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Metropolitan Water Reclamation District of Greater Chicago *President's Annual Message 2011*

The District is the leading environmental agency in Cook County. The nine-member elected Board of Commissioners has ensured the responsible management of the organization. The staff has ensured that the limited resources are managed in a way that maintains excellence in performance. Excellence in service delivery is non-negotiable. Maintaining facilities and ensuring responsible utility management is at the heart of everything we do. It is important for the District to be recognized for the outstanding contributions we make to the Cook County community.

The District has not escaped the current economic issues that exist across the country. We are facing economic issues on multiple fronts. For the past few years, it has been a challenge to maintain the Corporate Fund undesignated fund balance at the Board of Commissioners' policy level. The Capital Improvement Program (CIP) has been operating at a spending rate that is not sustainable for the utility. The pension program is in need of a greater funding

level in order to ensure the retirement benefits promised to employees are delivered. These issues must be addressed without compromising our commitment to excellence.

Strategic Business Plan

The District continues to face many challenges in the days ahead. We will face them in the same manner that has made us the most respected water reclamation district in the country. In order to focus the organization as a whole on these issues, the District team has put together a District-wide Strategic Business Plan. We believe the plan will guide the organization into the future and allow us to face our challenges on the road to continued success. The goals and strategies that have been developed will be measured and evaluated annually to ensure we stay on track. Looking forward, we need to stabilize our financial situation, develop our employees to become our future leaders, improve our public image, and maintain our focus on being the environmental leader in Cook County.

The District has long been the protector of our water resources. Yet, in today's current environment, it is important for the District to lead sustainable efforts in every arena. We must focus on our carbon footprint and take efforts to reduce energy usage and seek out clean energy options. We must ensure that we institute sustainable practices in our everyday business. We must explore green infrastructure options for flood control and stormwater management. We must embrace advancing technology and learn to minimize our use of paper products. As the leading environmental organization, we must look at all aspects of the environment in every aspect of our business.

A strategic business plan has been prepared to map out the goals for the next several years that will ensure the District's success in meeting these challenges and utilizing these opportunities to improve our environment. The District's vision statement "Improving Our Environment" captures where we are headed and what we need to accomplish in the next five years. When pondering the vision statement, the Executive Team has developed a vision that addresses four areas of focus.

- **Finances** - The District is committed to improving our financial environment. In the past four years, expenditures have exceeded revenue in the aggregate capped tax levy. In addition, the District's Capital Improvement Program (CIP) is spending at an unsustainable rate under the tax cap restrictions relative to the issuance of limited bonds. The District recognizes the negative impact both these issues can have if action is not taken to improve our financial environment.
- **Employees** - The District recognizes its employees as our greatest asset and is committed to improving our employee environment. The District recognizes the ongoing need to attract, retain, and develop

a high-quality workforce reflective of the diversity of our region. In addition, the District is committed to providing a safe work environment, adequate tools and resources, and opportunities for mentoring, development, and growth. The District expects all of its employees to strive for excellence in everything they do.

- **Public** - The District is experiencing undeserved negative criticism from the public. The District has done more for the environment in the Chicago region than any other organization in the area. This story needs to be told and the District needs to improve its public image and be recognized as the environmental leader that it is in the area.
- **Natural Environment** - The District is committed to sustainable environmental stewardship and will seek to continuously improve the air, land, and water environment of the region. We will maintain, and where possible, improve the quality of water in watercourses, improve air quality in and around our facilities, and recover resources from our processes.

Disinfection of Chicago Area Water Ways

The District is facing a Consent Decree concerning the long-term control plan for combined sewer overflow compliance. There are new regulations requiring expansion of infrastructure and operations that the District will need to finance and implement. The Cook County community continues to raise its expectations of the Chicago Area Waterway System (CAWS) as a recreational development opportunity. With the completion of the stormwater watershed plans, the District is moving into design and construction projects that will further relieve flooding throughout its service area. The District will enhance sustainability of its operations and facilitate development of green infrastructure in the region.

Capital Projects

With the planned construction of new facilities that will require significant amounts of new energy, aggressive conservation efforts and alternative energy generation have been pursued at existing facilities to minimize the impact. In this forecast, increased energy costs are evident and balanced against reduced consumption as we realize the benefits of these modernization projects. In 2011, the District conducted its first reverse auction to procure electricity and realized a savings of almost \$10 million for each of the next two years. In addition, our current conservation efforts have resulted in a savings of \$1.6 million.

Deferral of capital maintenance has been a recent tactic to balance the budget; however, this strategy is not sustainable. Equipment must be maintained or failures may result that are expensive to address. This cycle causes a spiraling effect and may balance a budget, but will result in higher costs in the future. Add to this the need to address disinfection and nutrient removal as the push for improved water quality continues throughout the country, and the need for developing a CIP prioritization process becomes paramount. A prioritization plan has been developed and implemented for the 2012 budget. The plan takes on an accelerated schedule for disinfection, addresses priority plant upgrades, and makes room for nutrient removal processes that will improve water quality in the CAWS.

The cooperative approach by the Engineering, Maintenance and Operations, and Monitoring and Research departments in prioritizing projects not only accomplishes these goals, but also ensures

that the District has capital to invest in infrastructure well into the future. This effort puts the District in the driver's seat and ensures the continuance of excellent service to Cook County residents.

Carbon footprint, climate change, and providing a sustainable environment are at the forefront of the world stage. The District must embrace these values and recognize that the community is looking for leadership from Cook County's number one environmental organization. Although these issues are not "the core" function of the District, we need to provide leadership in these areas to ensure a sustainable future. Green Infrastructure and the development of the CAWS for recreational opportunities are two of the issues at the center stage of discussion, and the District should be front and center ensuring all interests are considered. No organization can stand alone in these issues. Instead, we must work together as a community in dedicated partnerships to address these world issues. Partnerships working in concert with developing responsible sustainable practices throughout our utility will allow us to take the lead in Cook County.

In concluding, the District is committed to continued excellence in protecting the water environment for the citizens of Cook County.



Terrence J. O'Brien
President
December 6, 2011