



CITY OF CHICAGO • OFFICE OF THE MAYOR



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**CITY OF CHICAGO SECURES FITCH RATING UPGRADE
FOR WATER AND SEWER SYSTEMS**

The City's 7th rating upgrade in 2022, highlighting the City's overall financial health

CHICAGO — Mayor Lori E. Lightfoot announced today that Fitch Ratings (Fitch) announced two additional upgrades for the City of Chicago, one for the City's water system and one for the sewer system. The long-term ratings for the City of Chicago's water and sewer systems were raised by one notch each, from "A-" to "A" for the City's second lien water revenue bonds and "A-" to "A" for the City's second lien sewer revenue bonds. This is the first time these credits have been upgraded by Fitch in 12 years, which highlights the City's financial turnaround as well as the strength of the City's water and wastewater systems.

"These upgrades demonstrate that the City's commitment to operational excellence, system transparency, and collaborative regional partnerships is not only good social policy but also good economic policy," said Mayor Lightfoot. "This upgrade is a win for Chicago and for our system partners, with whom we proudly work with to provide nearly half of Illinois with some of the cleanest water in the world."

Additionally, Fitch placed both the water and wastewater system with a positive outlook, signaling the potential for further upgrades over the next one- to two-year period. These upgrades and positive outlooks illustrate Fitch's confidence in the City's overall financial health and their faith in the City's ability to manage system rates and operations.

Fitch's view of the credit is "supported by the system's role as an essential service provider within a well-defined service territory, stable demographic trends, and very strong rate flexibility. The system's operating cost burden is very low."

"Lake Michigan is one of our City's greatest natural resources. Investment in its preservation and responsible use is critical, both for the well-being of the environment and the well-being of the residents," said Scott Waguespack, Chairman of the Committee on Finance. "These upgrades reflect the great work the City has



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done to manage the operation and distribution of the City's water and stabilize the City's finances overall."

These two rating upgrades add to a total of 7 upgrades the City has received since August 2022.

1. **August 2022:** Fitch Upgrades Chicago's O'Hare General Airport Revenue Bonds (GARBs) to 'A+' from 'A'.
2. **August 2022:** S&P Upgrades Chicago's O'Hare GARBs to 'A+' from 'A'.
3. **August 2022:** S&P Upgrades Chicago's O'Hare Passenger Facility Charge (PFC) revenue bonds to 'A+' from 'A'.
4. **October 2022:** Fitch Upgrades Chicago's General Obligation (GO) Bonds to 'BBB' from 'BBB-' and upgraded their Outlook to 'Positive' from 'Stable'.
5. **October 2022:** Fitch Upgrades Chicago's Sales Tax Securitization Corporation (STSC) Bonds to 'AA' from 'AA-' and upgraded their Outlook to 'Positive' from 'Stable'.
6. **November 2022:** Fitch Upgrades Chicago's Water Revenue Bonds to 'A' from 'A-' and upgraded their Outlook to 'Positive' from 'Stable'.
7. **November 2022:** Fitch Upgrades Chicago's Sewer Revenue Bonds to 'A' from 'A-' and upgraded their Outlook to 'Positive' from 'Stable'.

This upgrade comes just weeks after Fitch announced its first general obligation (GO) rating upgrade ever by Fitch due to the improved financial performance of the City. The 2010 Fitch upgrade of the City's GO was due to a global methodology change to all credits nationally. This is the first rating upgrade on the City's Water and Sewer Revenue Bonds in 12 years. The City estimates that these rating upgrades will save approximately \$100 million in savings per \$1 billion borrowed.

"These upgrades are evidence that the City's financial strength is not just focused in one or two areas but rather the financial improvements are being acknowledged across the city as a whole," said Chief Financial Officer Jennie Huang Bennett. "The City has also made significant strides in improving the financial stability of both the water and sewer system, including strengthening existing and building new regional water partnerships to create a stronger water community in the northeast Illinois region."

As a demonstration of the City's approach toward regionalism, the City has established the Chicago Water Partners Advisory Council to strengthen its relationship with its 48 regional water partners. For the first time in 3 decades, the City has also secured a new preliminary regional water supply partner with Joliet. Joliet is the 3rd most populous city in Illinois, and, together with the communities in



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Kendall and Will Counties, it will become Chicago's 2nd largest regional water partner.

"These upgrades are great news that should inspire confidence in our system," said Andrea Cheng, Commissioner of the Department of Water Management. "Our plants are equipped with more than 100 microbiologists, engineers, and chemists who are world-class experts in their field and allow us to provide 750 million gallons of the world's cleanest water every day."

Jardine Water Purification Plant is the largest conventional purification plant in the world, and our Sawyer Purification Plant is the 8th largest. With over 5 million residents drinking Chicago water, the City of Chicago is one of the Midwest's largest water providers.

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