



Metropolitan Water Reclamation District of Greater Chicago

Press Release

Allison Fore

Public and Intergovernmental Affairs Officer

312.751.6626

allison.fore@mwr.org

100 East Erie Street, Chicago, Illinois 60611

For immediate release

September 16, 2021

MWRD's AAA credit rating affirmed by Fitch Ratings Agency

Fitch Ratings Agency has again affirmed the Metropolitan Water Reclamation District of Greater Chicago's (MWRD) AAA credit rating for its stability, especially during unstable pandemic times.

In its latest review and report, Fitch Ratings credited the MWRD for its reliable revenue streams, low operating costs, and an improving debt leverage ratio. Fitch Ratings further noted that the MWRD has managed to stay afloat during turbulent and unpredictable economic times.

"We are grateful for this AAA credit affirmation from Fitch that gives our taxpayers the confidence that we remain strong financial stewards of their tax dollars, carrying forth low risks and strong reserves to give our water environment the front-line protection it deserves," said MWRD President Kari K. Steele. "Thank you to my colleagues on the Board of Commissioners, Executive Director Brian Perkovich, Treasurer Mary Ann Boyle, and our valuable staff members who have vigilantly maintained our resources to assure our region's water has the same support."

The MWRD in 2021 is operating on a \$1.2-billion budget that allows the agency to maintain its essential service around the clock, transforming wastewater into clean water for Chicago and 128 surrounding municipalities. The MWRD also manages stormwater for Cook County and protects area waterways and the region's drinking water supply in Lake Michigan.

While the pandemic disrupted lives, it also emphasized the significance of frontline workers, and the lesser-known work of MWRD personnel to keep water flowing. The MWRD provides a reliable and innovative service to protect the water environment for an equivalent 10.35 million people, including 5.25 million residents living in a service area of 882 square miles across Cook County. Despite hurdles the last two years, the MWRD has managed to keep water flowing uninterrupted.

"The [MWRD's] 2020 financial performance was not materially impacted by the outbreak of coronavirus and related



An MWRD skimmer boat picks up debris and other floatable items on the Chicago River. Strong credit ratings allow the MWRD to increase its range of activities to protect the Chicago area water environment.

government containment measures," the Fitch report stated. "Management reports that, based on performance to date, 2021 performance has not been impacted thus far."

Fitch credits the MWRD's stability based on a strong revenue defensibility. The main source of revenue is property taxes which insulate the MWRD from the volatility associated with economic and volumetric changes.

The MWRD also provides an integral service at a valuable cost. Based on the MWRD's total tax rate in 2020, MWRD services are affordable for approximately 90 percent of its coverage area Fitch stated. According to the National Association of Clean Water Agencies (NACWA) cost of treatment study, the national average for treatment was \$512 per household in 2019, compared to the region's average of \$477 per household, and the \$381 per household in the MWRD service area. That is 20 percent lower than the regional average and 25 percent less than the national average.

"We pride ourselves on affordable, reliable and innovative service, and we cannot accomplish this without strong financial responsibility and guidance," said MWRD (*continued*)

MWRD's AAA credit rating affirmed by Fitch Ratings Agency, *cont.*

Chairman of Finance Marcelino Garcia. “We thank Fitch Ratings for this AAA credit rating, and our commissioners and staff for their continued prudent management of our taxpayers’ resources.”

In addition to low operating cost burdens that are supported by ongoing capital investment, Fitch also cited the MWRD’s continued funding improvements for pension and other post-employment benefits (OPEB) as reasons for the stable outlook. In 2020, MWRD leadership chose to transfer \$20 million of accumulated interest income into the MWRD’s

Retirement Fund, highlighting the MWRD’s commitment to stable pension funding. The contributions grew by 17.3 percent in 2020 and were up more than 27.3 percent halfway through 2021, according to the 2020 Annual Financial Report for the MWRD’s Retirement Fund. The actuarial funding ratio jumped to 57.3 percent, an increase from 55.9 percent in 2019 and 50.4 percent 10 years ago, while the MWRD’s OPEB Trust Fund is projected to be fully funded by 2026 to provide additional financial flexibility. The net pension liability dropped by \$123 million over the last two years.

###

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.