



Metropolitan Water Reclamation District of Greater Chicago

# Press Release

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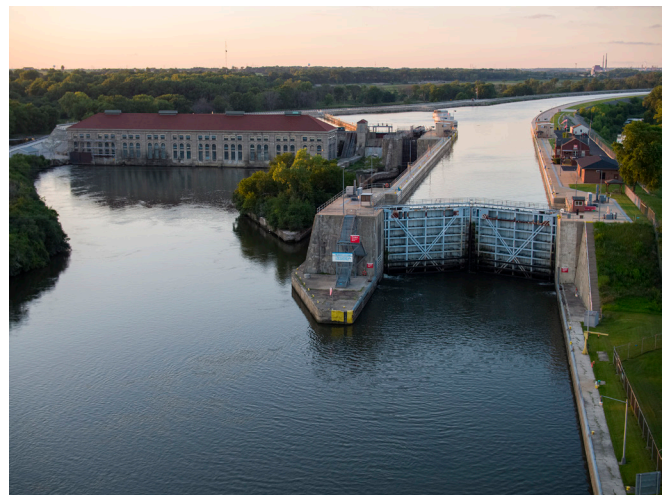
## Stability amidst a storm: MWRD maintains AAA rating from Fitch

In the middle of global pandemic and volatile economic year, Fitch Ratings Agency has affirmed its AAA credit rating for the Metropolitan Water Reclamation District of Greater Chicago (MWRD), citing strong revenue defensibility and low operating costs.

A new report from Fitch documents the MWRD's stable outlook due to low operating risks, a reliable tax base and strong revenue defensibility that is marked by ad valorem real estate taxes that insulate the MWRD from turbulent markets in 2020. The MWRD's long-term obligations are only 1.4 percent of total personal income, Fitch states. That minimal long-term risk combined with strong revenue raising through the flexibility to levy taxes to pay debt service and operations gives the MWRD further leverage and more stability.

"This AAA-credit affirmation from Fitch gives our taxpayers the confidence that the MWRD remains strong financial stewards of their tax dollars, carrying forth low risks and strong reserves to give our water environment the protection it truly deserves," said MWRD President Kari K. Steele. "Thank you to my colleagues on the Board of Commissioners, leadership, Treasurer Mary Ann Boyle and our valuable front-line workers for maintaining constant oversight to ensure we have adequate capital to continue providing our essential services."

The MWRD is an independent unit of government that treats and cleans an average of 1.47 billion gallons of wastewater per day, serving a population equivalent of 10.35 million in Chicago and 128 communities across nearly all of Cook County. The MWRD protects the region's waterways and source of drinking water in Lake Michigan, while also protecting homes and businesses from flooding. Throughout



*The MWRD's Lockport Powerhouse helps the MWRD control the levels of the Chicago Area Waterway System and reduce the risk of flooding, while also providing financial benefits from hydroelectric power generation, one of many reasons for the MWRD's financial stability.*

the pandemic, the MWRD has continued to uphold these critical services around the clock to ensure the region's wastewater is cleaned and that public health and the environment are protected. Although the outbreak has caused uncertainty for the water and sewer sector, the MWRD has been able to weather difficult times by closely monitoring the situation and finding other ways to cut costs.

"The MWRD projects that revenue declines related to large user charges and personal property tax replacement will be mitigated by ongoing cost reduction measures," the report states.

The MWRD's 2020 budget is \$1.15 billion, which is a 5.7-percent reduction from the 2019 adjusted budget of \$1.22 billion, a reduction of more than \$70.3 million. This year, \$20 million of accumulated interest income was transferred into the MWRD's Retirement Fund, highlighting the MWRD's *(continued)*

## Stability amidst a storm: MWRD maintains AAA rating, *cont.*

commitment to stable pension funding. As the MWRD continues to improve the funded ratio of the pension plan, which ended 2019 at a 56.8 percent-funded ratio, the Fitch report pointed to manageable annual pension costs and a healthy other post-employee benefits (OPEB) Trust Fund that is projected to be fully funded by 2026.

Further, the cost of the MWRD's capital improvement program (CIP) continues to decline as key projects related to water reclamation plant facilities and the MWRD's Tunnel and Reservoir Plan (TARP) are completed. The MWRD's final piece to TARP is the McCook Reservoir Stage II, due to be completed by 2029, giving the system a total combined sewage capacity of 17.5 billion gallons. TARP's 110 miles of "Deep Tunnel" and massive reservoirs reduce flooding, improve water quality in Chicago area waterways and protect Lake Michigan from pollution caused by sewer overflows.

"During these fiscally challenging times, we are keeping close watch on our budgets to afford us the oppor-

tunity to deliver critical services all with a vision on innovation and new water technology that will help us develop efficiencies to save on future costs," said MWRD Commissioner and Chairman of Finance Frank Avila. "We thank Fitch Ratings for affirming our strong credit rating."

The Fitch Report underscores the MWRD's commitment for strong finances. The Government Finance Officers Association of the United States and Canada (GFOA) has consistently awarded the MWRD, the MWRD Retirement Fund and the MWRD Retiree Health Care Trust with the Certificate of Achievement for Excellence in Financial Reporting for the MWRD's Comprehensive Annual Financial Reports. This marks the 44th, 26th and 12th straight year that the MWRD, MWRD Retirement Fund and MWRD Retiree Health Care Trust were recognized with this honor, respectively. For the 35th consecutive year, the GFOA presented the Distinguished Budget Presentation Award for the MWRD's 2019 Annual Budget. In addition, the MWRD maintains a AA+ bond rating from Standard & Poor's.

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### ***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 [mwrdd.org](http://mwrdd.org).*