



## 2018 Budget

Building a Resilient Cook County

# Metropolitan Water Reclamation District of Greater Chicago

## Committee on Budget and Employment

*Honorable Kari K. Steele, Chairperson*

## ***Building a Resilient Cook County***

November 2, 2017

*David St. Pierre, Executive Director*

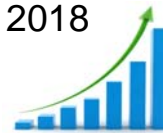


## Building a Resilient Cook County

### *Recovering Resources, Transforming Water*

The District continues to prioritize projects and programs based on the Strategic Business Plan

- Strategies to meet each of the six goals are highlighted throughout the Departments' 2018 Budget Presentations
- This portion of the presentation will focus on the financial aspects of the budget presentation, specifically managing resources to ensure that financial targets are met





## Building a Resilient Cook County

### Financial Strategies

Ensure the responsible use of resources in the delivery of services

- Continue the prioritization of projects to ensure best use of current spending
- Provide base budget targets and assure approvals above base are tied to strategic initiatives
- Manage resources to ensure financial stability targets are met

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## Financial Health

- Maintain AAA and AA+ ratings from two rating agencies
- Stable Corporate Fund
- Sustainable Capital Program
- Sustainable Retirement funding policy
- Sustainable OPEB funding policy
- Insurance policies to protect against catastrophic loss

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## 2018 Budget Overview

### The Aggregate Funds

#### Aggregate Tax Authority

#### Estimated Tax Rate

- Corporate (OPEB) 2018: 16.6 ¢ / 41 ¢
- Construction 2018: 0.3 ¢ / 10 ¢
- Reserve Claim 2018: 0.4 ¢ / 0.5 ¢
- Retirement (x4.19) 2018: 4.8 ¢

Estimated 2018 Aggregate Tax Rate: 22.08 ¢ per \$100 in EAV

Estimated 2017 Aggregate Tax Rate: 22.05 ¢ per \$100 in EAV

- 2017-2018 Tax Rate increases by 0.14 percent
- Tax Cap is the lesser of CPI or 5 percent

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## 2018 Budget Overview

### 2018 Executive Director's Recommended Appropriations

| (in Millions)                | 2018 ED Rec.    | BF-19         | 2018 Proposed   | 2017 Adj. Appropriation | 2018-2017 Change | Percent Change |
|------------------------------|-----------------|---------------|-----------------|-------------------------|------------------|----------------|
| Corporate Fund               | \$366.58        |               | \$366.58        | \$368.93                | (\$2.35)         | (0.64%)        |
| Construction Fund            | \$24.79         | \$0.05        | \$24.84         | \$34.45                 | (\$9.61)         | (27.89%)       |
| Retirement Fund              | \$89.60         |               | \$89.60         | \$79.51                 | \$10.10          | 12.70%         |
| Reserve Claim Fund           | \$30.29         |               | \$30.29         | \$30.62                 | (\$0.33)         | (1.07%)        |
| <b>Total Aggregate Funds</b> | <b>\$511.27</b> | <b>\$0.05</b> | <b>\$511.32</b> | <b>\$513.50</b>         | <b>(\$2.18)</b>  | <b>(0.43%)</b> |

### 2018 Recommended Aggregate Property Tax Extension

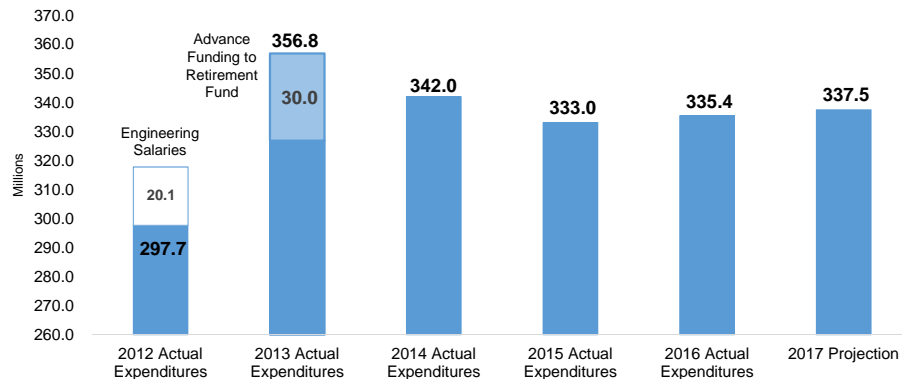
| (in Millions)                | 2018 ED Rec.  | 2017 Adjusted | Increase (Decrease) | Percentage Change |
|------------------------------|---------------|---------------|---------------------|-------------------|
| Corporate Fund               | \$247.97      | \$223.95      | \$24.02             | 10.7              |
| Construction Fund            | 4.20          | 16.27         | (12.07)             | (74.2)            |
| Retirement Fund              | 71.53         | 73.44         | (1.90)              | (2.6)             |
| Reserve Claim Fund           | 6.00          | 5.90          | 0.10                | 1.7               |
| <b>Total Aggregate Funds</b> | <b>329.70</b> | <b>319.56</b> | <b>10.14</b>        | <b>3.2</b>        |

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## 2018 Budget Overview

### Corporate Fund 2012-2016 Expenditures and 2017 Projection



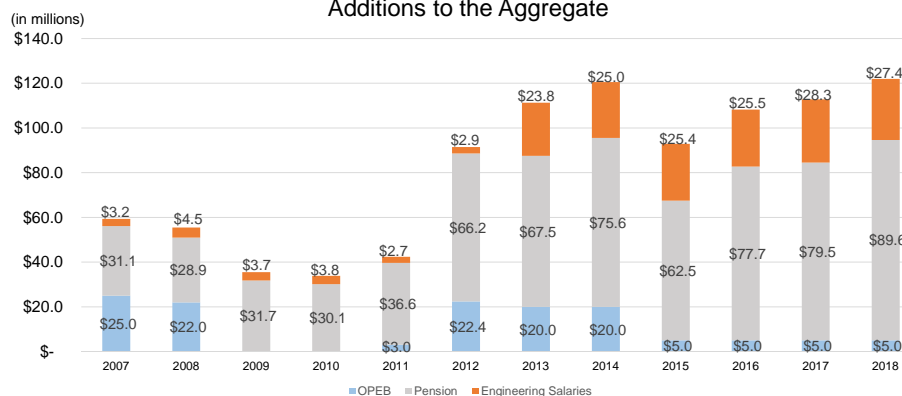
- Corporate Fund expenditures have remained flat, despite absorbing additional operational costs

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## 2018 Budget Overview

### Pension, OPEB, and Engineering Salaries Additions to the Aggregate

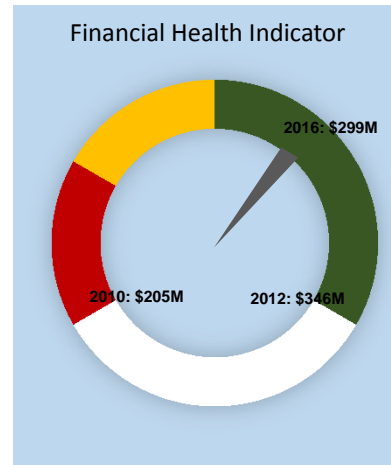
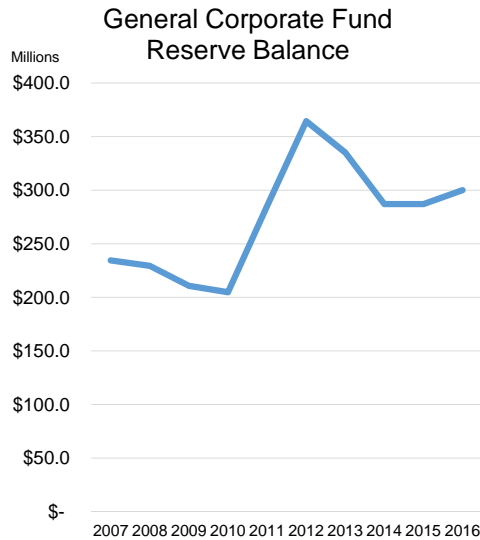


- By keeping Corporate Fund expenditures flat, the District has been able to absorb increased costs for OPEB, pensions, and the shift of Engineering salaries from the Capital Improvement Bond Fund

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## General Corporate Fund Reserve



Target Range: \$275m - \$325m

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## Capital Improvement Program

### Bond Redemption & Interest Fund

#### General Rules:

- Total debt limit is \$8.1 billion (5.75% of EAV), currently \$2.8 billion
- CIP Bond limit is \$4.7 billion (3.35% of EAV), currently \$1.9 billion
- CIP annual bond limit \$150 million with carryover
  - 3 year carry over limit \$450 million
  - Non-referendum authority through 2024
  - August 2009-\$600 million BAB were exempted
- Non-referendum debt service extension limitation \$162.7 million
  - Increases annually by the lesser of CPI or 5%
- 2017 Estimated Tax Rate is 16.42 ¢ per \$100 in EAV
- 2018 Estimated Tax Rate is 16.26 ¢ per \$100 in EAV
- 2017-2018 Tax Rate decreases by 0.97 percent

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## Capital Improvement Program

### 2018 Recommended Levy and Appropriations

| Appropriations                  | 2018 ED Rec. | BF-19   | 2018 Proposed | 2017 Adjusted | 2018-2017 Change | Percent Change |
|---------------------------------|--------------|---------|---------------|---------------|------------------|----------------|
| Bond Redemption & Interest Fund | \$256.30     |         | \$256.30      | \$228.83      | \$27.48          | 12.01%         |
| Capital Improvements Bond Fund  | \$278.43     | \$26.04 | \$304.47      | \$354.63      | (\$50.16)        | (14.14%)       |
| Levy                            | 2018 ED Rec. | BF-19   | 2018 Proposed | 2017 Adjusted | 2018-2017 Change | Percent Change |
| Bond Redemption & Interest Fund | \$243.21     |         |               | \$238.29      | \$4.92           | 2.06%          |

- The 2018 B & I Appropriation contains a \$28.4 million pre-payment on State Revolving Fund loans
  - \$9.6 million in savings

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## Stormwater Management

### Stormwater Management Fund

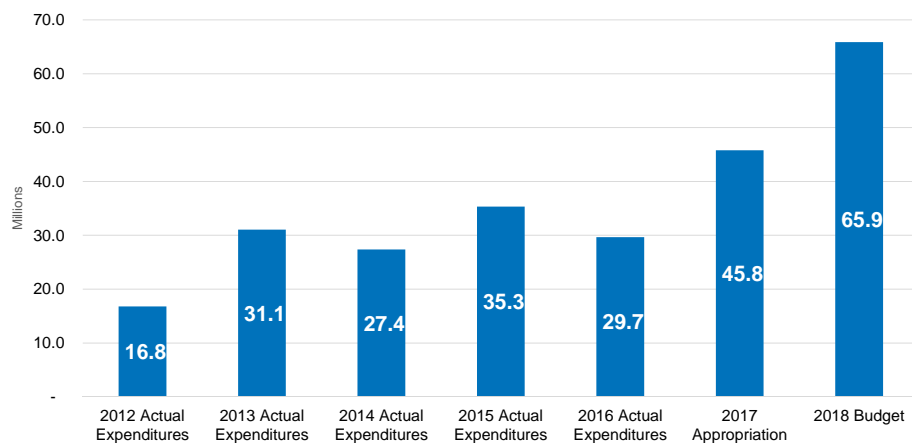
- District received 5 cent authority in 2004
- 2018 Estimated Tax Rate      3.20 ¢ per \$100 in EAV  
 2017 Estimated Tax Rate      2.82 ¢ per \$100 in EAV
- 2017-2018 Tax Rate will increase 13.5 percent

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## Stormwater Management

### Stormwater Management Fund 2012-2018 Expenditures and Projected Appropriations



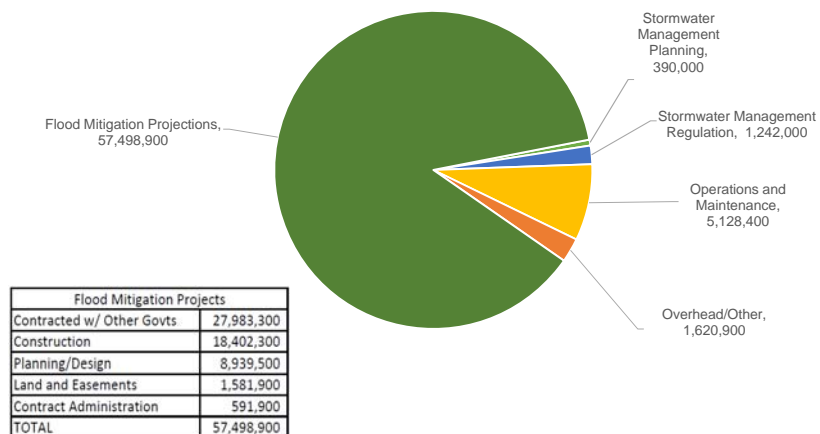
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## Stormwater Management

### Investing in Flood Control & Stormwater Management

Stormwater Management Fund 2018 ED REC Appropriation



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## Stormwater Management

### 2018 Stormwater Management Fund Recommendations

| Appropriation            | 2018 ED Rec. | 2017 Adj. Appropriation | 2018-2017 Change | Percent Change |
|--------------------------|--------------|-------------------------|------------------|----------------|
| Stormwater Appropriation | \$65.88      | \$45.80                 | \$20.08          | 43.84%         |

| Tax Levy            | 2018 ED Rec. | 2017 Adj. Appropriation | 2018-2017 Change | Percent Change |
|---------------------|--------------|-------------------------|------------------|----------------|
| Stormwater Tax Levy | \$47.83      | \$40.86                 | \$6.97           | 17.06%         |

- The 2018 Budget Recommendation emphasizes the District's commitment to mitigate flooding

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## 2018 Budget Overview

### 2018 Recommended Appropriations and Property Tax Levies

|                                 | 2018 ED Rec.      | BF-19          | 2018 Proposed     | 2017 Adj. Appropriation | 2018-2017 Change | Percent Change |
|---------------------------------|-------------------|----------------|-------------------|-------------------------|------------------|----------------|
| Aggregate Funds                 | \$511.27          | \$0.05         | \$511.32          | \$513.50                | (\$2.18)         | (0.43%)        |
| Stormwater Management Fund      | \$65.88           |                | \$65.88           | \$45.80                 | \$20.08          | 43.84%         |
| Bond Redemption & Interest Fund | \$256.30          |                | \$256.30          | \$228.83                | \$27.48          | 12.01%         |
| <b>Total</b>                    | <b>\$833.45</b>   | <b>\$0.05</b>  | <b>\$833.50</b>   | <b>\$788.12</b>         | <b>\$45.38</b>   | <b>5.76%</b>   |
| Capital Improvements Bond Fund  | \$278.43          | \$26.04        | \$304.47          | \$354.63                | (\$50.16)        | (14.14%)       |
| <b>Grand Total</b>              | <b>\$1,111.88</b> | <b>\$26.09</b> | <b>\$1,137.97</b> | <b>\$1,142.75</b>       | <b>(\$4.78)</b>  | <b>(0.42%)</b> |

|                      | 2018 ED Rec.    | 2017 Adjusted   | Increase (Decrease) | Percentage Change |
|----------------------|-----------------|-----------------|---------------------|-------------------|
| Aggregate Funds      | 329.70          | 319.56          | 10.14               | 3.2%              |
| Stormwater Mgmt Fund | 47.83           | 40.86           | 6.97                | 17.1%             |
| B&I Fund             | 243.21          | 238.29          | 4.92                | 2.1%              |
| <b>Total Levy</b>    | <b>\$620.74</b> | <b>\$598.71</b> | <b>\$22.03</b>      | <b>3.7%</b>       |

|   |   |                                |
|---|---|--------------------------------|
| <b>2017 Tax Rate: 41.29 ¢ per \$100</b> | <b>2018 Tax Rate: 41.54 ¢ per \$100</b> | <b>Percentage Change: 0.6%</b> |
|---|---|--------------------------------|

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## Board of Commissioners Directed Changes

For ease of administration

- Directed changes of the BF-20 submittal vs. voted changes
- Changes made by motion must change BF-19 submittal

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## 2018 Budget

Building a Resilient Cook County

Questions?

