



Metropolitan Water Reclamation District of Greater Chicago President's Annual Message 2012

The Metropolitan Water Reclamation District of Greater Chicago (MWRD) is the leading environmental agency in Cook County. The nine-member elected Board of Commissioners has ensured the responsible management of the organization. The staff has ensured that the limited resources are managed in a way that maintains excellence in performance. Excellence in service delivery is non-negotiable. Maintaining facilities and ensuring responsible utility management is at the heart of everything we do. It is important for the MWRD to be recognized for the outstanding contributions we make to the Cook County community.

2012 has been an exciting year and the MWRD is on a good financial platform having addressed some major issues, from prioritizing the capital program to ensuring a solid pension funding strategy is in place. Our employee environment has been set on a solid platform through addressing our finances and looking at career paths and development opportunities for all employees.

We took a major step forward in public relations, moving from a main program emphasis on presentations at schools to a proactive campaign using internet promotion of MWRD programs and activities. We have made a program shift in our future outlook to take on the environmental challenges we face moving forward on disinfection and nutrient removal goals. We are also directing our research group to take on the challenges and lead sewerage agencies into a resource recovery mode of operation.

The MWRD has long been the protector of our water resources. Yet, in today's current environment, it is important for the MWRD to lead sustainable efforts

in every arena. We must focus on our carbon footprint and take efforts to reduce energy usage and seek out clean energy options. We must ensure that we institute sustainable practices in our everyday business. We must explore green infrastructure options for flood control and stormwater management. We must embrace advancing technology and learn to minimize our use of paper products. As the leading environmental organization, we must look at all aspects of the environment in every aspect of our business.

Strategic Business Plan

A strategic business plan has been prepared to map out the goals for the next several years that will ensure the MWRD's success in meeting its challenges. This plan developed strategies around four main goals which are aimed at improving our financial, employee, public and natural environments.

Financial Stability

One of the most important strategies in the plan was to change legislation to ensure the health of our retirement fund. The MWRD put together a bill to bring to legislators in Springfield. The Board of Commissioners supported this effort wholeheartedly making a trip to Springfield to ensure legislators understood the importance of our bill. Our lobbyist worked hard as well. This effort resulted in tremendous support in Springfield, passing the House unanimously and the Senate with only two "no" votes. The bill moved to the governor's office where it was signed into law. This is a tremendous victory for all MWRD employees, ensuring retirement benefits as promised.

Disinfection of Chicago Area Waterways

The MWRD is facing a Consent Decree concerning the long-term control plan for combined sewer overflow compliance. There are new regulations requiring expansion of infrastructure and operations that the MWRD will need to finance and implement.

As a result of the Disinfection Task Force study, the capital cost for constructing ultraviolet irradiation (UV) disinfection facilities at the Terrence J. O'Brien Water Reclamation Plant (WRP), formerly named North Side WRP, was reduced from \$108,800,000 to \$77,300,000, and the annual operation and maintenance costs estimate was reduced from \$4,830,000 to \$2,065,000. This was primarily due to the determination that a low lift pump station was not necessary, the selection of more efficient UV lamps, and the more appropriate selection of average and maximum treated flows.

Similar results were achieved at the Calumet WRP, where a previous consultant engineering study recommended UV disinfection and estimated a capital construction cost of \$109,530,000 with annual operation and maintenance costs of \$4,520,000.

However, the Disinfection Task Force study resulted in selection of chlorination/de-chlorination technology to disinfect the Calumet WRP effluent and estimated a capital construction cost of \$31,880,000 and annual operation and maintenance cost of \$3,554,000 due to more appropriate selection of the average treated flow and the determination that a low lift pump station was not necessary. Overall, this internal planning process will result in savings of \$181,240,000 on a 30-year net present value basis.

The Cook County community continues to raise its expectations of the Chicago Area Waterway System (CAWS) as a recreational development opportunity. With the completion of the stormwater watershed plans, the MWRD is moving into design and construction projects that will further relieve flooding throughout its service area. The MWRD will enhance sustainability of its operations and facilitate development of green infrastructure in the region.

Capital Projects

By statute, the MWRD may only borrow to its debt limit. Previous capital improvement plans would have pushed the MWRD to its borrowing limit by 2016, thereby reducing funding available for future capital projects.

The Capital Improvement Program (CIP) was re-prioritized to produce a program that balances capital needs with available funding resources and keep the MWRD well below its statutory borrowing limit.

A model was developed that provides an estimate of the financing required to fund the CIP within the limits of the MWRD's statutory borrowing authority. The capital spending affordability plan requires the prioritization of projects to be financed at borrowing points that maximize the MWRD's borrowing efficiency and limit the increase to the annual levy to a manageable amount within Board of Commissioners' policy spending limits.

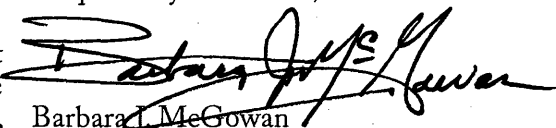
A prioritization plan has been developed and implemented for the 2012 budget. The plan takes on an accelerated schedule for disinfection, addresses priority plant upgrades, and makes room for nutrient removal processes that will improve water quality in the CAWS.

The cooperative approach by the Engineering, Maintenance and Operations, and Monitoring and Research departments in prioritizing projects not only accomplishes these goals but also ensures that the MWRD has capital to invest in infrastructure well into the future. This effort puts the MWRD in the driver's seat and ensures the continuance of excellent service to Cook County residents.

Carbon footprint, climate change, and providing a sustainable environment are at the forefront of the world stage. The MWRD has incorporated those values in its strategic plan. Green infrastructure and the development of the CAWS for recreational opportunities are two of the issues at the center stage of discussion, and the MWRD should be front and center ensuring all interests are considered. No organization can stand alone in these issues. Instead, we must work together as a community in dedicated partnerships to address these world issues. Partnerships working in concert with developing responsible sustainable practices throughout our utility will allow us to take the lead in Cook County.

In conclusion, the MWRD is committed to continued excellence in improving the environment for the citizens of Cook County.

Respectfully submitted,



Barbara J. McGowan
Acting President