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# The Civic Federation

10 North Dearborn Street, Suite 800, Chicago, IL 60602 • 312.201.9066 fax 312.201.9041 • civicfed.org

December 1, 2016

Mr. David St. Pierre  
Executive Director  
Metropolitan Water Reclamation District  
100 E. Erie St.  
Chicago, IL 60611

Dear Executive Director St. Pierre:

The Civic Federation recently completed its analysis of the Metropolitan Water Reclamation District's Tentative FY2017 budget of \$1.13 billion. I am writing to convey our findings in conjunction with our testimony at today's budget hearing. An abbreviated copy of the report is enclosed and the full 57-page report is available at [www.civicfed.org](http://www.civicfed.org).

The Civic Federation supports your tentative budget because the District continues to demonstrate a sensible and proactive approach to meeting its financial challenges.

As detailed in the report, the FY2017 Tentative budget is 9.0% less than the FY2016 adjusted budget of \$1.24 billion, which is due to the variance that often occurs between budget years, reflecting the District's multi-year capital projects. In FY2017, the District will continue to maintain substantial reserves, a high level of liquidity and other safeguards to cover potential shortfalls without having to resort to short-term borrowing.

In recent years, and reflected in this budget, the MWRD has proven to be a thoughtful steward of taxpayer dollars. Since 2013, the MWRD has contributed more than the actuarially determined contribution to its pension fund in order to make up for shortfalls in previous years. Though the additional contributions have begun to reverse the fund's downward trajectory, it is still significantly underfunded, which concerns the Civic Federation. The Federation commends the District for continued implementation of prudent financial management policies aimed at stabilizing the pension fund and ensuring the future financial health of the MWRD.

Civic Federation concerns include the MWRD's reliance on a property tax base that is shared with other local governments, several of which are in fiscal distress and also have high debt and pension burdens. This puts pressure on the property tax base for all of the governments that access the Cook County property tax. We remain concerned about a possible court challenge to the District's 2012 pension funding reform law and recommend that the District evaluate the possible impact of a reversal of the law and make the findings publicly available.

On top of the aforementioned fiscal safeguards, the analysis includes Federation support for the District's pre-funding of retiree healthcare costs, its transparent capital planning process, controlled Corporate Fund spending and increased time between the public budget hearing and the Board's approval.



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The Civic Federation would like to express our appreciation to you, Administrative Services Manager Eileen McElligott, Supervising Budget and Management Analyst Sylvia Lopatka and Budget Officer Shellie Riedle for their hard work in preparing this budget. We greatly appreciate their willingness to provide a budget briefing and to answer our questions.

Please feel free to contact me at 312-201-9044 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Laurence J. Msall". The signature is written in dark ink and is positioned above the typed name.

Laurence J. Msall  
President

cc: MWRD Board of Commissioners  
Ms. Eileen McElligott, Administrative Services Manager  
Ms. Sylvia Lopatka, Supervising Budget and Management Analyst  
Ms. Shellie Riedle, Budget Officer