

RESOLUTION NO. _____

**A RESOLUTION SUPPORTING RECENT ACTIONS BY THE DUPAGE WATER COMMISSION
AND URGING THE COMMISSION TO IMPLEMENT THE RECENT
ACTIONS BY PASSING A BUDGET THAT INCLUDES A WATER RATE REDUCTION**

WHEREAS, the DuPage Water Commission (the “Commission”) is a water commission formed and existing pursuant to the Water Commission Act of 1985, 70 ILCS 3720/0.01 *et seq.*, and Division 135 of Article 11 of the Illinois Municipal Code, 65 ILCS 5/11-135-1 *et seq.*, for the purpose of securing an adequate source and supply of water for its customers; and

WHEREAS, the Commission is empowered under the law to finance, construct, acquire and operate a water supply system to serve municipalities in its territory; and

WHEREAS, the Commission’s territory consists of over 300 square miles and encompasses a population of approximately 857,497 including twenty-five charter member municipalities, which includes the Village of Downers Grove; and

WHEREAS, on April 2, 2002, the Mayor and Village Council of the Village of Downers Grove adopted Resolution No. 2002-33, supporting the DuPage Water Commission’s intention to approve a Five-Year Capital Improvement Plan and Annual Management Budget, which also proposed a wholesale water rate reduction; and

WHEREAS, the DuPage Water Commission’s annual budget document includes long-range financial plan (the “Plan”) forecast to FY 20-21 indicates excessive unrestricted cash balances; and

WHEREAS, the Commission is in the process of approving a Five Year Capital Improvement Plan and Annual Management Budget, which proposes a wholesale water rate reduction; and

WHEREAS, the Commission currently reports an unrestricted balance in excess of \$100 million, which is projected to be reduced to approximately \$57 million in five years based on capital expenditures and the final \$15 million payment to DuPage County; and

WHEREAS, based upon the Commission’s monthly operating costs, the unrestricted cash balance in excess of \$100 million is excessive and should be reduced to a reasonable level in a timely manner; and

WHEREAS, the Commission members have a fiduciary duty to ensure that the rates are set at reasonable levels to operate the Commission’s water supply system and the unrestricted cash balance is maintained at a fiscally prudent, and not excessive level; and

WHEREAS, state law directs that the Commission is independent from DuPage County and is a separate unit of local government, 70 ILCS 3720/2; and

WHEREAS, it is fiscally prudent to expeditiously reduce the excessive unrestricted cash balance to a reasonable level through a wholesale rate reduction and rebate to the members, which will directly impact the fiscal health of the Commission’s customers; and

WHEREAS, in pursuit of fiscally prudent practices, the Commission has historically issued rebates and reduced water rates to ensure the Commission’s unrestricted cash balance was maintained at fiscally prudent levels;

WHEREAS, at the DuPage Water Commission meeting on December 14, 2006, the Commission endorsed changes to its fiscal policies in a prudent manner, including a finding that three months of operating costs is a reasonable and fiscally prudent unrestricted cash balance to maintain; and

WHEREAS, the Village of Downers Grove further urges the Commission to implement actions to expeditiously reduce the unrestricted cash balance through approval of the Fiscal Year 2007-2008 Budget, its 5-Year Capital Improvement Budget and long-range financial plan, including the implementation of a significant and rapid reduction in the current wholesale water rate and a rebate to the members;

NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE COUNCIL OF THE VILLAGE OF DOWNERS GROVE in DUPAGE COUNTY, ILLINOIS that:

SECTION 1: The recitals set forth above shall be and are hereby incorporated as if said recitals were fully set forth within this Section 1.

SECTION 2: The Village Council of the Village of Downers Grove ask the Commission to adopt a policy directing that a reasonable unrestricted cash balance is three months of operating costs.

SECTION 3: The Village Council of the Village of Downers Grove ask the Commission to establish and adopt a financial plan to achieve an unrestricted cash balance equivalent to three months of operating costs at the earliest possible date.

SECTION 4: The Village Council of the Village of Downers Grove express support for a significant and rapid reduction in the Water Commission wholesale water rate to a level \$1.25 per 1,000 gallons and a rebate to members totaling \$40 million, or adoption of an equivalent plan. Options for pursuit of an equivalent plan are depicted on Exhibit 1.

SECTION 5: The Village Council of the Village of Downers Grove further urge the Commission to adopt financial plans and policies that are reflective of the Commission's limited purpose of operating a water supply system for its customers.

SECTION 6: The Village Clerk is directed to immediately forward a certified copy of this Resolution to the Honorable Louis Rathje, Chairman of the Commission, Commissioners of the Commission as well as all the Commission members.

SECTION 7: That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

SECTION 8: That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____
Village Clerk

Exhibit 1
CASH REBATE/RATE REDUCTION PROPOSALS
UNRESTRICTED/RESTRICTED CASH BALANCES
FY 06-07 THRU FY 20-21 (14-Year Period)

Year	Options For Cash Rebate and Water Rate Reductions with Corresponding Unrestricted Cash Balances			Restricted Reserves Revenue Bond Requirements (Includes Use for O&M Reserve & Depreciation)	Unrestricted Reserves 3-Month Operating Costs (25% of Water Purchases & All Operating Expenses)
	A \$20M Rebate With \$1.15 Rates	B \$30M Rebate With \$1.20/\$1.10 Rates	C \$40M Rebate With \$1.25/\$1.05 Rates		
FY 06-07	Rate at \$1.15 \$108,960,000	Rate at \$1.20 \$108,960,000	Rate at \$1.25 \$108,960,000	\$27,789,000	\$13,750,000
FY 07-08	\$62,493,000	\$54,168,000	\$45,842,000	\$27,395,000	\$14,306,000
FY 08-09	\$47,706,000	\$41,070,000	\$34,434,000	\$29,249,000	\$14,881,000
FY 09-10	\$31,794,000	\$26,861,000	\$21,926,000	\$31,954,000	\$15,485,000
FY 10-11	\$19,407,000	\$16,189,000	\$12,970,000	\$33,031,000	\$16,108,000
FY 11-12	\$21,496,000	\$20,007,000	\$18,518,000	\$34,160,000	\$16,752,000
FY 12-13	\$17,584,000	\$17,838,000	\$18,092,000	\$35,329,000	\$17,427,000
FY 13-14	\$12,538,000	\$14,548,000	\$16,578,000	\$36,537,000	\$18,125,000
FY 14-15	\$5,890,000	\$9,668,000	\$13,446,000	\$37,806,000	\$18,847,000
FY 15-16*	(\$2,593,000)	\$3,029,000	\$8,589,000	\$39,120,000*	\$19,605,000
FY 16-17	Rate at \$1.15 \$37,477,000	Rate at \$1.10 \$41,242,000	Rate at \$1.05 \$45,007,000	0	\$20,391,000
FY 17-18	\$30,055,000	\$32,012,000	\$33,968,000	0	\$21,211,000
FY 18-19	\$28,387,000	\$28,520,000	\$28,654,000	0	\$22,058,000
FY 19-20	\$27,249,000	\$25,546,000	\$23,843,000	0	\$22,943,000
FY 20-21	\$24,202,000	\$20,650,000	\$17,097,000	0	\$23,227,000

*Last Year of Principal & Interest Payment of \$14,287,688 with Revenue Bond Restricted Reserve Funds of \$39,420,000 Now Available for Unrestricted Use