



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 16-0588, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF JUNE 2, 2016

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. David St. Pierre, Executive Director

Report on Budgetary Revenues and Expenditures for the year ended December 31, 2015

Dear Sir:

Attached is a report of revenues and expenditures for the year ended December 31, 2015. This report is prepared on an unaudited budgetary basis of accounting.

The actual 2015 Corporate Fund net tax revenue of \$253.8 million is \$2.5 million above the 2015 budget of \$251.4 million for the tax levy collection.

Actual Corporate Fund non-tax revenue for 2015 includes the following: user charge income of \$48.2 million is under budget by \$2.8 million, TIF surplus distributions of \$6.2 million exceeds budget by \$4.0 million, rental and easement income of \$18.7 million exceeds budget by \$3.2 million. Overall, non-tax revenue exceeds original budget by \$8.9 million. The 2015 actual expenditures of \$333.0 are 92.8 percent of the \$359.0 million Corporate Fund budget.

The two primary economic factors driving the District's revenues are the Consumer Price Index (CPI) and the real estate market. The CPI rose 0.7 percent in 2015 over December 2014. The energy index fell 12.6 percent from December 2014 to December 2015, with all major components decreasing including the fuel oil index falling 31.4 percent and the gasoline index decreasing 19.7 percent.

Commercial real estate activity ended the year up 44 percent from 2014 as sales hit \$22.6 billion and were led by the selling of the Willis Tower for \$1.3 billion and the Aon Center for \$712 million. Chicago downtown office and retail vacancies were low in 2015. Overall, the Commercial sector is expected to remain stable in 2016, but total sales are expected to decline due to the two large sales in 2015.

The Illinois Association of Realtors reported growth in the residential real estate market. In the nine-county Chicago Primary Metropolitan Statistical Area, the year ended with home sales up by 6.6 percent from 104,379 to 111,462 in 2015. The median home price also increased 8.5 percent, from \$193,500 to \$210,000. The 2016 forecast suggests slower growth in the residential market as compared to 2015.

The District was in a favorable financial position in 2015. The conservative approach in development of the 2015 five-year financial plan is expected to maintain budgetary fund balances at policy levels to ensure that the District remains on sound financial footing in the coming years.

Respectfully Submitted, Eileen McElligott, Administrative Services Manager

Attachment

EME:SAR