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President's Annual Message 2009 Urban Water Management Process, Priorities and Challenges

It is my honor to present, for the twelfth consecutive year, the President's Annual Message and to highlight the accomplishments and the challenges of the Metropolitan Water Reclamation District of Greater Chicago (MWRD).

Our country has been experiencing what is likely the most serious economic downturn this nation has felt since the 1930's. Yet, MWRD continues to record significant achievements despite these tough economic times. What makes MWRD exceptional is that we are part of a community fabric that works together no matter what. As we have for 120 years, we continue to rely on our strengths as an engineering and environmentally proactive organization.

Financially, MWRD remains one of the strongest agencies in the region. We are nearing a decade of financial distinction of holding a Triple-A bond rating from Moody's, Fitch, and Standard & Poors. Very few government entities can claim such an accomplishment.

Armed with its significant bond rating, the MWRD marketed \$600 million of taxable Build America Bonds authorized under the American Recovery and Reinvestment Act of 2009, using the Investor Subsidy option. The bonds will mature in 2038. Proceeds from the sale of these bonds will be used for ongoing new construction and rehabilitation programs of MWRD's facilities, upgrading interceptor sewers located throughout Cook County and for the implementation of additional biosolids management programs. This was the single largest bond issue ever for MWRD. With the federal subsidy, the net interest to the taxpayers on this program is a very reasonable 3.72%.

The responsibility to maintain our economic stability, control costs and provide quality services required that we take prudent budget actions in 2009. As such, I am confident that we will maintain our financial strength. Our Executive Director implemented a 15% appropriations control factor across the budget process on an already trim position. Until the economy recovers, projects that can be deferred will wait; projects that focus on flood prevention, and public health and safety will proceed.

Award Winning Civil Service

Compounding excellence decade after decade, MWRD is in receipt of both the Government Finance Officers and the Retirement Fund Distinguished Budget Awards for the 25th and 30th consecutive years. In addition to meeting financial challenges, all seven of MWRD's wastewater treatment facilities received National Association of Clean Water Agencies awards for producing the highest quality of effluent. Based on compliance standards established by the United States Environmental Protection Agency, these honors are awarded by our peers across the country. Among other triumphs, MWRD's team at the Water Environment Federation's national convention, succeeded in bringing home a first place in its division in what is considered the Olympics of our industry, *Operations Challenge*.

Stormwater Management

It has been a watershed year for the suburban municipalities. As the stormwater management agency of Cook County, MWRD completed a draft of the Watershed Management Ordinance (WMO). It is the regulatory ordinance which establishes baseline minimum stormwater management requirements for Cook County. After a public review period, the WMO is expected to be adopted early next year.

Through our established Watershed Planning Councils, local governments communicate residents' needs and interests to MWRD. Currently there are six watershed planning councils: Lower Des Plaines, Poplar Creek, Upper Salt Creek, Little Calumet River, Cal-Sag Channel, and the North Branch of the Chicago River. An additional planning council will be created for the combined sewer areas within Cook County. The Cal-Sag Detailed Watershed Plan was finalized this year, and drafts of two others (Upper Salt Creek and the Little Calumet River Watersheds) are expected to be finalized in 2010. Meanwhile, plans for the other three continue.

It is also important to acknowledge MWRD's Small Streams Maintenance Program. MWRD crews, with the cooperation of local municipalities, have helped prevent flooding throughout the county. In the past year, through this program, approximately 34,550 cubic yards of debris that creates blockages in small streams was removed.

Tunnel and Reservoir Plan

Three decades of work on the engineering marvel, the Tunnel and Reservoir Plan (TARP), has resulted in major improvements in the Chicago Area Waterway System (CAWS). Water quality and property values bordering the CAWS have increased substantially. TARP provides additional storage for contaminated combined sewage overflow during heavy precipitation that would otherwise discharge into the rivers. The ultimate storage upon completion of TARP will be 17.5 billion gallons.

The 109-mile tunnel system of the pollution control program was completed in 2006. Phase II - the reservoirs - are still under construction. The Thornton and the McCook Reservoirs will be brought into use in on-going bench marks for the next decade. The protection provided to communities from flooding - once the reservoirs are fully operational - translates into hundreds of millions of dollars.

This good work has resulted in increased local recreational use of the waterways managed by MWRD. As such, public policy issues have emerged relevant to secondary recreational contact, including a lack of access locations and the need to clinically review certain bacteria levels and the effect on contact with humans.

Environment and Economic Reasonableness Watchdog

An emerging issue of concern for MWRD is a proposal presented to the Illinois Pollution Control Board by the Illinois Environmental Protection Agency (IEPA). It calls for changes to existing water quality standards and seeks new effluent standards for MWRD's three largest wastewater treatment facilities.

The proposal would require MWRD to provide additional treatment to its effluent going into the CAWS; effluent which currently enters the waterway 95 to 98% clean. IEPA's proposal is based on no justification or scientific study with regard to providing additional public health benefit. Therefore, MWRD commissioned independent, scientific studies and recommends that regulators rely on the results in determining whether any health risks exist to those currently recreating on the CAWS. Results of these studies are expected in the coming year.

As it stands, the proposal would require more use of energy, more money, cause a larger carbon footprint, and increase air pollution. If the rulemaking is approved, the cost to taxpayers could exceed a billion dollars. The Executive Director has instructed MWRD's Monitoring and Research Department, Law Department and its Office of Public Affairs to keep the taxpayers informed on all developments related to this proposal, including the results of the pending scientific studies.

Honoring Priorities of the Past

The metropolitan region celebrated the Daniel Burnham Plan Centennial this year. MWRD partnered with the Field Museum in sponsorship of the world traveling exhibit, "Water". MWRD helped localize the blockbuster show in the development of interactive educational resources, docent trainings, plant tours and cooperative seminars. MWRD predecessors engineered the reversal of the Chicago River and constructed the CAWS to protect the safety of residents' drinking water, and provide shipping networks. This agency can claim its testament as a cornerstone to healthy economic development of the region across the past 100 years. We owe much to the generations that came before us and the legacy they left behind.

Goals for 2010 and Beyond

These are some of the projects and challenges we have faced in 2009. Many more await our attention in the coming year. Our goals are clear. We will continue to reduce the consumption of energy and other resources; sustainability practices are in place and growing. The Board and I will review additional policy areas that affect revenues and costs and handle unexpected issues that arise. We will enlist the support of citizens in initiatives that directly affect their quality of life.

As I noted, the precarious economy is of utmost concern. The opportunity to serve during these difficult times is a privilege. Our responsibility to maintain the economic stability of our agency while protecting the citizens and the environment of Cook County is one we consistently take very seriously.

United in these efforts, our dedication is to leave a similar legacy of excellence to those that come after us.



Terrence J. O'Brien
President
December 3, 2009