



Metropolitan Water Reclamation District of Greater Chicago

Press Release

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A stable outlook: S&P Global upgrades MWRD credit rating



Stable finances afford the MWRD to commit to a wide range of services and operations to protect the water environment, including here on the North Shore Channel where the MWRD aquatic biologists routinely monitor, study and sample fish populations to gain a better understanding of the health of local ecosystems and water quality in the Chicago Area Waterway System.

S&P Global (S&P) has upgraded the credit rating for the Metropolitan Water Reclamation District of Greater Chicago (MWRD) from AA to AA+ with a stable outlook for the agency tasked with managing the region's wastewater, managing stormwater, and protecting local water resources.

“We are proud to serve as responsible and transparent stewards of taxpayers’ resources to protect the citizens we serve and our water environment,” said MWRD President Kari K. Steele. “Because of strong credit ratings we can fulfill our mission and improve our planet.”

S&P’s upgraded rating reflects the MWRD’s comprehensive operational management policies, extremely strong liquidity, and affordable rates that provide ample rate capacity for its nearly \$800 million capital improvement program (CIP). The CIP covers improvements to sewage treatment works, facilities, water quality improvement projects and flood control facilities.

“The stable outlook reflects S&P Global Ratings’ expectation that management will likely preserve the system’s financial profile and maintain its strong financial and operational policies. The depth and *(continued)*

A stable outlook: S&P Global upgrades MWRD credit rating, *cont.*

diversity of the service area's economy and customer base provide additional rating stability," the report stated.

The MWRD's \$1.3-billion budget for 2022 supports day-to-day operations and general expenditures, bond redemption and interest, the MWRD's contribution to the MWRD's Retirement Fund, stormwater management activities, a self-insurance fund and the CIP. The MWRD's current operations are funded primarily through property tax receipts. Other revenue sources include user charge revenues, personal property replacement tax receipts and land rentals, which brought taxpayers an added revenue stream of \$28 million in 2021.

MWRD commissioners and staff are embarking on the second year of a five-year Strategic Plan that outlines the mission, vision, and goals of the agency through 2025. This ambitious roadmap guides the MWRD's efforts on strengthening operational and financial sustainability and resiliency and addresses climate change and regional water resource protection through an equitable lens as the MWRD engages with communities across Cook County. In a volatile market, the MWRD prepaid \$43 million in State Revolving Loans which will result in \$12.7 million of future interest savings over 15 years. In addition, the MWRD staff continued its reliable and innovative services despite a decrease of more than 150 employees from a decade earlier.

"We are pleased to see our credit rating trending upward thanks to responsible and comprehensive fiscal planning that has allowed us to accomplish more with less," said MWRD Commissioner Marcelino Garcia, MWRD chairman of finance. "We thank commissioners, leadership and staff for continuing to deliver essential services at affordable rates and thank the citizens of Cook County for trusting us to manage their tax dollars."

S&P states that the primary near-term risk for the MWRD stems from an outsized pension burden, but the report notes that management has a plan in place. In fact, pension coffers are trending in the right direction.

Through 2021, the MWRD Retirement Fund finished the year at the highest level of assets to date, at \$1.7 billion with an actuarial funding ratio of 58.7 percent, up 1.5 percent from the previous year. After receiving statutory authority to contribute additional revenues to strengthen its pension fund, the MWRD committed \$30 million in the MWRD's Corporate Fund budgetary reserves to the Retirement Fund in 2022 to promote a 65-percent funded ratio goal by the end of 2025. The MWRD will also continue to fund \$5 million annually in excess contributions to the OPEB (Other Postemployment Benefits) Trust Fund through 2026 to fully fund retiree benefits thereafter.

MWRD's mission to improve water quality and protect properties from flood damage—along with its capital, climate action and strategic plans—have set it on the path to mitigating environmental risk. Created in 1889, the award-winning, special-purpose district impacts approximately 12.72 million people each day by treating wastewater and providing stormwater management across an 882-square-mile area that includes Chicago and 128 suburban communities throughout Cook County. The MWRD has the capacity to treat more than 2 billion gallons of water per day, owning and operating 560 miles of intercepting sewers and force mains, 23 pumping stations, 34 stormwater detention reservoirs and controlling 76.1 miles of navigable waterways. The MWRD's renowned Tunnel and Reservoir Plan (TARP) includes more than 110 miles of tunnels and three major reservoirs that protect area waterways from pollution and mitigates flooding in communities served by combined sewer systems across 375 square miles. The MWRD continues its role advocating public health by protecting the source of the region's drinking water in Lake Michigan and the Chicago Area Waterway System. In addition, the MWRD has been a leader in addressing COVID-19 by participating in multiple local and national sewage surveillance studies to help research partners gain an understanding of how COVID-19 might be detected in sewers.

Recovering Resources, Transforming Water

Established in 1889, the Metropolitan Water Reclamation District of Greater Chicago (MWRD) is an award-winning, special purpose government agency responsible for wastewater treatment and stormwater management in Cook County, Illinois. Learn more at mwrld.org.