



DUPAGE COUNTY
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DuPage Report Confirms Water Commission on Right Track

Wheaton, IL ... Today DuPage Board Chairman Dan Cronin released an accountability report on the DuPage Water Commission that confirms the agency has implemented several reforms that corrects the problems of the past and puts its financial house in order.

DuPage County hired Crowe Horwath to assess and cite recommendations to improve 24 county agencies that account for nearly \$300 million in public funds and account for more than 850 employees. Today's report consists of a compilation of the Water Commission's finances and operations in addition to recommendations to continue reforming the agency.

"Two years ago, the DuPage Water Commission was in crisis," said Cronin. "Today, we can assure taxpayers that this crucial agency has made a remarkable turn-around. By bringing in new leadership and taking quick action, the Water Commission is now an example of how government reform is achievable in a short amount of time."

The DuPage Water Commission, which delivers Lake Michigan drinking water to 23 communities, was overhauled after the agency misspent its \$69 million reserve fund through poor accounting practices and lack of financial oversight.

Cronin played a significant role in calling for reforms when he was still a senator in the Illinois General Assembly. He passed a state law imposing new financial requirements on the commission, terminated terms of all commissioners and the chairperson and authorized the DuPage County Board Chairman to appoint a new commission chairman. While suggesting the commission operate like a utility, Cronin's measure also eliminated by 2016 the quarter-cent sales tax that goes to the agency.

“I believe this agency must operate as a public utility without a taxpayer subsidy. Lowering the sales tax rate in the County will force greater financial independence at the Commission as well as help our residents and businesses,” said Cronin.

The analysis of the DuPage Water Commission shows that the agency is taking the necessary steps to better operate as a utility by adopting a rate schedule that addresses increases from the City of Chicago for the purchase of water in addition to the elimination of the sales tax in 2016 and the retirement of debt certificates in 2016.

After reviewing the progress made by the Water Commission, Crowe Horwath provided the following recommendations:

- Continue to monitor cash flow and evaluate financial results;
- Continue to increase transparency and accountability through regular communication with the public and County Board Chairman’s Office;
- Continue to implement internal controls in terms of procurement, ethics and credit card policies.

Water Commission Chairman Jim Zay, who was appointed by Chairman Cronin in January of 2011, said the board has worked diligently to make the commission more accountable to DuPage taxpayers. Under his leadership, the commission outlined a reform plan that included hiring a new general manager, new treasurer and a new financial administrator.

“Long-term plans have been implemented to change the future direction of the Water Commission, yet there is still more work to do. Commissioners have been very proactive in developing strategic plans to restructure the organization both operationally and financially. Different from what was done in the past, these long-term plans were developed in an open and transparent manner with input from county and municipal leaders, along with our water customers,” said Zay.

Water Commission General Manager John Spatz agreed with Zay that the agency has made significant strides in paying off the agency’s debt. For example, during 2011, the agency paid off \$30 million worth of debt.

Spatz also said the commission has implemented measures to gain efficiency and to reduce costs by evaluating and renegotiating contracts for services and supplies. For example the Commission will save more than \$1 million in interest annually by renegotiating the debt certificates. The agency also estimates saving \$500,000 through a new 2-year contract with its electric supplier.

Other significant Water Commission reforms include:

- Strengthened accounting practices and internal controls;
- Reduced the workforce by three positions;
- Implemented job performance metrics;

- Eliminated built-in overtime and automatic raises for staff;
- Adopted rigorous procurement and bidding processes;
- Utilized computerized maintenance management system;
- Incorporated a GPS system on all vehicles, which has increased efficiency of field crews and decreased the use of fuel due to better routing and tracking;
- Reduced the cost of healthcare, commissioners' insurance, phone services, contractual services and commodities; and
- Improved transparency and accountability through upgraded website.

“Our main responsibility is to make sure the Water Commission is responsible, accountable and transparent. We will continue to work hard to ensure the Commission is the best water utility possible for DuPage County residents,” said Zay.

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