Also, the Commission is no longer budgeting for the entire deductible amount on its property insurance policies and this contributed to the $1.1 million reduction in insurance costs.

- In January, 2005 the Commission presented 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.

- The Commission holds liquid assets, for the purpose of making emergency system repairs, in an amount equal to 2% of the original construction costs escalated by annual increases in the Engineering News Record (ENR) Construction Index. This reserve is expected to increase from $12.0 million to $12.4 million during fiscal year 2005-06. 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.

DuPage Water Commission
MEMORANDUM

TO: Robert L. Martin

FROM: Cheryl Pattelli

DATE: February 2, 2005

SUBJECT: Tentative Draft Management Budget vs. Summary of Revenues, Expenditures and Fund Balances

When comparing the figures between the Tentative Draft Management Budget and the Five Year Capital Improvement Plan's Summary of Revenues, Expenditures and Fund Balances, please be aware that there will be slight differences in some of the figures. The Summary of Revenues, Expenditures and Fund Balances was prepared on a cash basis, rather than a budgetary basis, and was prepared prior to the Tentative Draft Management Budget. The Tentative Draft Management Budget has more up-to-date FY04-05 projections, as well as actual FY05-06 budget requests.

I feel the most appropriate time to change the Summary of Revenues, Expenditures and Fund Balances would be after the FY 04-05 actuals are known and after the FY05-06 budget is approved.

Thank you. Please let me know if you have any questions or concerns.

TOTAL REVENUES AND OPERATING EXPENSES. The total average Charter Customer water rate will remain $1.65/1,000 gallons. The operation and maintenance and fixed cost components of the water rate will remain at $1.43/1,000 gallons and $0.22/1,000 gallons, respectively. Fiscal year 2004-05 revenues are budgeted to be 2.4% more than the budgeted total revenues of fiscal year 2004-05. The increase can mainly be attributed to a rise in expected sales tax proceeds. The Commission will use sales tax funds to reduce customer fixed cost obligations to 50% of the annual revenue bond debt service requirement. Budgeted water sales for fiscal year 2005-06 are much higher than forecasted water sales for fiscal year 2004-05. Water sales have been below average the last few years because of cool, wet weather in the Spring and Summer and the 2005-06 budget reflects average sales.

Operating expenditures in the 2005-06 budget have increased by 0.8% over fiscal year 2004-05 budgeted expenditures. The increase can mainly be attributed to higher water costs resulting from a 3% increase in water rates charged by the City of Chicago and a proposed blow-off valve repair project.

CONSTRUCTION EXPENDITURES. Funding for construction expenditures ($19.9 million) will come first from the remainder of the $14.4 million freed up by substituting a debt surety bond for the water revenue bond cash debt service reserve account. Since these funds were part of the original revenue bond issue in 1987, they must be applied toward construction. The remaining construction costs will be paid from sales tax proceeds.

Construction projects for fiscal year 2005-06 are outlined in the January 2005 draft five-year planning document. Construction will be completed on a transmission main interconnection contract, TIB-1, between the Northwest and Southwest Transmission Mains along Illinois Route 83 corridor. This will increase the Commission's ability to handle emergencies such as a break in a major transmission main. Construction of the pipe storage facility at tank site #4 is proposed.

The capital improvements at the DuPage Pump Station that are proposed to be started in fiscal year 2005-06 include construction of a material and equipment storage facility, construction of a garage and office building, and realignment of Cadwell Avenue. Construction of a generation facility at the DuPage Pumping Station is budgeted to begin in fiscal year 2005-06 and, if started, could be completed the following fiscal year.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
5000	REVENUES					
5110	O & M PAYMENTS	PAGE 3	43,729,824	47,065,418	47,496,623	0.9%
5120	FIXED COST PAYMENTS	PAGE 3	7,143,969	7,143,969	7,144,469	0.0%
5130	SUBSEQUENT CUSTOMER DIFFERENTIAL	PAGE 3	768,857	710,540	710,586	0.0%
5140	EMERGENCY WATER SERVICE	PAGE 3	59,072	35,016	32,035	-8.5%
5300	SALES TAXES	PAGE 3	32,549,918	32,113,126	33,834,395	5.4%
5810	INTEREST INCOME	PAGE 3	3,012,992	3,600,000	3,625,000	0.7%
5900	OTHER INCOME	PAGE 3	5,149	6,300	300	-95.2%
	TOTAL REVENUE		87,269,781	90,674,369	92,843,408	2.4%
6000	OPERATING EXPENDITURES					
6100	PERSONAL SERVICES	PAGE 5	5,375,342	5,604,604	3,384,809	-39.6%
6200	PROFESSIONAL SERVICES	PAGE 7	196,412	500,950	314,925	-37.1%
6300	PURCHASED SERVICES	PAGE 8	694,116	883,885	600,212	-32.1%
6400	INSURANCE	PAGE 9	953,061	2,095,778	971,497	-53.6%
6500	ADMINISTRATIVE COSTS	PAGE 10	158,048	172,491	211,888	22.8%
6600	DIRECT WATER DISTRIBUTION COSTS	PAGE 11	46,227,506	49,479,642	54,099,115	9.3%
6700	BOND INTEREST COSTS	PAGE 12	9,262,718	9,262,719	8,760,389	-5.4%
6800	LAND AND RIGHT-OF-WAY	PAGE 12	0	4,995	9,995	100.1%
6900	CAPITAL EQUIPMENT/DEPRECIATION	PAGE 13	6,659,570	6,969,232	7,235,230	3.8%
	TOTAL OPERATING EXPENDITURES		69,526,773	74,974,296	75,588,060	0.8%
7000	CONSTRUCTION EXPENDITURES	PAGE 14	0	0	0	0.0%
8000	GRANT TO DU PAGE COUNTY	PAGE 15	0	0	0	0.0%
	TOTAL EXPENDITURES		69,526,773	74,974,296	75,588,060	0.8%
	NET OPERATING ACCOUNTING TRANSACTIONS		17,743,008	15,700,073	17,255,348	9.9%

FUND BALANCES. The Commission reports its net assets in accordance with Generally Accepted Accounting Principles (GAAP). 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;
- 4214 - Reserved for water quality loans;
- 4215 - Reserved for prior service pension costs;

4220 - Net Assets Restricted by Ordinance/Resolution;
4230 - Net Assets Invested in Property, Plant and Equipment.

The amounts reported in accounts 4211, 4212 and 4213 constitute the Commission's day-to-day operating balance. While the amounts in accounts 4214 and 4215 are not restricted, 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. As of July 31, 2003, this policy was changed to 2% of the original construction cost. This balance is adjusted annually by the Engineering News Record (ENR) construction index. This index is estimated to increase by 2.97% between April 30, 2005 and April 30, 2006. Based on these criteria, targeted emergency repairs appropriations are as follows:

Fiscal Year Ended	ENR Index	Target Balance (Budgeted)
April 30, 1992	4946	$20,700,000
April 30, 2003	6726 (Used)	$28,100,000
July 31, 2003	6726 (Used)	$11,200,000
April 30, 2004	7017 (Used)	$11,700,000
April 30, 2005	7225 (Est)	$12,000,000
April 30, 2006	7440 (Est)	$12,400,000

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 $16.5 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, $11.5 million). Those amounts must begin to be replenished the month following their use.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
	NET ASSETS BALANCE					
	NET CURRENT YEAR TRANSACTIONS	PAGE 1	17,743,008	15,700,073	17,255,348	9.9%
	FIXED ASSET EQUITY TRANSFERS		0	0	0	0.0%
	BEGINNING NET ASSET BALANCE		305,852,209	305,132,744	323,595,217	6.1%
	ENDING NET ASSET BALANCE		323,595,217	320,832,817	340,850,565	6.2%
	NET ASSETS BALANCE ANALYSIS					
4211	HELD FOR EMERGENCY REPAIRS		12,000,000	12,000,000	12,400,000	3.3%
4212	RESERVED FOR WHOLESALE WATER RATE STABILIZATION		36,345,151	41,841,894	30,061,732	-28.2%
4213	RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS		21,574,483	11,216,854	21,233,588	89.3%
	NET UNRESTRICTED OPERATING ASSETS		69,919,634	65,058,748	63,695,320	-2.1%
4214	WATER QUALITY LOANS RESERVE		10,000,000	10,000,000	10,000,000	0.0%
4215	IMRF PRIOR SERVICE PENSION COST RESERVE		0	0	0	0.0%
4210	TOTAL UNRESTRICTED NET ASSETS		79,919,634	75,058,748	73,695,320	-1.8%
4220	RESTRICTED BY ORDINANCE/RESOLUTION		31,531,849	31,941,573	31,824,363	-0.4%
4230	INVESTED IN PROPERTY PLANT AND EQUIPMENT		212,143,734	213,832,496	235,330,882	10.1%
	NET ASSETS BALANCE		323,595,217	320,832,817	340,850,565	6.2%
	USE OF OPERATING INCOME					
	NET OPERATING ACCOUNTING TRANSACTIONS		17,743,008	15,700,073	17,255,348	9.9%
	ITEMS NOT IN ACCOUNTING BUDGET					
	USED FOR G. O. BOND PRINCIPAL		(8,810,000)	(7,945,000)	(9,260,000)	16.6%
	USED FOR REVENUE BOND PRINCIPAL		(10,355,000)	(9,150,000)	(7,880,000)	-13.9%
	CONSTRUCTION OUTLAYS		(12,511,368)	(19,355,000)	(19,873,000)	2.7%
	NON-CASH ACCOUNTING EXPENSES					
	DEPRECIATION		6,659,570	6,969,232	7,235,230	3.8%
	BALANCED BUDGET CALCULATION		(7,273,790)	(13,780,695)	(12,522,423)	-9.1%

WATER REVENUES. The average combined Charter Customer operation and maintenance (O&M) and fixed cost rate will remain $1.65 per 1,000 gallons. Under Illinois PA93-0226, enacted July 22, 2003, the combined rate cannot exceed this level for a period of five years. O&M revenues for fiscal year 2005-06 are based on selling 35.334 billion gallons at a rate of $1.43 per thousand gallons. Commission customers are expected to use 94.0% of their revised Illinois Department of Natural Resources (IDNR) allocations.

In fiscal year 2005-06, no fixed costs are being assessed under provisions of the Water Purchase and Sale Contract 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 $0.22 per 1,000 gallons.

The Subsequent Customer Differential represents three charges (one suspended) and one credit budgeted for existing subsequent customers. One of the charges is the missed fixed cost recapture from January 1, 1989 to the date of first service to the subsequent customer. Billing of the 15% capital risk charge was suspended in January, 2004 in an interim response to PA93-0226. The cost of existing subsequent 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. No revenues from new subsequent customers have been budgeted for fiscal 2005-06.

SALES TAXES. This revenue source had been declining for a few years prior to fiscal year 2004-05. However, retail sales have been rebounding and fiscal year 2004-05 sales tax revenues are forecasted to increase more than 3% over fiscal year 2003-04 actuals. With the expectation that sales tax revenues will continue to rebound, a 2% increase has been budgeted in fiscal year 2005-06 over the current year's forecasted actuals.

INTEREST INCOME. The average rate of return has been estimated to be 2.25%. The average invested is estimated to be $162 million.

OTHER INCOME. With no new customer connections constructed by the Commission being imminent, there are no reimbursements of estimated construction costs budgeted. In addition, because the Commission will be transferring title for the Lexington Pump Station and the interconnection tunnel to the City of Chicago, the income collected from an easement lease for right-of-way above the tunnel ($6,000) will no longer be collected.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
5000	REVENUES					
5100	WATER REVENUES					
5110	O & M PAYMENTS		43,729,824	47,065,418	47,496,623	0.9%
5120	FIXED COST PAYMENTS		7,143,969	7,143,969	7,144,469	0.0%
5130	SUBSEQUENT CUSTOMER DIFFERENTIAL		768,857	710,540	710,586	0.0%
5140	EMERGENCY WATER SERVICE		59,072	35,016	32,035	-8.5%
5300	SALES TAXES		32,549,918	32,113,126	33,834,395	5.4%
5800	INVESTMENT EARNINGS					
5810	INTEREST INCOME		3,012,992	3,600,000	3,625,000	0.7%
5900	OTHER INCOME		5,149	6,300	300	-95.2%
	TOTAL REVENUE		87,269,781	90,674,369	92,843,408	2.4%

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 2003 and 2004. However, the average fixed cost rate of $0.22 per 1,000 gallons is based on the total fixed cost requirement net of sales tax funding ($7,144,469) divided by the budgeted fiscal year 2005-06 water sales of 35.335 billion gallons.

The fixed cost payment schedule does not include any new customers added during the fiscal year.

DuPAGE WATER COMMISSION
ESTIMATED CUSTOMER
FIXED COST PAYMENT SCHEDULE (WF-S120)
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

CUSTOMER	2003 & 2004 CALENDAR YEARS USE (1000 GAL)	2003 & 2004 CALENDAR YEARS % USAGE	REQUIRED FIXED COST PAYMENT $14,288,938 50% SALES TAX FUNDED ($7,144,469) AMOUNT TO BE RATE FUNDED $7,144,469	FOR: 05/31/05 DUE: 07/10/05	FOR: 06/30/05 DUE. 08/10/05	FOR: 07/31/05 DUE: 09/10/05	FOR: 08/31/05 DUE: 10/10/05	FOR: 09/30/05 DUE: 11/10/05	FOR: 10/31/05 DUE: 12/10/05	FOR: 11/30/05 DUE: 01/10/06	FOR: 12/31/05 DUE: 02/10/06	FOR: 01/31/06 DUE: 03/10/06	FOR: 02/28/06 DUE: 04/10/06	FOR: 03/31/06 DUE: 05/10/06	FOR 04/30/06 DUE: 06/10/06
ADDISON	2,681,653	4 3590%	$311,424	$25,952	$25,952	$25,952	$25,952	$25,952	$25,952	$25,952	$25,952	$25,952	$25,952	$25,952	$25,952
BENSENVILLE	1,751,417	2.8469%	203,400	16,950	16,950	16,950	16,950	16,950	16,950	16,950	16,950	16,950	16,950	16,950	16,950
BLOOMINGDALE	1,825,071	2 9666%	211,944	17,662	17,662	17,662	17,662	17,662	17,662	17,662	17,662	17,662	17,662	17,662	17,662
CAROL STREAM	2,826,475	4 5944%	328,248	27,354	27,354	27,354	27,354	27,354	27,354	27,354	27,354	27,354	27,354	27,354	27,354
CLARENDON HILLS	567,064	0 9217%	65,856	5,488	5,488	5,488	5,488	5,488	5,488	5,488	5,488	5,488	5,488	5,488	5,488
DARIEN	1,505,036	2 4464%	174,780	14,565	14,565	14,565	14,565	14,565	14,565	14,565	14,565	14,565	14,565	14,565	14,565
DOWNERS GROVE	4,441,419	7 2194%	515,784	42,982	42,982	42,982	42,982	42,982	42,982	42,982	42,982	42,982	42,982	42,982	42,982
ELMHURST	3,210,909	5.2193%	372,888	31,074	31,074	31,074	31,074	31,074	31,074	31,074	31,074	31,074	31,074	31,074	31,074
GLEN ELLYN	2,061,013	3 3501%	239,352	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946
GLENDALE HTS	1,898,709	3 0863%	220,500	18,375	18,375	18,375	18,375	18,375	18,375	18,375	18,375	18,375	18,375	18,375	18,375
HINSDALE	1,902,147	3 0919%	220,896	18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408
ITASCA	1,090,282	1.7722%	126,612	10,551	10,551	10,551	10,551	10,551	10,551	10,551	10,551	10,551	10,551	10,551	10,551
LISLE	1,994,324	3.2417%	231,600	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300
LOMBARD	3,082,184	5 0100%	357,936	29,828	29,828	29,828	29,828	29,828	29,828	29,828	29,828	29,828	29,828	29,828	29,828
NAPERVILLE	12,271,048	19 9463%	1,425,060	118,755	118,755	118,755	118,755	118,755	118,755	118,755	118,755	118,755	118,755	118,755	118,755
OAK BROOK	2,905,112	4.7222%	337,380	28,115	28,115	28,115	28,115	28,115	28,115	28,115	28,115	28,115	28,115	28,115	28,115
ROSELLE	1,645,081	2 6740%	191,052	15,921	15,921	15,921	15,921	15,921	15,921	15,921	15,921	15,921	15,921	15,921	15,921
VILLA PARK	1,423,631	2.3141%	165,324	13,777	13,777	13,777	13,777	13,777	13,777	13,777	13,777	13,777	13,777	13,777	13,777
WESTMONT	1,960,486	3 1867%	227,676	18,973	18,973	18,973	18,973	18,973	18,973	18,973	18,973	18,973	18,973	18,973	18,973
WHEATON	3,875,954	6.3003%	450,120	37,510	37,510	37,510	37,510	37,510	37,510	37,510	37,510	37,510	37,510	37,510	37,510
WILLOWBROOK	815,004	1 3248%	94,644	7,887	7,887	7,887	7,887	7,887	7,887	7,887	7,887	7,887	7,887	7,887	7,887
WOOD DALE	1,062,645	1.7273%	123,408	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284
WOODRIDGE	2,305,774	3.7480%	267,768	22,314	22,314	22,314	22,314	22,314	22,314	22,314	22,314	22,314	22,314	22,314	22,314
WINFIELD	649,770	1 0562%	75,456	6,288	6,288	6,288	6,288	6,288	6,288	6,288	6,288	6,288	6,288	6,288	6,288
OAK BROOK TERRACE	99,300	0.1614%	11,532	961	961	961	961	961	961	961	961	961	961	961	961
IAWC-ARROWHEAD	123,812	0 2013%	14,376	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198
IAWC-VALLEY VIEW	469,783	0.7636%	54,552	4,546	4,546	4,546	4,546	4,546	4,546	4,546	4,546	4,546	4,546	4,546	4,546
IAWC-COUNTRY CLUB	73,495	0.1195%	8,532	711	711	711	711	711	711	711	711	711	711	711	711
IAWC-LMBRD HGHTS	45,995	0 0748%	5,340	445	445	445	445	445	445	445	445	445	445	445	445
IAWC-DP/LISLE	359,961	0.5851%	41,808	3,484	3,484	3,484	3,484	3,484	3,484	3,484	3,484	3,484	3,484	3,484	3,484
ARGONNE NATIONAL LAB	360,144	0 5854%	41,820	3,485	3,485	3,485	3,485	3,485	3,485	3,485	3,485	3,485	3,485	3,485	3,485
IAWC-LIBERTY RIDGE WEST	212,132	0 3448%	24,636	2,053	2,053	2,053	2,053	2,053	2,053	2,053	2,053	2,053	2,053	2,053	2,053
IAWC-LIBERTY RIDGE EAST	23,582	0.0383%	2,736	228	228	228	228	228	228	228	228	228	228	228	228
ROUNDING	0	0 0000%	29	3	3	3	3	3	2	2	2	2	2	2	2
ALL CUSTOMERS TOTAL (1)	61,520,391	100 0000%	$7,144,469	$595,373	$595,373	$595,373	$595,373	$595,373	$595,372	$595,372	$595,372	$595,372	$595,372	$595,372	$595,372

(1) - CUSTOMER LESS THAN TWO FULL CALENDAR YEARS - USE ALLOCATION

	FY 2005-06	FY 2004-05
ESTIMATED O & M RATE	$1.43	$1.43
ESTIMATED FIXED COST CHARGE PER 1000 GALLONS	0.22	0.22
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. Five new positions were added in fiscal year 2004-05 including one administrative and four operational positions. No new positions have been budgeted for fiscal year 2005-06. In addition, the Manager of Water Operations position has been reevaluated and excluded from the fiscal year 2005-06 budget. Total budgeted positions are 34.

FRINGE BENEFITS. The Commission participates in the Illinois Municipal Retirement Fund and its contribution rate for 2005 is 16.21%. The Commission paid its unfunded pension liability of $2.6 million in December 2004 and contribution rates should be reduced to approximately 9% starting in 2006. The Commission is subject to the 1.45% Medicare tax and the 6.2% Social Security tax.

Group health and life insurance benefits are provided for all full time employees. The Commission received a minor increase in group insurance benefits for calendar year 2005 but the total budget will substantially increase because of the five new positions added in fiscal year 2004-05. The budget is based on actual rates for January 1, 2005, with a 15% 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. Tuition reimbursement for employees is also budgeted in this line item.

OTHER PERSONNEL COSTS. These expenses are for employee recruitment and annual physical examinations required for normal operating procedures and confined space entry. Due to retirements last year, these costs are lower in fiscal year 2005-06.

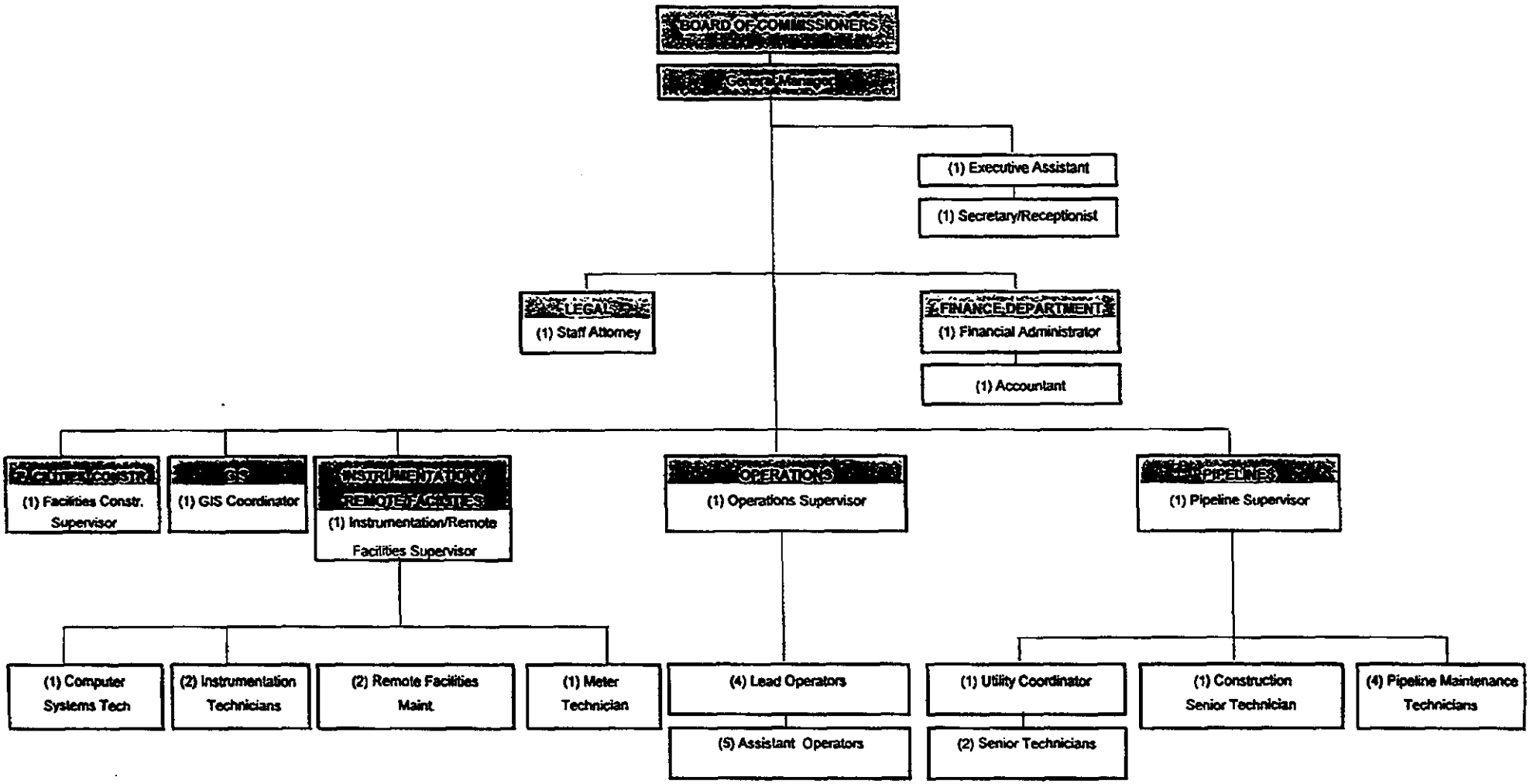
DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
6000	OPERATING EXPENSES					
6100	PERSONAL SERVICES					
6110	SALARIES & WAGES					
6111	ADMINISTRATIVE-REGULAR		775,172	701,468	710,039	1.2%
6112	OPERATIONS-REGULAR		1,065,605	1,226,961	1,418,273	15.6%
6116	ADMINISTRATIVE - OVERTIME		1,492	7,015	7,100	1.2%
6117	OPERATIONS - OVERTIME		134,693	159,505	184,375	15.6%
6120	FRINGE BENEFITS					
6121	PENSION		2,813,122	2,864,134	318,664	-88.9%
6122	MEDICAL/LIFE BENEFITS		369,549	387,840	431,235	11.2%
6123	FEDERAL PAYROLL TAXES		143,245	160,264	177,464	10.7%
6128	STATE UNEMPLOYMENT TAXES		4,727	2,822	4,284	51.8%
6130	PROFESSIONAL DEVELOPMENT					
6131	TRAVEL		8,314	24,750	17,225	-30.4%
6132	TRAINING		14,280	27,950	29,900	7.0%
6133	PROFESSIONAL DEVELOPMENT		3,574	17,295	56,650	227.6%
6190	OTHER PERSONNEL COSTS					
6191	PERSONNEL RECRUITMENT		41,569	24,600	29,600	20.3%
	TOTAL PERSONAL SERVICES		5,375,342	5,604,604	3,384,809	-39.6%

PERSONNEL TABLE. The personal service budget is based on the personnel structure in the table below. The total requested personnel under this budget are 34.

DuPAGE WATER COMMISSION
ORGANIZATIONAL CHART
FISCAL YEAR 2005-2006



FINANCIAL SERVICES. Follow-up relating to the PA93-0226 pricing study is budgeted for $50,000 financial consulting and $10,000 legal consulting. Additional consulting services budgeted for this project total $20,000. 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 includes the revenue bond arbitrage rebate annual calculation and local investment program bank review.

LEGAL SERVICES. The budget for general counsel provides for the legal services of a corporate counsel. This budget item has been reduced due to legal work now performed by the in-house staff attorney. Bond counsel will be utilized for tax abatement, arbitrage and miscellaneous bond issues. Special counsel will provide legal services for non-routine matters such as the utility relocation ($40,000). The other legal service line item provides for defense cost should the Commission become involved in unanticipated litigation.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
6200	PROFESSIONAL SERVICES					
6230	FINANCIAL SERVICES					
6231	BOND ADVISORY SERVICES		0	2,000	0	-100.0%
6232	GENERAL FINANCIAL CONSULTING		87,093	235,900	86,050	-63.5%
6233	TRUST SERVICES/BANK CHARGES		27,526	36,300	37,125	2.3%
6239	OTHER FINANCIAL SERVICES		1,285	1,750	1,750	0.0%
6250	LEGAL SERVICES					
6251	GENERAL COUNSEL		68,091	60,000	80,000	33.3%
6252	BOND COUNSEL		0	2,000	2,000	0.0%
6253	SPECIAL COUNSEL		9,500	135,000	80,000	-40.7%
6258	LEGAL NOTICES		2,892	3,000	3,000	0.0%
6259	OTHER LEGAL SERVICES		25	25,000	25,000	0.0%
	TOTAL PROFESSIONAL SERVICES		196,412	500,950	314,925	-37.1%

AUDIT SERVICES. The audit service budget is for the annual audit for fiscal year ending April 30, 2005. A 10% increase was budgeted because the Illinois Auditor General will be going out to bid for the audit. The budget is less than fiscal year 2004-05 forecasted actual because tri-annual cash and investment reviews ceased after the August 2004 review, as the Board was advised in November, 2004.

INSURANCE SERVICES. The work to be performed has been consolidated with the financial advisor budget on page 7.

CONSULTING SERVICES. Major consulting costs in fiscal year 2005-06 include CP-3 and TS-3 corrosion survey completions ($204,000), 90" Transmission Main corrosion improvement services ($55,000), Geographical Information System (G.I.S.) conversion and application services ($85,000), and drafting services ($25,000). Other minor consulting costs budgeted include blow-off rehabilitation and document management services and other miscellaneous items.

CONTRACTUAL SERVICES. Contractual services are for material testing for the blow-off valve repair project, scanning Commission documents to reduce storage space, network support, temporary help and printing of the Commission's annual report.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
6300	PURCHASED SERVICES					
6310	AUDIT SERVICES		54,620	51,175	54,362	6.2%
6350	INSURANCE SERVICES		0	0	0	0.0%
6380	CONSULTING SERVICES					
6381	C.A.D.D. MAPPING		0	0	0	0.0%
6389	OTHER CONSULTING SERVICES		567,742	704,960	416,000	-41.0%
6390	CONTRACTUAL SERVICES					
6391	MATERIAL TESTING		65,000	50,000	50,000	0.0%
6394	PUBLIC INFORMATION		0	7,000	5,000	-28.6%
6395	CONTRACT LABOR		5,890	5,000	5,000	0.0%
6399	OTHER CONTRACTUAL SERVICES		864	65,750	69,850	6.2%
	TOTAL PURCHASED SERVICES		694,116	883,885	600,212	-32.1%

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 of the fiscal year allows for a 15% adjustment based on general market conditions.

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 of the fiscal year allows for a 15% adjustment based on general market conditions. 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. Because it is impossible to know if an incident will occur and no known claims are currently outstanding, $25,000 was budgeted for each type of incident.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
6400	INSURANCE					
6410	CASUALTY INSURANCE					
6411	GENERAL LIABILITY		160,707	178,984	167,849	-6.2%
6412	PUBLIC OFFICIAL'S LIABILITY		79,833	80,000	84,000	5.0%
6413	TEMPORARY BONDS		364	688	723	5.1%
6415	WORKER'S COMPENSATION		86,792	71,665	84,044	17.3%
6416	UMBRELLA COVERAGE		105,846	111,615	114,209	2.3%
6420	PROPERTY INSURANCE					
6421	TANGIBLE PROPERTY		519,519	627,826	470,672	-25.0%
6422	AUTOMOBILE		0	0	0	0.0%
6490	OTHER COVERAGE					
6491	SELF INSURED CLAIMS		0	1,025,000	50,000	-95.1%
	TOTAL INSURANCE		953,061	2,095,778	971,497	-53.6%

OCCUPANCY COSTS. Amounts have been budgeted for heating the DuPage Pumping Station, as well as for telephone services for that station, mobile telephone communications and the Supervisory Control and Data Acquisition (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 blueline 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. Postage has risen substantially because of the anticipated rate hike in standard mail and the increased use of next-day service for Commissioner's board packages.

DUES AND SUBSCRIPTIONS. The most significant outlays for this line item are memberships in the Association of Metro Water Agencies ($6,883), Water ISAC ($4,000) and American Water Works Association and Research fund ($3,250). The Commission's DSL Internet access subscription ($2,500) allows for electronic communication between the Commission and its customers and other interested parties.

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 and financial 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 and the addition of employee recognition lunches.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
6500	ADMINISTRATIVE COSTS					
6510	OCCUPANCY COSTS					
6513	BUILDING HEATING		27,799	32,500	35,750	10.0%
6514	TELEPHONE		28,667	37,000	37,000	0.0%
6520	SUPPLIES & REFERENCES					
6521	GENERAL SUPPLIES		29,422	20,750	33,600	61.9%
6522	BOOKS & PUBLICATIONS		3,729	9,290	11,320	21.9%
6530	PRINTING & PUBLICATIONS					
6531	PRINTING EXPENSE		5,261	5,625	7,400	31.6%
6532	POSTAGE & DELIVERY		18,922	19,200	29,400	53.1%
6540	DUES, SUBSCRIPTIONS		20,893	19,658	20,378	3.7%
6550	OFFICE EQUIPMENT REPAIRS		18,216	25,338	29,540	16.6%
6590	OTHER ADMINISTRATIVE EXPENSE		5,139	3,130	7,500	139.6%
	TOTAL ADMINISTRATIVE & MAINTENANCE COSTS		158,048	172,491	211,888	22.8%

WATER SUPPLY. The fiscal year 2005-06 budget assumes a 0.1% 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 94.0% of the 35.334 billion gallons allocated for the fiscal year (33.214 billion gallons). At 97.1% accountability, this means the Commission will purchase 34.206 billion gallons of water at an average rate of $1.310 per 1,000 gallons. The City of Chicago raised water rates by 3% on January 1, 2005. An additional 3% increase is expected for January 1, 2006. 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 and purchase of spare sparts. Costs of meter testing and instrumentation maintenance are included here. Major cost elements for fiscal year 2005-06 are replacement of seals and bearings on pumps ($50,000), modification of the UPS system ($50,000), routine maintenance of the DuPage Pumping Station building and grounds ($460,487) and upgrade and maintenance of the Supervisory Control and Data Acquisition (SCADA) system ($146,800).

PIPELINE MAINTENANCE. Repairs to the Commission's pipeline include both the Quick Response contract and work done by the Commission staff. Major expenses in this category include the blow-off valve rehabilitation project BOV-2 ($3 million) and the 90" Transmission Main corrosion improvement project ($100,000). Maintenance of remote Commission facilities (standpipes, meter stations and remotely operated valves) is budgeted in this category ($540,200). Pipeline equipment rental, uniforms and supplies are also budgeted here ($160,850).

VEHICLES AND EQUIPMENT. Equipment repairs and maintenance includes the cost of gasoline, oil and repairs to the Commission's vehicles.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
6600	DIRECT WATER DISTRIBUTION COSTS					
6610	WATER SUPPLY					
6611	WATER PURCHASES - CHICAGO CONTRACT		41,362,646	44,633,642	46,355,897	3.9%
6612	ELECTRICITY		1,993,008	2,096,700	2,353,000	12.2%
6613	WATER CHEMICALS		31,959	58,000	48,000	-17.2%
6614	WATER TESTING		7,214	8,000	8,000	0.0%
6620	PUMP STATION OPERATIONS					
6621	PUMPING OPERATIONS		262,933	355,462	254,362	-28.4%
6622	BUILDING MAINTENANCE & REPAIR		273,069	505,083	460,487	-8.8%
6623	METER TESTING & REPAIR		88,870	65,000	23,000	-64.6%
6624	SCADA/INSTRUMENTATION		263,562	336,300	146,800	-56.3%
6625	EQUIPMENT RENTAL		1,845	5,000	7,000	40.0%
6626	UNIFORMS		3,334	8,000	10,000	25.0%
6630	PIPE LINE MAINTENANCE					
6631	PIPELINE REPAIRS		1,580,821	1,000,000	3,500,000	250.0%
6632	PIPELINE CORROSION TESTING		64,971	35,000	10,000	-71.4%
6633	METER STATIONS, ROV, STANDPIPES		144,799	96,850	540,200	457.8%
6634	PLAN REVIEW - PIPELINE CONFLICTS		76,462	117,400	115,700	-1.4%
6635	EQUIPMENT RENTAL		0	25,000	25,000	0.0%
6636	UNIFORMS		921	4,500	6,000	33.3%
6637	PIPELINE SUPPLIES		22,439	38,850	129,850	234.2%
6640	VEHICLES & EQUIPMENT					
6641	REPAIRS		16,933	54,000	51,750	-4.2%
6642	GASOLINE		30,241	36,000	53,000	47.2%
6643	LICENSES		1,479	855	1,069	25.0%
	TOTAL DIRECT WATER DISTRIBUTION COSTS		46,227,506	49,479,642	54,099,115	9.3%

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 $0.5 million. 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 was extended by two years in the refunding to May 1, 2016.

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.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
6700	BOND INTEREST COSTS					
6720	BOND INTEREST					
6721	GENERAL OBLIGATION BONDS		3,294,219	3,294,220	2,944,092	-10.6%
6722	REVENUE BONDS		5,968,499	5,968,499	5,816,297	-2.6%
	TOTAL PRINCIPAL AND INTEREST EXPENSES		9,262,718	9,262,719	8,760,389	-5.4%
6800	LAND AND RIGHT-OF-WAY					
6810	LEASES		0	1,000	1,000	0.0%
6820	PERMITS & FEES		0	1,000	1,000	0.0%
6830	EASEMENTS		0	2,995	2,995	0.0%
6890	RELATED SERVICES		0	0	5,000	100.0%
	TOTAL LAND AND RIGHT-OF-WAY		0	4,995	9,995	100.1%

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 2005-06 include replacing the Commission's radio system ($78,000), acquiring GIS hardware, software and training ($31,700), purchasing a large format plotter and scanner ($39,900) and upgrading LAN software and hardware ($30,000). The estimated remainder of the financial system software and training is budgeted at $36,000 and an upgrade to the Commission's web site is budgeted at $15,000. 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. The purchase of one new maintenance utility truck, replacement of the Commission's Mack dump truck for a smaller truck, and replacement of a car used by Pipeline personnel are budgeted for in fiscal year 2005-06. The capitalized equipment budget item is for year-end audit compliance.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
6900	CAPITAL EQUIPMENT/DEPRECIATION					
6920	WATER MAINS		4,300,901	4,298,338	4,511,334	5.0%
6930	BUILDINGS		2,041,745	2,041,528	2,336,745	14.5%
6940	PUMPING EQUIPMENT		177,871	462,571	177,871	-61.5%
6950	EQUIPMENT PURCHASES & DEPRECIATION					
6951	DATA PROCESSING PURCHASES		9,625	122,700	251,800	105.2%
6952	OTHER EQUIPMENT PURCHASES		22,392	151,500	81,000	-46.5%
6958	CAPITALIZED EQUIPMENT PURCHASES		(32,017)	(274,200)	(332,800)	21.4%
6959	EQUIPMENT DEPRECIATION		79,998	106,850	123,904	16.0%
6960	VEHICLE PURCHASES & DEPRECIATION					
6961	MOTOR VEHICLES PURCHASES		43,891	50,000	127,000	154.0%
6968	CAPITALIZED VEHICLES PURCHASES		(43,891)	(50,000)	(127,000)	154.0%
6969	VEHICLE DEPRECIATION		59,055	59,945	85,376	42.4%
	TOTAL CAPITAL EQUIPMENT/DEPRECIATION		6,659,570	6,969,232	7,235,230	3.8%
	TOTAL OPERATING EXPENSES		69,526,773	74,974,296	75,588,060	0.8%

METERING STATIONS. All metering station projects are complete. No new customer connections are expected for fiscal year 2005-06.

DuPAGE PUMPING STATION. The capital improvements at the DuPage Pump Station that are expected to be completed in fiscal year 2005-06 include construction of a material and equipment storage facility ($640,000), construction of a garage and office building ($1.55 million), and realignment of Cadwell Avenue ($110,000). Construction of a generation facility at the DuPage Pumping Station is expected to begin in fiscal year 2005-06 and could be completed the following fiscal year. Total construction costs for the generation facility are estimated at $8 million in fiscal year 2005-06 and $4.5 million in fiscal year 2006-07.

SYSTEM STORAGE. Construction of a pipe storage facility at tank site #4 is proposed for fiscal year 2005-06 ($1.5 million).

TRANSMISSION MAINS. The budget ($6 million) is for completion of 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 2005-06.

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 projects listed above. The capitalized fixed asset budget item is for year-end audit compliance.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
7000	CONSTRUCTION EXPENDITURES					
7100	METERING STATIONS		0	0	0	0.0%
7300	DU PAGE PUMPING STATION		0	5,694,000	10,300,000	80.9%
7400	SYSTEM STORAGE		38,000	0	1,500,000	100.0%
7500	TRANSMISSION MAINS		9,809,564	10,095,000	6,000,000	-40.6%
7600	FEEDER MAINS		0	0	0	0.0%
7910	CONSTRUCTION ENGINEERING					
7912	FACILITIES IMPROVEMENTS		1,329,165	1,360,000	808,500	-40.6%
7913	PIPELINE IMPROVEMENTS		1,269,943	1,375,000	900,000	-34.5%
7914	CUSTOMER ADDITIONS		(2,000)	0	15,000	100.0%
7915	EMERGENCY CONNECTIONS		0	0	0	0.0%
7950	LEGAL					
7951	GENERAL COUNSEL		5,365	5,000	10,000	100.0%
7958	LEGAL NOTICES		2,400	4,000	4,000	0.0%
7960	PURCHASED SERVICES					
7961	APPRAISAL SERVICES		0	500	500	0.0%
7962	MATERIAL TESTING SERVICES		53,481	650,000	160,000	-75.4%
7963	VIDEO TAPING		0	6,000	2,500	-58.3%
7970	LAND AND RIGHT-OF-WAY					
7972	PERMITS & FEES		5,450	20,000	22,000	10.0%
7973	EASEMENTS		0	25,000	30,000	20.0%
7974	REAL PROPERTY		0	0	0	0.0%
7979	RELATED SERVICES		0	500	500	0.0%
7980	CAPITALIZED FIXED ASSETS		(12,511,368)	(19,355,000)	(19,873,000)	2.7%
7990	MISCELLANEOUS CONSTRUCTION		0	120,000	120,000	0.0%
	TOTAL CONSTRUCTION EXPENDITURES		0	0	0	0.0%

GRANTS. Public Act 93-0226 of the Illinois State Legislature required a $75 million grant to DuPage County. The full amount was recognized as a liability on July 22, 2003.

DuPAGE WATER COMMISSION
TENTATIVE DRAFT MANAGEMENT BUDGET
MAY 1, 2005 TO APRIL 30, 2006

EXHIBIT 1

ACCT #	ACCOUNT TITLE	TOTAL FROM	WATER FUND FY 04-05 FORECASTED	WATER FUND FY 04-05 BUDGET	WATER FUND FY 05-06 BUDGET	% CHANGE FY 05-06 BUDGET VS FY 04-05 BUDGET
8001	GRANT TO DU PAGE COUNTY		0	0	0	0.0%

DATE: February 8, 2005

REQUEST FOR BOARD ACTION

AGENDA SECTION New Business	**ORIGINATING DEPARTMENT** Instrumentation/ Remote Facilities
ITEM Purchase Order No. 8684	**APPROVAL**

Account Number: WF-6951

Attached is a purchase order for two computer servers with software for the Commission's GIS program. We accepted sealed quotations up until 4:00 PM on February 7, 2005. Of the two quotations received (see tabulation below), the quotation from Insight Enterprises, Inc. dated February 3, 2005, was the most favorable to the interests of the Commission.

VENDOR	QUOTED PRICE			
	Server No. 1	Server No. 2	Software	Total
Computer Discount Warehouse Government Sales (CDW-G)	$10,225.00	$3,277.93	$2,288.00	$15,790.93
Insight Enterprises, Inc.	$9,294.02	$3,354.01	$1,880.39	$14,528.42

MOTION: To approve Purchase Order No. 8684 in the amount of $14,528.42 to Insight Enterprises, Inc.

Purchase Order

P.O.	№ 8684	
DATE	2/7/05	DATE REQUIRED ASAP
TERMS	NET 45 DAYS TAX EXEMPT	
SHIP VIA	BEST WAY	
FOB		

DU PAGE WATER COMMISSION

600 E. BUTTERFIELD ROAD
ELMHURST, IL 60126-4642
(630) 834-0100 • FAX: (630) 834-0120

800-467-4448 FAX: 480-760-9003

TO:	SHIP TO:
ATTN: NANCY ABELE INSIGHT ENTERPRISES INC.	ATTN: MIKE HUGHES
6820 S. HARL AVE.	ABOVE ADDRESS
TEMPE, AZ 85283	

QTY.	UNIT	PLEASE SUPPLY ITEMS BELOW	UNIT PRICE	AMOUNT
1	EA.	QUOTE ID 504200 HP PROLIANT DL380 G4 SERVER PER QUOTE 504200	9,294.02	$9,294.02
1	EA.	QUOTE ID 504176 HP PROLIANT DL320 G2 SERVER PER QUOTE 504176	3,354.01	$3,354.01
1	EA.	QUOTE ID 21681892 SQL SERVER 2000 STD ENG NL LIC	582.47	$582.47
10	EA.	QUOTE ID 21681892 SQL SEVER 2000 CAL NL LIC	127.54	$1,275.40
1	EA.	QUOTE ID 21681892 SQL SERVER 2000 STD ED DISK KIT	22.52	$22.52
		TOTAL.....	.....	$14,528.42

IMPORTANT

This Purchase Order Number must appear on all invoices, acknowledgments, bills of lading, correspondence and shipping cartons. Please notify us if you are unable to ship complete order by date specified.

(ACCT. # WF-6951)

Please send 2 copies of your invoice

AUTHORIZED SIGNATURE

ROBERT L. MARTIN

MINUTES OF A SPECIAL MEETING OF THE COMMITTEE OF THE WHOLE OF THE DuPAGE WATER COMMISSION HELD ON THURSDAY, JANUARY 13, 2005 600 E. BUTTERFIELD ROAD ELMHURST, ILLINOIS

The meeting was called to order by Vice-Chairman Mueller at 5:03 P.M.

Commissioners in attendance: R. Benson (by teleconference as of 5:11 P.M.), E. Chaplin, T. Feltes, L. Hartwig (as of 5:10 P.M.), G. Mathews, W. Mueller, W. Murphy, A. Poole, J. Vrdolyak, G. Wilcox (as of 5:06 P.M.), D. Zeilenga (as of 5:20 P.M.), and M. Vondra (as of 5:15 P.M.)

Commissioners Absent: R. Ferraro

Also in attendance: R. Martin, C. Pattelli, M. Crowley, C. Johnson, R. C. Bostick, E. Kazmierczak, T. McGhee, J. Schori, D. Shea (Alvord Burdick & Howson), Cuneyt Feizoulof (Camp Dresser & McKee), Thomas McCauley (Consolidated Consulting Corporation) and K. Godden (as of 5:15 P.M.)

Commissioner Chaplin moved to approve the Minutes of the October 14, 2004 Committee of the Whole Meeting of the DuPage Water Commission. Seconded by Commissioner Feltes and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Wilcox arrived at 5:06 P.M.

General Manager Martin began the presentation on (i) the results of the Electric Reliability Assessment performed by Consolidated Consulting Corporation, (ii) the results of the Power Generation Benchmarking Evaluation prepared by Camp Dresser & McKee, and (iii) the 2005-2006 Five Year Capital Improvement Plan as proposed by staff by providing historical background.

Commissioner Hartwig arrived at 5:10 P.M. and Commissioner Benson joined the meeting by teleconference at 5:11 P.M.

After the historical background, General Manager Martin introduced Thomas McCauley from Consolidated Consulting Corporation to give his presentation on the Electrical Supply Reliability Report.

Chairman Vondra arrived at 5:15 P.M., followed by Commissioner Zeilenga at 5:20 P.M.

After the presentation by Thomas McCauley, there being no immediate questions, General Manager Martin introduced Cuneyt Feizoulof of Camp Dresser & McKee regarding his report on the Power Generation Benchmarking Evaluation.

During the course of the presentation, the following questions were asked:

Commissioner Wilcox asked how many of the 12 benchmarking utilities interviewed had multiple feeds at least one of which came from an independent substation? After reviewing his notes, Cuneyt Feizoulof reported five of the 12 were so configured: Chicago, CLCJAWA, NWC, Evanston, and Detroit.

Commissioner Zeilenga asked how the 12 benchmarking utilities interviewed were selected? Cuneyt Feizoulof replied that the group was selected based upon peer comparison with the Commission and, with respect to Detroit, because it experienced service disruption during the August 2003 regional black out. Commissioner Zeilenga also asked if a random selection of 100 facilities across the country were chosen, how many would have back-up generators? Cuneyt Feizoulof was very confident that 95% of the facilities supplying 10 mgd or more would have back-up generators.

Commissioner Vrdolyak asked why Detroit experienced service disruption during the August 2003 regional black out? Cuneyt Feizoulof responded that Detroit turned on more pumps than they the had the capacity to generate power for, overloading the generators. Cuneyt Feizoulof also noted that Detroit was currently in the process of adding more generators so they will be able to meet average day demand in the event of a future power outage. Commissioner Vrdolyak also asked if the 12 benchmarking utilities interviewed had generators at their source of supply? Cuneyt Feizoulof informed him that they did.

Commissioner Chaplin asked if all Commission customers had back-up wells, would back-up wells solve the problem? Cuneyt Feizoulof replied in the affirmative but noted the solution was less cost effective.

Chairman Vondra asked whether the 12 benchmarking utilities interviewed provided any feedback as to the budget impact (e.g. increased operation and maintenance costs) of back-up generators? Cuneyt Feizoulof replied that no additional manpower was required because all 12 of the benchmarking utilities interviewed use the generators solely for stand-by power and, thus, the generators need only be exercised once each month for six to eight hours.

In response to the General Manager's review of the matrix of 7 different power outage scenarios and the impact upon the Commission and its customers, Commissioner Wilcox stated that the consultants agree there is a high level of reliability but were worried that the Commission could have a problem without the generators in the event of an "impossible event." Commissioner Wilcox noted that generators were not immune from being disabled by the very same impossible event and then inquired as to the likelihood of a catastrophic event happening at the DuPage Water Commission? Thomas McCauley responded by saying it is "very unlikely," but that that is also what the northeast part of the country felt before the August 2003 outage. Thomas McCauley also explained that the August 2003 outage resulted from a confluence of events, some of which were caused by human error and not just equipment and facility failures.

Commissioner Poole indicated that the Commonwealth Edison system is very robust and reliable and that ComEd offered to come to a Board meeting to offer its assurance that the feeds are solid and reliability very strong. In response to Commissioner Mathews' question, Commissioner Poole noted that, after the August 2003 events, ComEd placed higher priority on maintaining service to hospitals and water supplies. Commissioner Poole suggested that, when you take the emotion out of the question, and consider the issue purely under a cost-benefit analysis, decentralized electrical generation was the better method; noting that the Commission should not have to pay for the decentralized facilities but, rather, the Commission should indirectly assist in financing the decentralized facilities through a rate reduction.

Commissioner Hartwig asked Commissioner Poole why he thought other utilities comparable to the Commission have back-up generators? Commissioner Poole responded by saying the Commission was different from the rest and suggested that storage is more important and cheaper than generators.

Commissioner Wilcox complimented Commissioner Poole on his comments and suggestions, and agreed that decentralizing seemed to accomplish the same purpose less expensively and that towns should be interconnecting to increase reliability. Commissioner Wilcox also stated that the Commission should not take the approach of installing generators just because everyone else is doing it.

Commissioner Murphy asked whether decentralization was proposed in prior five year plans? The General Manager responded that decentralization was never recommended by staff in prior plans but that the merits of centralized versus decentralized back-up electrical generation were discussed by the Board at Committee of the Whole meetings in the fall of 2004. It was during those discussions that, due to the concern that a decentralized back-up electrical generation solution would not address a regional power problem, the Board directed that the electrical reliability study be performed. The General Manager also noted that even if all Commission customers had back-up wells, if the Commission's system goes down, and pressure falls below 20 psi, then a boil order would nevertheless need to be issued in order to avoid an extended service disruption while flushing out the Commission's system. The General Manager likened the electrical generation project to life insurance, noting the decision for the Board is whether or not to take the risk. The General Manager also stated his concern that the Commission would lose credibility in the event of a service disruption; it being the Commission's responsibility to provide service to its customers.

Commissioner Zeilenga asked why back-up generators weren't included in the original design 15 years ago? General Manager Martin responded by saying generators were not a priority at the time because of the limited funds available and the large pumps and multiple feeds that were already incorporated into the initial design of the Commission's Waterworks System.

General Manager Martin advised the Commissioners that if they didn't think what happened on the East Coast could happen here, then their vote should be no; But, if they thought it could happen here, then their vote should be yes.

Commissioner Chaplin stated that she was pleased to hear Commissioner Poole's request for a representative from ComEd to provide a presentation to the Board. Commissioner Hartwig suggested, in addition to the ComEd presentation, that the General Manager convene a meeting of the Commission's customers to obtain their expertise in this area and their recommendation as to the appropriate course of action. Chairman Vondra agreed, suggesting that Commissioner Pool's alternatives to centralized back-up electrical generation be incorporated into staff's presentation to the customers.

Commissioner Benson ended his telephonic participation in the meeting at 6:30 P.M., after stating his preference for decentralized back-up electrical generation unless, perhaps, the City of Chicago agreed to pick up the cost of back-up electrical generators at the Lexington Pump Station.

Commissioner Wilcox left the meeting at 6:32 P.M., after requesting that staff (i) firm up the potential savings the Commission could realize from obtaining power under a curtailment rate from its service provider and (ii) determine if any federal grant funds or loans are available for the construction of back-up electrical generation. Commissioner Feltes agreed with Commissioner Wilcox's suggestion and cautioned staff to take into consideration what happens after many of the curtailment rate schedules terminate in 2007.

Commissioner Hartwig asked what kind of noise is involved running the generators? General Manager Martin confirmed that sound dampening would be installed to minimize noise.

Commissioner Mathews stated the issue comes down to each Commissioner's assessment of the risk of an extended power outage and, akin to deciding whether to obtain insurance, whether that risk needs to be protected against. He also stated that the Board needed to make a decision one way or another, there being no need for additional studies.

Chairman Vondra summarized the suggestions made by the Commissioners for follow-up by staff as follows:

1. Hold a meeting with the customer utilities to solicit their comments on the various back-up electrical generation options, including the option suggested by Commissioner Poole.

2. Arrange for a presentation to the Board on the reliability of ComEd's electric power by representatives of Commonwealth Edison.

3. Determine the savings for the Commission under a curtailment rider.

4. Determine if any federal grant funds or loans are available for the construction of back-up electrical generation.

Commissioner Chaplin stressed that if the Commission considers decentralized back-up electrical generation, then it needs to make sure the wells do not exceed maximum contaminant levels.

Commissioner Mueller agreed with Commissioner Mathews that the Board needed to make a decision one way or another and emphasized that the Chairman needs to move forward with the approval of a Five Year Capital Improvement Plan.

With respect to the 2005-2006 Five Year Capital Improvement Plan proposed by staff, Commissioner Poole suggested the Commission's unrestricted surplus needs to reduced to $25 million; the reservoir project should be moved forward because the Revenue Bonds will be retired in six years; and the proposed Revolving Loan Program should be eliminated because it duplicates a similar program already funded by the State of Illinois.

With only 10 minutes left of the meeting, General Manager Martin continued with the remainder of the presentation on the 2005-2006 Five Year Capital Improvement Plan proposed by staff.

Commissioner Chaplin moved to adjourn the meeting at 7:00 P.M. Seconded by Commissioner Hartwig and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Board/Minutes/Committee of the Whole/COW0501.doc

DuPage Water Commission
MEMORANDUM

TO: Chairman Vondra and Commissioners

FROM: Robert L. Martin, P.E.
General Manager

DATE: February 7, 2005

SUBJECT: Committee of the Whole Follow-Up

At the January 13, 2005, Committee of the Whole meeting, staff was requested to perform the following additional tasks:

1. *Hold a meeting with the customer utilities to solicit their comments on the various back-up electrical generation options, including the option suggested by Commissioner Poole.*

   The meeting was held on February 1, 2005. A copy of the minutes of the meeting is attached.

2. *Arrange for a presentation to the Board on the reliability of ComEd's electric power by representatives of Commonwealth Edison.*

   Commissioner Poole has arranged to have representatives from Commonwealth Edison attend the Committee of the Whole meeting on February 10, 2005.

3. *Determine the savings for the Commission under a curtailment rider.*

   Due to significant market changes in the last year, the curtailment rider with Commission's electric provider, Constellation NewEnergy, will yield only about $20,000 in annual savings. Though only a nominal factor in staff's recommendation for centralized back-up electrical generation, the curtailment terms may become more favorable if and when the generation facility is built and a contract is negotiated in earnest.

4. *Determine if any federal grant funds or loans are available for the construction of back-up electrical generation.*

   I have contacted Congresswoman Judy Biggert's office regarding possible grants. Off hand, they were not aware of any grants available. However, they are researching the issue further and I will let you know as soon as I hear back from them.

With respect to federal loans, the USEPA does have a State Revolving Fund for drinking water where the USEPA gives money to the State level EPA's for administering low interest, 20-year loans to water utilities. Because demand exceeds fund availability, projects are prioritized in the following order: 1) Projects designed to eliminate/minimize serious risk to human health; 2) Projects designed to ensure compliance with the Safe Drinking Water Act; 3) Projects designed to correct health threats relating to pressure, transmission & storage; 4) Projects designed to construct extensions into rural areas serviced by contaminated private wells; and 5) Projects that do not fall within the above categories but are still necessary and desirable to maintain adequate and safe public water supply. The back-up electrical generators would probably fall into the lower priority category 5 as evidenced by the IEPA's 2005 Loan Priority List where the only generator project listed is ranked 96th out of approximately 140 projects.

Administration/Memorandums/Rm050207.doc

DuPage Water Commission
MINUTES OF FEBRUARY 1, 2005
ROUND TABLE MEETING

A meeting with the Managers/Administrators from the customer utilities and the County of DuPage was held at the Commission's offices on Tuesday, February 1, 2005 at 11:30 A.M. The following is a synopsis of the meeting.

1. General Manager Robert Martin welcomed and thanked the managers/administrators for attending the round table meeting to discuss back-up electrical generation and related topics including the reliability and safety of customers' back-up wells and the draft fiscal year 2005-2006 Capital Improvement Plan as proposed by staff.
2. R. Martin introduced the Commission's management and supervisory staff and announced the meeting was being recorded.
3. R. Martin stated the first portion of the meeting would be devoted to discussing the need for back-up electrical generation and the advantages and disadvantages of centralized and decentralized back-up electrical generation.
4. With respect to back-up electrical generation, R. Martin presented a PowerPoint slide show on (i) the results of the Electric Reliability Assessment performed by Consolidated Consulting Corporation, (ii) the results of the Power Generation Benchmarking Evaluation prepared by Camp Dresser & McKee, and (iii) the alternative recommendations of staff, Commissioner Poole, and Commissioner Benson and the reasons for each.
5. After the presentation on back-up electrical generation, R. Martin answered the following questions:
    a. Rob Burns, Roselle, Director of Public Works, asked why a generator system would have to be installed at the Jardine Water Filtration Plant as indicated in Commissioner Poole's materials (slide 46)? R. Martin advised that the Jardine Plant already has a back-up generation system in place but that, under a centralized system of back-up electrical generation, 3 sets of generators (Jardine Plant, Lexington Pumping Station and the DuPage Pumping Station) would need to be started-up and coordinated in order for the centralized system to work. R. Burns also asked if the customers would have to pay for anything at the Jardine Water Plant. R. Martin assured him that the customers would not have to pay for anything at the Jardine Water Plant.
    b. Dan Gombac, Willowbrook, Superintendent of Public Services, asked whether the Commission had considered purchasing

portable generators and storing them at Commission facilities for use by Commission customers if needed during emergencies. R. Martin replied that that option had not been considered.

c. Peter Burchard, Naperville, City Manager, asked how the $28-$30 million back-up electrical generation system would improve reliability when the Commission's own consultant concluded that the chance of losing power was an impossible event. R. Martin responded by noting that unplanned/unanticipated events do occur: For example, what happened on the East Coast in August of 2003 was not planned, but unfortunately it happened. R. Martin did agree that if it is believed a similar situation could not happen in the Chicago Metropolitan Area, then installing a back-up generation system would be a waste of money.

P. Burchard stated that the current system is very reliable and that spending $30 million would only payoff if the Commission were to be hit with a massive outage. He asked what affect such a massive outage would have on water needs. R. Martin responded that water demands should decrease during a massive outage and, as such, staff was recommending back-up electrical generation facilities be installed only as needed to supply average day demand. R. Martin did note, however, that some utilities have installed back-up electrical generation facilities sufficient to supply maximum day demand (e.g. Racine).

P. Burchard verified that the system would be diesel-fueled and that any supply company used by the Commission would have its own back-up system in place and would make service to the Commission a priority in case of an emergency.

P. Burchard stated that the 12 benchmarking utilities interviewed indicated they installed back-up electrical generation facilities not on the basis of any demonstrated need but, rather, out of some sort of perceived obligation.

R. Martin disagreed with P. Burchard's statement that the $28-$30 million back-up electrical generation system would be of no assistance to customers during local power outages. R. Martin explained that for all but a handful of Commission customers (≈ 8), the Commission's Waterworks System provides the pressure needed for the customers to operate their own water systems.

P. Burchard asked whether the Commission's Vulnerability Assessment weighed the relative risk of being a likely target as opposed to the Jardine Treatment Plant? R. Martin did not believe it did.

P. Burchard concluded his questions and comments by suggesting the Commission return monies to the customers rather than

investing in generators and that the customers should be the ones to decide how to spend the returned funds. He did not believe the Commission should spend $28-$30 million to protect against something that is categorized as an "impossible event."

d. Joseph Block, Addison, Village Manager, started out by complementing the Commission on doing a phenomenal job and noting that he takes a different view than P. Burchard. He stated that Addison has installed back-up electrical generation facilities for all of its facilities, including buildings, and that he has seen 3 "impossible events" in his lifetime. J. Block stated that he did not want to see the Commission being the only one in the area not pumping, that the Commission should not be constructing or maintaining customer equipment, and that it is the Commission's responsibility to get water to its customers just like it's the customers' responsibility to get water to their residents.

e. Gary Webster, Glen Ellyn, Village Manager, stated that no one can determine with absolute certainty whether a power outage is an impossible event, and that the Village of Glen Ellyn assumes the impossible will occur and prepares for it. He reported that like Addison, Glen Ellyn has installed back-up electrical generation facilities for all of facilities except buildings. G. Webster did ask whether Glen Ellyn could isolate itself from the Commission's system in the event the Commission lost power and had to issue a boil order? R. Martin responded that customers could isolate themselves from the Commission's system to avoid a Commission boil order but then would be out of service from the Commission for an even longer period while the Commission's system was flushed out.

f. Bill Lichter, Lombard, Village Manager, asked about the General Manager's proposal to get Chicago to pay for the cost of back-up electrical generation facilities at the Lexington Pump Station. R. Martin described his proposal in greater detail, noting that his proposal involved offsetting credits against the Commission's water purchases and would not increase customer rates.

g. Rick Boehm, Oak Brook, Village Manager, stated that back-up electrical generation is very important and that centralizing back-up electrical generation is the way to go, especially because the Commission would be able to supply water to Oak Brook's towers during a local outage.

h. Robin Weaver, Roselle, Village Manager, stated that Roselle staff was in favor of the centralized plan.

i. Tom Borchert, Elmhurst, City Manager, stated that Elmhurst staff was in favor of the centralized plan.

j. John Perry, Woodridge, Village Manager, stated that the issue of placeholder numbers in the Capital Improvement Plan is being raised once again as an alternative to making a decision. J. Perry advised that the customers need to know what the Commission's role will be for back-up in an emergency so that the customers will know what their role will be and can plan accordingly.

6. R. Martin then concluded his presentation by summarizing the projects proposed by staff to be included in the draft fiscal year 2005-2006 Capital Improvement Plan, the reliability and safety of customers' back-up wells and IEPA requirements in connection therewith, and fiscal year 2004-2005 accomplishments.

7. Before concluding the round table meeting, R. Martin answered the following questions:

   a. Dan Wennerholm, Bloomingdale, Village Manager, asked, for those customers (≈ 8) that are unable to receive water at pressure from the Commission's Waterworks System, whether and how the Commission plans to treat them equally with regard to water pressure? R. Martin replied that that is something that needs to be reviewed.

   b. Peter Burchard, Naperville, City Manager, asked for an update regarding the Revolving Loan Program. R. Martin advised that the Board is continuing its discussions on the proposed program.

   c. Bill Lichter, Lombard, Village Manager, expressed his appreciation for the Commission's improved communication with the customers and requested that the importance of adopting a five year capital improvement plan every year be carried back to the board.

8. R. Martin thanked everyone for attending.

9. The meeting ended at 1:00 P.M.

<u>Attendance:</u>

Addison, Village of
Joseph Block, Village Manager

Argonne National Laboratory
No one in attendance

Bensenville, Village of
James Johnson, Village Manager
Paul Quinn, Director of Public Works

Bloomingdale, Village of
Daniel Wennerholm, Village Manager
Michael Marchi, Director of Village Services

Carol Stream, Village of
Bob Mellor, Assistant Village Manager

Clarendon Hills, Village of
No one in attendance

DuPage, County of
Kevin Buoy, Operations Manager

Darien, City of
Clark Beatty, Water Operator

Downers Grove, Village of
Rick Ginex, Village Manager
Dave Barber Director of Public Works

Elmhurst, City of
Thomas Borchert, City Manager
Dennis Streicher Director of Water and Wastewater
Mike Hughes, Director of Public Works

Glen Ellyn, Village of
Gary Webster, Village Manager
Don Foster, Director of Public Works

Glendale Heights, Village of
William Burger, Finance Director
Rick Dime, Director of Public Works

Hinsdale, Village of
Bo Proczko, Village Manager
Orville Landry, Water Superintendent
Dan Schoenberg, Village Engineer

Illinois American Water Co.
No one in attendance

Itasca, Village of
No one in attendance

Lisle, Village of
No one in attendance

Lombard, Village of
William Lichter, Village Manager

Wesley Anderson, Director of Public Works

Naperville, City of
Peter Burchard, City Manager
Allen Poole, Director of Public Utilities

Oak Brook, Village of
Rick Boehm, Village Manager
Dale Durfey, Village Engineer

Oakbrook Terrace, City of
No one in attendance

Roselle, Village of
Robin Weaver, Village Manager
Rob Burns, Director of Public Works

Villa Park, Village of
No one in attendance

Westmont, Village of
Ron Searl, Village Manager
Steve May, Director of Public Works

Wheaton, City of
Michael Dzugan, Assistant City Manager

Willowbrook, Village of
Carl Goldsmith, Village Manager
Dan Gombac, Supt. of Public Services

Winfield, Village of
Gordon Cole, Village Manager

Wood Dale, City of
Frank Williams, Village Manager
Craig Wright, Director of City Services

Woodridge, Village of
John Perry, Village Manager
Phil Modaff, Director of Public Works

Naperville & Lisle
Daily Herald
Sunday, February 6, 2005
A STADDOCK PUBLICATION

Water is cheaper, but bills don't fall

Only two towns in county pass savings on to residents

BY ROBERT SANCHEZ
Daily Herald Staff Writer

The DuPage Water Commission is expected to consider lowering water rates for its municipal customers.

But if Lake Michigan water is coming out of your faucet, and if history is any judge, don't count on seeing a dip in your monthly water bills.

A look at water rates in DuPage County shows most of the 25 municipalities getting lake water through the commission have increased their prices for residents — despite a series of rate cuts by the commission.

In fact, only two communities, Naperville and Roselle, charge residents less for water now than in 1993. During that same period, the commission slashed the price it charges municipalities by 30 cents, to $1.65 per 1,000 gallons.

The difference between what towns pay for lake water and what they charge residents has some water commissioners saying they'll oppose any effort to cut rates again.

"It would be hard to justify that when we have given them rate after rate decrease and they continually raise the rates on their residents," Commissioner Elizabeth Chaplin said.

However, elected officials in Naperville, the commission's largest customer, have given

See WATER on PAGE 17

Water: Some towns don't have industrial base to subsidize rates

Continued from Page 1

their support for lowering rates or providing rebates.

And the city's representative, Commissioner Allan Poole, says the water group has so much cash in its reserves that it easily could afford to lower its rates by another 10 cents. He plans to raise the issue during Thursday's water commission meeting.

"We've got too much money," said Poole, Naperville's director of public utilities. "We need to either return some to the customers or reduce the rates."

Frugal spending

The only reason why Poole's suggested dime decrease can be considered is the water commission's penchant for pinching pennies.

Commissioners recently saved $22 million when they canceled a 10-mile pipeline extension, stretching from Carol Stream to Roselle, because a study determined it isn't needed to keep lake water flowing to northwest DuPage.

Now the panel is debating whether to scrap a plan to buy generators for pumping stations in Elmhurst and Chicago. Even if that idea is approved, its overall price tag could be reduced to $14 million if Chicago agrees to help cover the cost.

There also are questions about whether the commission should invest an estimated $12.5 million to provide low-interest loans to municipalities looking to extend water distribution pipes into unincorporated areas.

Supporters say the proposed loan program would help the commission achieve its goal of getting lake water to as many county residents as possible. But Naperville officials oppose the proposal, in part, because the state already offers a similar loan program.

With so many proposals being scrutinized, Lombard Village President William Mueller says it only makes sense for the commission to consider a rate cut.

"It's a positive way to return to our communities some excess funds that aren't going to be used because of some adjustments to our capital improvement program," Mueller said.

Defending prices

The commission's Chaplin says the problem with lowering water rates is that none of the communities would pass the savings on to residents.

"I have no say on what they charge their residents," she said. "But I think that money needs to go back to the residents."

Municipal leaders defend the water rates their communities charge.

In Lombard, for example, officials have had to repeatedly increase water rates in recent years. Another hike is being eyed for next year.

But Len Flood, Lombard's finance director, attributes that to the cost of maintaining the village's aging water pipes — and a variety of other factors that have nothing to do with the price of lake water.

"The cost of personnel keeps going up," Flood said. "The cost of health insurance keeps going up. The cost of electricity keeps going up."

Those cost factors are different for every town, making it tough to compare a town like Naperville, which has kept its water rates low, to Glen Ellyn, which lacks a large commercial or industrial base to subsidize homeowners' water rates.

Glen Ellyn Village President Greg Mathews said the last time the village got a rebate from the commission, the money was used to upgrade water meters and improve the delivery system.

"So it didn't translate directly into a reduction of the rate," Mathews said. "But it was all spent on water issues."

Because different towns have different needs, Poole says, the water commission shouldn't try to dictate what the communities do with a rate reduction or rebate.

"A lot of them will choose to keep the rate the same and, hopefully, use the money to improve their water systems," Poole said. "If it goes for water works purposes, that's just as good as passing it on."

Fear of another raid

Though it's been nearly two years since DuPage County Board Chairman Robert Schillerstrom persuaded state lawmakers to give the county $75 million in surplus funds from the water commission, local leaders haven't forgotten.

Poole says he believes the threat of another raid on the commission's bank account is reason enough to lower its reserves from the current $118 million to a more conservative $25 million.

Of course, the commission must set aside $45 million for its remaining payments to DuPage.

Still, by the time commissioners finalize projects for the next five years, Poole estimates the commission still will have tens of millions more than it needs for a safety net.

Commissioner Larry Hartwig says he believes Schillerstrom's repeated promises that the county won't pursue more of the commission's reserves.

"There are many issues that we work together on," said Hartwig, the mayor of Addison. "The last thing that we need to do is to start mistrusting each other."

Still, he says, government shouldn't be in the business of accumulating money.

"We shouldn't have $75 million for somebody to raid," Hartwig said. "That's the bottom line."

Rising water costs

While the cost of Lake Michigan water has gone down, many municipalities' rates to residential customers have increased. Here's are the biggest jumps:

Community	1993	1997	2000	2005	% change
Wood Dale	$1.92	$3.64	$3.78	$4.09	+113
Villa Park	$2.95	$2.95	$2.95	$3.95	+33.9
Bensenville	$3.15	$3.70	$4.00	$4.10	+30.2
Darien	$2.95	$3.83	$3.83	$3.83	+29.8
Elmhurst	$3.03	$3.22	$3.33	$3.86	+27.4

Source: DuPage County, DuPage Water Commission, interviews

The price of water

The DuPage Water Commission has lowered the rate it charges member municipalities per 1,000 gallons of water. But in most instances, the rates those municipalities charge residential customers has increased.

Water Commission	1993	1997	2000	2005	% change
	$1.95	$1.80	$1.75	$1.65	-15.4
Community					
Wood Dale	$1.92	$3.64	$3.78	$4.09	+113
Villa Park	$2.95	$2.95	$2.95	$3.95	+33.9
Bensenville	$3.15	$3.70	$4.00	$4.10	+30.2
Darien	$2.95	$3.83	$3.83	$3.83	+29.8
Elmhurst	$3.03	$3.22	$3.33	$3.86	+27.4
Glen Ellyn	$3.95	$4.54	$4.54	$4.92	+24.5
Willowbrook	$3.25	$3.25	$3.57	$3.99	+22.8
Downers Grove	$3.07	$3.07	$3.07	$3.73	+21.5
Addison	$3.10	$3.35	$3.49	$3.71	+19.7
Lombard	$3.47	$3.60	$3.49	$4.12	+18.7
Itasca	$3.45	$3.45	$3.45	$3.95	+14.5
Bloomingdale	$2.94	$3.16	$3.16	$3.36	+14.3
Carol Stream	$3.04	$3.04	$3.25	$3.25	+6.9
Woodridge	$2.95	$3.15	$3.15	$3.15	+6.8
Wheaton	$3.14	$3.14	$2.94	$3.14	0
Clarendon Hills	$4.96	$4.96	$4.96	$4.96	0
Hinsdale	$4.84	$4.84	$4.84	$4.84	0
Lisle	$3.10	$3.10	$3.10	$3.10	0
Westmont	$6.00	$6.00	$6.00	$6.00	0
Roselle	$3.73	$3.14	$2.92	$3.20	-14.2
Naperville	$2.94	$2.70	$2.70	$2.70	-8.2
Glendale Heights	n/a	n/a	n/a	$3.26	n/a
Oak Brook	n/a	$2.35	$2.35	$2.85	n/a
Oakbrook Terrace	n/a	n/a	$5.75	$5.75	n/a
Winfield	n/a	$4.79	$4.79	$4.79	n/a

Note: Aurora, Bartlett, Burr Ridge, Warrenville, Wayne and West Chicago don't belong to the DuPage Water Commission

Source: DuPage County, DuPage Water Commission, interviews

DAILY HERALD