



Metropolitan Water Reclamation District of Greater Chicago

Press Release

December 15, 2011

Metropolitan Water Reclamation District finalizes 2012 budget

During its last meeting of the year today, the Metropolitan Water Reclamation District of Greater Chicago (MWRD) Board of Commissioners amended and finalized the agency's 2012 budget. The MWRD is responsible for reclaiming and treating most of Cook County's wastewater and providing stormwater management for more than five million people and industrial users.

"We are in the process of implementing the first year of MWRD's five-year financial plan and establishing priorities in maintaining budgetary fund balances," said Executive Director David St. Pierre. "We have been aggressive over the past year in addressing some of the primary drivers of the budget, including energy costs, personnel and health care costs, and pension obligations."

Energy costs

One of the ways overall costs were reduced occurred in September as MWRD successfully procured more than 1.2 billion kWh of electricity through a series of competitive online auctions run on the World Energy Exchange. MWRD's goal of keeping Lake Michigan, our drinking water supply, and inland waterways clean and safe for the residential and business populations of Cook County is a 24/7 mission that requires millions of dollars in annual energy expense.

"We tested multiple terms and products in a highly transparent and objective way," St. Pierre said. "We received over 120 bids from suppliers in a competitive format that drove down prices and netted the district and taxpayers nearly \$20 million in rate savings." The process gave MWRD access to an increased pool of suppliers, delivered valuable price transparency, and provided a real-time competitive dynamic that motivated suppliers to work harder to earn MWRD's business, resulting in a 30 percent rate reduction.

Personnel

The number of budgeted employees for 2012 decreased by seven percent from 2011, when there were 2,071 employees. In the 2012 budget, there are 1,923 positions budgeted. For the past two years, non-represented employees have not received a general cost of living adjustment and none is expected for 2012.

Health Care Costs

Non-represented employees will be asked to contribute an additional one percent per year for each of the next 10 years to health insurance costs, bringing the employee contribution to 25 percent in 10 years. Retirees will be contributing an additional 2.5 percent per year, bringing their contribution rate to 50 percent.

Represented employees negotiate health insurance coverage and contribution rates. Recent negotiations resulted in lower benefit levels for represented employees instead of higher contribution rates.

"The successful completion of these negotiations demonstrated the continued good relationship between MWRD and the Unions," said St. Pierre. "We appreciate our union partners and their understanding of the need to work efficiently, hold the line for taxpayers and work toward securing the benefits that have made this organization and country great. It was a team effort that achieved results and is especially needed in these economic times."

To address retiree health care costs, MWRD established a trust five years ago which now contains over \$50 million. Further contributions will consist of a percentage of payroll each year.

MWRD will also be taking steps to lower overall benefit costs. An employee wellness program will be implemented, and a Pharmacy Benefits Manager and Risk Manager will be hired to evaluate the health care and pharmaceuticals funding strategies and make recommendations for efficiencies.

Pension Obligations

Recent legislation in Springfield created a second tier of pension benefits for employees hired after January 1, 2011. This group of employees is subject to lower benefits and a higher retirement age. In 2012, MWRD will be introducing additional legislation that will require higher contributions from both the MWRD and current employees.

MWRD is funded primarily through property taxes, which are restricted under a tax cap imposed by the Illinois General Assembly. MWRD also recovers costs of treating effluent through a user charge imposed on certain non-residential users of the District's system.

"MWRD prides itself on sound fiscal management and strives to meet or exceed investment returns within statutory and investment policy guidelines," said St. Pierre. "We are safeguarding taxpayer money, and we are holding the line on expenses. We can attribute this success to the hard work of our employees in looking for ways to work more efficiently, and we can thank the MWRD Board of Commissioners for asking the hard questions as we consider how we spend taxpayer funds."