



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR SPECIAL MEETING OF DECEMBER 12, 2019

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. Brian A. Perkovich, Executive Director

Authority to Amend the Tentative 2020 Budget

Dear Sir:

The attached changes to the Tentative 2020 Budget Recommendations (BF-20 budget forms) are submitted for your consideration during the adoption of the Budget on December 12, 2019. The requested net changes to appropriations are summarized below:

<u>FUND</u>	<u>DEPARTMENT</u>	<u>NET CHANGE</u>
CORPORATE	Board of Commissioners	\$0
	General Administration	10,529,700
	Monitoring & Research	5,000
	Human Resources	0
	Information Technology	16,000
	Law	24,100
	Maintenance & Operations	1,300,000
	Engineering	200,000
	TOTAL CORPORATE FUND	\$12,074,800
CONSTRUCTION		\$1,000,000
CAPITAL IMPROVEMENTS BOND		\$30,140,900
STORMWATER MANAGEMENT		\$0
RETIREMENT		\$20,000,000

The 2020 total appropriation request is \$1,152,633,167, including the requested changes. These requested changes represent an increase of \$63,215,700 from the 2020 Tentative Budget. Compared to the 2019 total adjusted appropriation of \$1,222,943,041, this is a decrease of \$70,309,874, or 5.7 percent.

The estimated total tax levy for the 2020 Budget is \$652,646,487, unchanged from the Tentative Budget. Compared to the 2019 total adjusted levy of \$643,374,010, this is an increase of \$9,272,477, or 1.4 percent.

The amendments include a planned equity transfer of \$20.0 million to the Retirement Fund to provide advance funding to maintain growth in the Retirement Fund's funded ratio. The transfer of accumulated investment income to the Retirement Fund is authorized under the District's statute (70 ILCS 2605/5.9) and will require a 2/3 vote after March 1, 2020. The specific funding details are described below and highlighted on the attached revised financial pages.

The Corporate Fund revenue estimate for TIF surplus receivable in 2020 has been increased by \$11.0 million to account for the one-time revenue increase expected from the City of Chicago's declaration of TIF Surplus in the City's 2020 Budget. Our original revenue estimate was \$8.0 million and included approximately \$1.5 million from suburban Cook County TIFs and \$6.5 million from the City of Chicago TIFs. The allocation from the City of Chicago TIFs to the District is now estimated at \$17.5 million.

The appropriation request for the Corporate Fund is \$399,047,500, an increase of \$12,074,800 from the Tentative Budget request of \$386,972,700. The increase, due primarily to the increased TIF revenue, will pair a one-time revenue with a one-time expenditure for a \$10.0 million Enterprise Resource Planning System upgrade. Of these funds, \$5.0 million will be reserved and may be used to fund an additional payment to the Retirement Fund if statutory authority for such a transfer is received. Additionally, an increase of \$1.3 million is recommended to reduce an accumulation of biosolids. Furthermore, a \$0.5 million increase is required to finalize the paint and carpet replacement for the Main Office Building, a multi-year replacement program, the delayed delivery of new police vehicles originally planned for a 2019 delivery date, and a \$0.2 million increase for television inspection of sewers and manholes. Compared to the 2019 adjusted appropriation of \$377,612,500, this is an increase of \$21,435,000, or 5.7 percent.

The total appropriation request for the Construction Fund is \$18,044,400, an increase of \$1,000,000 from the Tentative Budget request of \$17,044,400. The change in appropriation is due primarily to the timing of project completion for a chiller replacement in the Main Office Building Annex and the roof rehabilitation at the Webster Avenue Aeration Station. Compared to the 2019 adjusted appropriation of \$18,340,300, this is a decrease of \$295,900, or 1.6 percent.

The total appropriation request for the Capital Improvements Bond Fund is \$244,547,400, an increase of \$30,140,900 from the Tentative Budget request of \$214,406,500. The change in appropriation is primarily due to changes in the project schedule for the Mainstream TARP pump rehabilitation (\$21.5 million), revised cost estimates for sewer rehabilitation for Upper Des Plaines Intercepting Sewer 14B (\$6.3 million), and the cost of new disc filters for the Egan WRP (\$2.3 million). Compared to the 2019 adjusted appropriation of \$378,173,800, this is a decrease of \$133,626,400, or 35.3 percent.

The total appropriation request for the Stormwater Management Fund is \$116,258,000, unchanged from the Tentative Budget. Compared to the 2019 adjusted appropriation of \$91,410,100, this is an increase of \$24,847,900, or 27.2 percent.

Revised Tentative Budget pages 8-9 include appropriation changes with no changes to the estimated tax levy.

Revised Tentative Budget page 10 summarizes the appropriations and reflects all proposed changes for the 2020 Budget. The only position change requested in these amendments is the implementation of a crosshatch #2 on a Senior Safety Specialist in the Human Resources Department. There are no changes in the number of positions from the Tentative Budget. The total number of positions requested for 2020 is 1953, a net decrease of 14 positions from 2019.

Revised Tentative Budget pages 12-14 present a summary of revenue and expenditures for all funds for 2020, as budgeted, and 2019, as estimated, and include changes in 2019 estimated revenues and expenditures.

Revised Tentative Budget pages 16-17 present the estimated balance sheet and appropriable revenue for the Corporate Fund due to changes in 2020 TIF Surplus estimate.

Revised Tentative Budget pages 18-19 present the estimated balance sheet and estimated revenue for the Capital Improvements Bond Fund due to changes in cost estimates and project schedules. An equity transfer to the Retirement Fund is included.

Revised Tentative Budget page 20 presents the estimated balance sheet for the Construction Fund due to changes in cost estimates and project schedules.

Revised pages 90, 97, 101-103, and 105 of the Executive Director's Budget Recommendations detail the financing to provide an equity transfer to the Retirement Fund for a total of \$20.0 million. The funding will be allocated from accumulated investment income as follows: \$9.0 million from the Capital Improvements Bond Fund, \$3.0 million from the Bond Redemption & Interest Fund, \$6.0 million from the Corporate Working Cash Fund, \$1.0 million from the Construction Working Cash Fund, \$1.0 million from the Stormwater Working Cash Fund.

Revised Tentative Budget pages 75-76, 78-81, and 85-87 provide an updated list of capital projects for the Construction Fund, Capital Improvements Bond Fund, and Stormwater Management Fund, respectively.

The attached BF-20 budget forms (pages 1-12) detail all requested changes in appropriation and staffing.

The Executive Director's Budget Recommendations and the Tentative Budget, which include all the related budget ordinances in their entirety and the Report of the Committee on Budget and Employment adopted in Motion A, are available for review on the District's website, www.mwrd.org <<http://www.mwrd.org>>.

Requested, Eileen M. McElligott, Administrative Services Officer, SAR:SKL

Respectfully Submitted, Frank Avila, Chairman Committee on Budget and Employment

Disposition of this agenda item will be documented in the official Special Board Meeting Minutes of the Board of Commissioners for December 12, 2019

Attachments

- 1) Revised Tentative Budget pages 8-9, 10, 12-14, 16-17, 18-19, 20, 75-76, 78-81, and 85-87 dated December 4, 2019
- 2) Revised Executive Director's Recommended Budget pages 90, 97, 101-103, and 105 dated December 4, 2019
- 3) BF-20 budget forms, pages 1-12, dated December 4, 2019