



OFFICE OF INSPECTOR GENERAL
City of Chicago



REPORT OF THE INSPECTOR GENERAL'S OFFICE:

SAVINGS AND REVENUE OPTIONS 2012

SEPTEMBER 2012

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To the Mayor, Members of the City Council, the City Clerk, the City Treasurer, and the residents of the City of Chicago:

Enclosed for your review is the IGO's annual Savings and Revenue Options report. This report contains 31 options to decrease City spending or increase revenue. For each option, we present an overview and an estimate of the savings or increased revenue that the option would generate. Additionally, we include brief discussions of what proponents might argue in support of the option and, conversely, what opponents might argue against the option. Finally, for more complex options we provide an additional discussion of the option and additional information decision makers might want in deciding whether or not to implement the option.

The purpose of this report is to fulfill a component of the core mission of IGO: promoting effectiveness and efficiency in City operations. It is our hope that the Options reports have and will continue to provide useful information to the City's residents, policymakers, and elected officials.

Fundamentally, the inclusion of any option in this or past reports is not, and should not be construed as, an endorsement by the IGO. The report's intent is to provide information to elected officials and the public to inform the debate over how to move the City to greater efficiency and effectiveness. It provides preliminary estimates and general frameworks to launch discussion of possible courses of action for which more detailed analysis would be needed before implementation.

This year, we have again endeavored to identify options from a variety of City government service sectors without regard to size or importance of the service. We note that some of the options in this report could not be immediately implemented because they require changes in State law, changes to collective bargaining agreements, or planning to restructure the delivery of services.

In our continuing effort to be fully responsive to the City's challenges and supportive of the efforts of the Mayor and City Council in meeting those challenges, we welcome any suggestions or comments you may have on how to improve the report. Additionally, we welcome, for consideration and analysis, your ideas for how the City may decrease spending or increase revenue. We may include your options in a future report. Please send your suggestions, comments, questions, corrections, and criticisms to budgetoptions@chicagoinspectorgeneral.org.

Respectfully,

A handwritten signature in blue ink, appearing to be 'J. Ferguson', written in a cursive style.

Joseph M. Ferguson
Inspector General
City of Chicago

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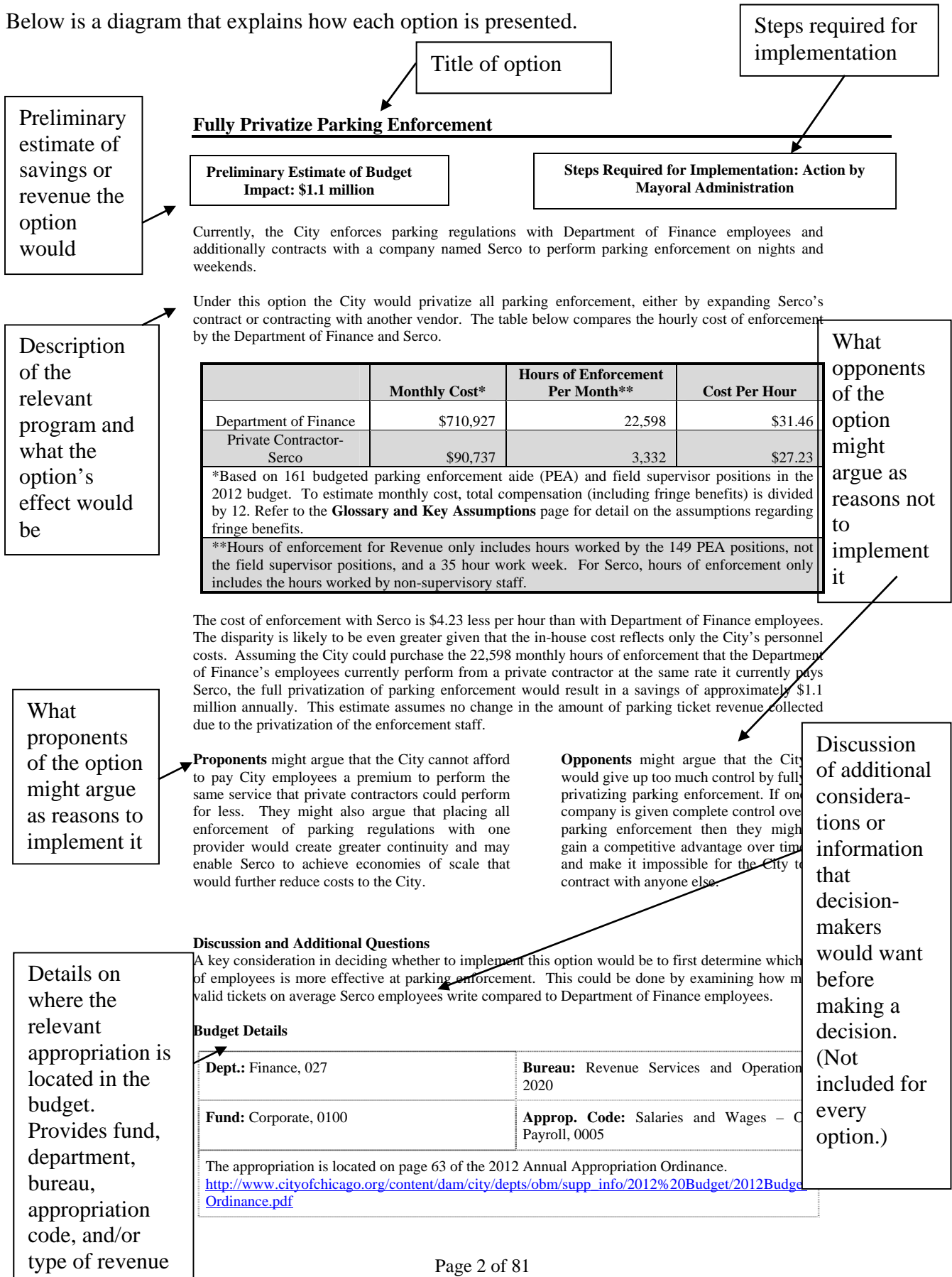
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Guide to the Options

Below is a diagram that explains how each option is presented.



Glossary and Key Assumptions

Collective Bargaining Agreements (CBA): This report uses the acronym CBA to refer to any collective bargaining agreement.¹

CPD Member: Unless otherwise noted, in this report, the term “CPD members” refers to employees of the Chicago Police Department (CPD) whose employment is governed by one of four CBAs. The four separate CBAs governing each of the four ranks,² all of which expired June 30, 2012 and are presently the subject of negotiations³ are:

- The Fraternal Order of Police (FOP) Chicago Lodge No. 7 CBA, which covers “all sworn Police Officers below the rank of sergeant.”
- The Policemen’s Benevolent & Protective Association of Illinois, Unit 156 – Sergeants
- The Policemen’s Benevolent & Protective Association of Illinois, Unit 156 – Lieutenants
- The Policemen’s Benevolent & Protective Association of Illinois, Unit 156 – Captains

In this report, the term “CPD members” refers to the members of all four ranks and the terms “Police Officer”, “Sergeant”, “Lieutenant”, or “Captain”, to refer to members of each individual rank.

Firefighter: Unless otherwise noted, in this report, the term “Firefighter” refers to the group of employees whose employment is governed by the City’s CBA with the Chicago Fire Fighter Union, Local 2. The bargaining unit includes sworn Chicago Fire Department (CFD) members below the ranks of Deputy District Chief and Assistant Deputy Chief Paramedic.

Fringe Benefit Assumptions

Fringe benefits including health insurance coverage and pension benefits are a substantial component of City employees’ compensation. This report assumes that for CPD members, fringe benefits equal 43 percent of salary, which is what the Mayor’s Office of Budget and Management has estimated as the cost of benefits of CPD members. It is assumed that the cost of fringe benefits for Firefighters is the same percentage of salary as for CPD members given the similarity of their pension benefits.⁴ This report assumes that for all other City employees, fringe benefits equal 35 percent of salary, which is what the City used as an estimate for Streets and Sanitation employees in a 2011 arbitration regarding blue cart recycling.⁵

Additional Compensation for Sworn Personnel

As detailed in the IGO’s “Description of the Police Officer and Firefighter Collective Bargaining Agreements,” in 2011, 15 percent of personnel spending in the Police and Fire Departments was for

¹ The City’s CBAs with the unions representing City employees are available at the website below: City of Chicago, Department of Law, “City of Chicago Collective Bargaining Agreements,” accessed September 16, 2012, http://www.cityofchicago.org/city/en/depts/dol/supp_info/city_of_chicago_collectivebargainingagreements.html.

² The employment of the Superintendent, Deputy Superintendents, Chiefs, Deputy Chiefs, and Commanders is not subject to a CBA.

³ The terms of the expired CBAs continue in effect until union ratification and City Council approval of new agreements.

⁴ City of Chicago, Office of Budget and Management, “Budgeting for Public Safety: Police Department,” June 25, 2008.

⁵ City of Chicago, Laborers’ Union Arbitration on Recycling Privatization, “City’s Exhibit 2 - Cost Comparison,” March 2010.

types of compensation other than employees' regular salaries.⁶ For options that result in the elimination of sworn positions, this non-salary compensation is assumed to be savings. This report assumes that sworn employees of the Police and Fire Departments receive 15 percent of their total compensation in non-salary compensation, which expressed as a percentage of salary equals 18 percent.

⁶ City of Chicago, Office of Inspector General, "Description of the Police Officer and Firefighter Collective Bargaining Agreements," August 2012, 5 and 22, accessed September 16, 2012, <http://chicagoinspectorgeneral.org/wp-content/uploads/2012/08/IGO-Description-of-the-Police-Officer-and-Firefighter-CBAs-Final-August-1-2012.pdf>.

Civilianize the Fire Department’s Fire Prevention Bureau

Preliminary Estimate of Budget Impact: \$1.5 million

Steps Required for Implementation: Negotiate in New CBA with Firefighters

The Fire Prevention Bureau (FPB) in the Chicago Fire Department (CFD) “inspects schools, institutions, and places of public assembly for compliance with the City of Chicago’s fire code.”⁷ Its inspectors mainly inspect buildings to detect the presence of fire hazards and to ensure that fire extinguishers, sprinkler systems, pipes and pipe connections are in working order. All of the inspectors are Firefighters who graduated from the CFD’s fire academy.⁸

Under this option, the responsibilities of the FPB would be transferred to the Department of Buildings (DOB) and civilians would perform the inspections instead of Firefighters. The transfer of FPB responsibilities from Firefighter to DOB inspectors would be phased in over time as FPB Firefighters in these positions would be re-assigned to other Firefighter positions when these other positions are vacated through the regular course of retirement and attrition.

The essential duties of a DOB Building/Construction Inspector currently include the following:

- “Inspects the interior and exterior of multi-residential and commercial buildings to ensure that structural, sanitary and safety conditions are in compliance with the building code;
- reviews and completes an inspection checklist of building components, lists found violations and issues citations for code violations;
- reinspects buildings prior to court proceedings to ascertain whether violations have been corrected;
- ensures that building owners possess proper permits for alterations to building structures;
- inspects structures to ensure compliance with appropriate zoning ordinances and in response to heat related and rodent infestation complaints.”⁹

Converting the Firefighter positions in the FPB to civilian positions would result in a savings for the City because of the non-salary compensation and more generous fringe benefits that Firefighters receive. The table below shows that the total compensation package, including average salary, additional compensation, and fringe benefits for current FPB inspectors, is almost \$21,600 higher than the average compensation package for current DOB inspectors. Assuming that these civilians would be paid the same compensation as current DOB inspectors, the City would save approximately \$1.5 million if all 70 currently filled inspector positions in the FPB were converted to civilian positions.

⁷ City of Chicago, Office of Budget and Management, “2012 Budget Overview,” November 2011, 164, accessed September 5, 2012,

http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOverviewRev11-8.pdf.

⁸ City of Chicago, Office of Inspector General, “Investigation of Mileage Reimbursement Claims in the Fire Prevention Bureau, October 2011, 4, accessed September 6, 2012

<http://chicagoinspectorgeneral.org/wp-content/uploads/2011/10/FPB-Public-Report-completed-doc1.pdf>.

⁹ City of Chicago, Department of Human Resources, “Class Title: Building/Construction Inspector,” February 2007, accessed September 10, 2012,

http://www.cityofchicago.org/content/dam/city/depts/dhr/supp_info/JobSpecifications/HealthWelfare/2100_Building_Inspection_Series/2150_BuildingConstructionInspector.pdf.

	Total employees	Total Salary	Average Salary	Average Additional Compensation ***	Average Benefits** *	Average Total Compensation
Inspectors in Fire Prevention Bureau (FPB)*	70	\$6,439,704	\$91,996	\$16,235	\$39,558	\$147,789
Inspectors in Department of Buildings (DOB)**	164	\$15,326,538	\$93,455	\$0	\$32,709	\$126,164
Sources: City of Chicago, CHIPPS, August 16, 2012, accessed September 4, 2012. City of Chicago, "Current Employee Names, Salaries, and Position Titles," updated August 31, 2012, accessed September 14, 2012, https://data.cityofchicago.org/Administration-Finance/Current-Employee-Names-Salaries-and-Position-Title/xzkq-xp2w .						
* The 70 employees are all the employees categorized as working in subsection 4146-Inspections in the City's CHIPPS system.						
** The salary list for building inspectors in DOB came from the "Current Employee Names, Salaries, and Position Titles" posted on the City's Data Portal and includes employees in DOB with the following titles: Assistant Chief Elevator Inspector, Boiler Inspector, Building/Construction Inspector, Chief Boiler Inspector, Chief Building/Construction Inspector, Chief Construction Equipment Inspector, Chief Electrical Inspector, Construction Equipment Inspector, Cooling Plant Inspector, Electrical Inspector, Elevator Inspector, Iron Inspector, Plumbing Inspector, Plumbing Inspector I/C, Supervising Boiling Inspector, Supervising Cooling Plant Inspector, Supervising Ventilation and Furnace Inspector, Supervisor of Electrical Inspectors, Supervising Building/Construction Inspector, and Ventilation and Furnace Inspectors.						
*** Refer to the Glossary and Key Assumptions page for detail on the assumptions regarding fringe benefits and non-salary compensation.						

Implementing this option would require eliminating from a new CBA with the Firefighters the provision that restricts the City's ability to transfer work from Firefighters to non-Firefighters.¹⁰ The most recent CBA between the City and Firefighters expired June 30, 2012.

Discussion and Additional Questions

If the responsibilities of FPB inspectors and buildings inspectors were merged, it is likely that there would be additional savings through cross-training of inspectors, which might allow for a reduction in the total number of inspectors, resulting in savings in personnel and vehicle/mileage costs.

Proponents might argue that other cities including New York City and Philadelphia employ civilians to perform the same job functions currently performed by FPB inspectors, and do so for less cost in salaries, front-end training, and job benefits.¹¹ The 1999 CFD-commissioned TriData report¹² recommended the CFD consider staffing civilians in FPB inspector positions.

Opponents might argue that FPB provides reports and hazard warnings for buildings at which first responders are tasked with suppressing fires and combating other emergencies. These opponents might say the inspectors' work is essential to the safety of rank-and-file Firefighters specifically and to the public generally, and requires expert training in fire science. Therefore, Firefighters are best equipped to have these skills and ensure that

¹⁰ City of Chicago, "Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012," Section 16.8, accessed September 20, 2012, http://www.cityofchicago.org/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

¹¹ City of Chicago, Office of Inspector General, "Investigation of Mileage Reimbursement Claims in the Fire Prevention Bureau," October 2011, 15, accessed September 20, 2012, <http://chicagoinspectorgeneral.org/wp-content/uploads/2011/10/FPB-Public-Report-completed-doc1.pdf>.

¹² TriData Corporation, "Comprehensive Review of the Chicago Fire Department," June 1999, accessed September 10, 2012, <http://www.cityofchicago.org/content/dam/city/depts/cfd/general/PDFs/TriDataReportJune1999.pdf>.

information obtained by the FPB is transmitted to first responders.

Budget Details

Dept.: Fire Department, 059	Bureau: NA
Fund: Corporate Fund, 0100	Approp. Code: Salaries and Wages – On Payroll, 0005
The appropriation is on page 168 and the position schedule for Fire Prevention begins on page 177 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Civilianize the Police Department’s Forensic Services

Preliminary Estimate of Budget Impact: \$3.1 million

Steps Required for Implementation: Negotiate in New CBA with Police Officers

Currently, the Police Department has a Forensic Services Division that analyzes physical evidence found at crime scenes.¹³ The 2012 budget includes 146 positions for this section, of which 136 are sworn positions.¹⁴

Under this option, the City would convert the 136 budgeted sworn positions in this division to civilian positions. The transfer of responsibilities from CPD members and one sworn Commander position to civilians would be phased in over time as the sworn personnel in these positions would be re-assigned to other sworn positions as these positions are vacated through the regular course of retirement and attrition.

The City would achieve savings even if the civilians were paid the same salaries that the sworn personnel had been paid because the fringe benefit costs and additional non-salary compensation for sworn personnel are significantly higher than for civilians. The table below shows the estimated difference in compensation costs when these positions become staffed by civilians.

	Fringe Benefit Costs*	Additional Compensation*	Total Non-Salary Compensation
Sworn Employees	\$5,258,783	\$2,158,187	\$7,416,970
Civilian Employees	\$4,280,405	\$0	\$4,280,405
Difference			\$3,136,566
*Refer to the Glossary and Key Assumptions page for detail on the assumptions regarding fringe benefits and non-salary compensation.			

Thus, the conversion of these sworn positions to civilian positions would result in a savings of approximately \$3.1 million.¹⁵ Paying the civilians less than sworn employees they would replace would provide additional savings.

Implementing this option would require eliminating from a new CBA with the Police Officers the provision that the ranks of Police Laboratory Technician and Forensic Investigator cannot be removed from the budget.¹⁶ The most recent CBA between the City and Police Officers expired June 30, 2012.

¹³ City of Chicago, Police Department, “General Order G04-02: Crime Scene Protection and Processing,” June 14, 2002, accessed August 28, 2012, <http://directives.chicagopolice.org/directives/data/a7a57be2-12946bda-6b312-947f-f4fd3e58df1cd9d5.html>.

¹⁴ City of Chicago, Office of Budget and Management, “2012 Budget Ordinance,” November 2011, 147, accessed August 28, 2012, http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf. Analysis of sworn versus civilian titles used the following document:

City of Chicago, Police Department, “2012 Position & Salary Schedule,” January 1, 2012, accessed September 10, 2012, <http://directives.chicagopolice.org/forms/CPD-61.400.pdf>.

¹⁵ These savings may grow in future years due to increases in the salaries of sworn personnel. However, this increased savings is dependent on how the salaries of the civilian replacements would grow in relation to the salaries of sworn personnel, and this is in turn dependent on which union the civilian replacements belong to, thus it is difficult to estimate precisely how the savings would grow in future years.

¹⁶ This provision is not included in the recently expired Sergeants’, Lieutenants’, and Captains’ contracts.

Proponents might argue that the job duties of the positions in the Forensic Services division do not require sworn training. Additionally, others might argue that filling these positions with sworn personnel is an inefficient use of resources given the more expensive compensation costs of sworn personnel and the large upfront investment in law enforcement training that is not being used or is not required for these assignments. Others might argue that crime scene investigations in the Miami police department are wholly conducted by civilians and that the San Francisco City Controller has recommended that San Francisco civilianize its forensic services.^{17,18}

Opponents might argue that sworn expertise is needed in the Forensic Services division as evidenced by the fact that the Philadelphia, Dallas, and San Antonio police departments employ a combination of sworn and civilian employees in their forensic units.¹⁹

Budget Details

Dept.: Police Department, 057	Bureau: NA
Fund: Corporate Fund, 0100	Approp. Code: Salaries and Wages – On Payroll, 0005
The appropriation is located on page 133 and the position schedule begins on page 147 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

City of Chicago, “Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012,” Section 8.7, accessed September 20, 2012,

http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

¹⁷ City of Miami, Police Department, “Crime Scene Investigations,” accessed September 10, 2012, http://www.miami-police.org/crime_scene_investigations.html.

¹⁸ City and County of San Francisco, Office of the Controller, “Civilianization in the San Francisco Police Department – Patrol, Investigations, and Continued Support Functions,” June 14, 2010, 7, accessed September 6, 2012,

<http://sfcontroller.org/Modules/ShowDocument.aspx?documentid=862>.

¹⁹ Curt Taylor Griffiths, Adam Palmer, Larry Weeks, and Brian Polydore, “Civilianization in the Vancouver Police Department,” March 13, 2006, 253 – 256, accessed September 6, 2012,

<http://vancouver.ca/police/Planning/Civilianization.pdf>.

Civilianize Positions in Administrative Sections of the Police Department

**Preliminary Estimate of
Budget Impact: \$3.6 million**

**Steps Required for Implementation: Action by Mayoral
Administration**

A substantial number of CPD members are assigned to administrative sections.²⁰ The table below details the number of CPD members in administrative positions by section in the 2012 City budget.

Section or Subsection	Number of Positions	Total Salary
3014 Bureau of Administration	3	\$249,438
4248 Human Resources	30	\$2,551,854
4249 Medical	5	\$470,388
3236 Professional Counseling	4	\$353,538
4722 Record Inquiry and Customer Services	2	\$211,962
4723 Police Field Services	21	\$1,879,998
4724 Alternate Response Section	8	\$755,574
4733 General Support Division	12	\$1,016,190
4734 Evidence and Recovery Property Section	13	\$1,164,048
4737 Court Liaison Section	29	\$2,583,738
3244 Public Safety Information Technology	5	\$420,504
4030 Office of the General Counsel	9	\$897,732
4031 Management and Labor Affairs Section	4	\$408,648
3426 News Affairs	1	\$80,724
3430 Administration Office of the First Deputy	4	\$354,648
3621 Organizational Development	1	\$78,012
3623 Research and Development	6	\$583,524
Total	157	\$14,060,520
Source: City of Chicago, Office of Budget and Management, "2012 Budget Ordinance," November 2011, accessed September 4, 2012, http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf .		
Note: In this analysis, non-union represented, sworn supervisory employees were not included		

Under this option, the City would re-assign the CPD members in these 157 administrative positions to other sworn positions and fill the administrative positions with new civilian employees. The transfer of responsibilities from CPD members to civilians for these positions would be phased in over time as CPD members in these positions would be re-assigned to other sworn positions as they are vacated through the regular course of retirement and attrition.

The City would achieve savings even if the civilians were paid the same salaries that the CPD members had been paid because the fringe benefit costs and additional non-salary compensation for CPD members are significantly higher than for civilians. The table below shows the estimated difference in compensation costs when these positions become staffed by civilians.

²⁰ Analysis of which budgeted positions were sworn used this document:
City of Chicago, Police Department, "2012 Position & Salary Schedule," January 1, 2012, accessed September 11, 2012,
<http://directives.chicagopolice.org/forms/CPD-61.400.pdf>.

	Fringe Benefits*	Additional Compensation*	Total Non-Salary Compensation
Sworn Employees	\$6,046,024	\$2,481,268	\$8,527,292
Civilian Employees	\$4,921,182	\$0	\$4,921,182
Difference			\$3,606,110
*Refer to the Glossary and Key Assumptions page for detail on the assumptions regarding fringe benefits and non-salary compensation.			

Thus, the conversion of these sworn positions to civilian positions would result in a savings of approximately \$3.6 million.²¹ Paying the civilians who replace the sworn personnel in these positions less than sworn personnel would provide additional savings.

Proponents might argue that filling administrative positions with sworn personnel is an inefficient use of resources given the more expensive fringe benefit costs of sworn personnel and the large up-front investment in law enforcement training that is not being used or is not required of their present administrative assignments. Further, because of restrictions posed by the CBAs, proponents of this option may argue that supervisors may more flexibly manage civilian employees than sworn personnel.

Opponents might argue that while many of these positions may appear to be in administrative tasks, sworn personnel can fulfill these responsibilities better than civilians. Sworn personnel have a superior understanding of the rules and regulations that officers operate under and are more likely than civilians to be seen as authorities by other sworn personnel.

Budget Details

Dept.: Police Department, 057	Bureau: NA
Fund: Corporate Fund, 0100	Approp. Code: Salaries and Wages – On Payroll
The appropriation is located on page 133 and the position schedule begins on page 134 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

²¹ These savings may grow in future years due to increases in the salaries of sworn personnel. However, this increased savings is dependent on how the salaries of the civilian replacements would grow in relation to the salaries of sworn personnel, and this is in turn dependent on which union the civilian replacements belong to, thus it is difficult to estimate precisely how the savings would grow in future years.

Convert Street Sweeping to a Grid System

**Preliminary Estimate of Budget
Impact: \$475,000**

**Steps Required for Implementation: Action by Mayoral
Administration**

Currently, the Department of Streets and Sanitation’s (DSS) Bureau of Sanitation (Sanitation) operates 40 street sweepers, each staffed by one motor truck driver (MTD), to clean the City’s residential and main streets. Street sweeping is conducted by Sanitation in the spring, summer, and first half of the fall, but during the winter and second half of the fall these positions are detailed to the Bureau of Street Operations (Street Ops) to assist in snow removal duties or perform street sweeping under the direction of Street Ops when there is no snow.²² Street sweeping is delivered on a ward-by-ward basis with each ward having control of a street sweeper four days a week.²³

Under this option, the City would deliver street sweeping services on a grid-based system with no regard to ward boundaries. In 2010, then-Mayor Daley estimated that changing to a grid-based system would reduce the number of necessary sweepers from 50 to 33. In a compromise with the City Council, the City agreed to 40 sweepers.²⁴ Assuming this estimate is accurate, converting street sweeping to a grid-based system would reduce the necessary street sweepers by seven, which would reduce the number of MTDs necessary during street sweeping season by eight, assuming a relief percentage of 15 percent.²⁵

Since MTDs work eight-hour shifts for five days per week, each MTD works 2,080 hours per year. Thus, eight MTDs work a total of 16,640 hours a year. With street sweeping season lasting approximately two-thirds of the year, eight MTDs assigned to street sweeping two-thirds of the year devote an estimated 11,093 hours annually to street sweeping. Thus, reducing the number of MTDs devoted to street sweeping by eight would reduce the annual number of hours worked by MTDs in street sweeping by 11,093, which is equivalent to five MTD positions.

The total average compensation including fringe benefits for an MTD is approximately \$95,000.²⁶ Assuming this option would eliminate five MTD positions, it would result in a savings of approximately \$475,000 annually.

²² City of Chicago, Office of Inspector General, “Review of the Efficiency of the Job Duties of Motor Truck Drivers,” March 2011, 18, accessed September 4, 2012, <http://chicagoinspectorgeneral.org/wp-content/uploads/2011/03/IGO-Review-of-the-Efficiency-of-the-Job-Duties-of-MTDs-March-30-2011.pdf>.

²³ Hal Dardick, “Aldermen fail to stop Daley street sweeper reduction,” *Chicago Tribune*, March 31, 2010, accessed September 4, 2012, http://newsblogs.chicagotribune.com/clout_st/2010/03/aldermen-still-hoping-to-change-daleys-street-sweeper-reduction.html.

²⁴ Hal Dardick, “Aldermen fail to stop Daley street sweeper reduction,” *Chicago Tribune*, March 31, 2010, accessed September 4, 2012, http://newsblogs.chicagotribune.com/clout_st/2010/03/aldermen-still-hoping-to-change-daleys-street-sweeper-reduction.html.

²⁵ A relief percentage is included to account for the workforce needed when MTDs are away for vacation, illness, or personal reasons.

City of Chicago, Laborers’ Union Arbitration on Recycling Privatization, “City’s Exhibit 2 - Cost Comparison,” March 2010.

²⁶ The salaries of MTDs can be found in the City’s 2012 Annual Appropriation Ordinance. Source: City of Chicago, Office of Budget and Management, “2012 Budget Ordinance,” November 2011, 284, accessed September 4, 2012, http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf.

Please refer to the **Glossary and Key Assumptions** page for more detail on the assumptions regarding fringe benefits.

Proponents might argue that organizing street sweeping on a ward-by-ward basis is inefficient and wasteful. Further, some might argue that it is unfair to give each ward the same amount of street sweeping resources given that some wards are much larger in area than other wards.

Opponents might argue that the ward-based system provides better customer service than a more centralized grid system. Some might also argue that street sweeping (and other Sanitation services) have long been a primary responsibility of the City’s aldermen and that this has resulted in cleaner streets and satisfied residents.

Budget Details

Dept.: Streets and Sanitation, 081	Bureau: Bureau of Sanitation, 2020
Fund: Vehicle Tax Fund, 0300	Approp. Code: Salaries and Wages – On Payroll, 0005
The appropriation and position schedule are located on page 284 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Fully Privatize Parking Enforcement

Preliminary Estimate of Budget Impact: \$1.1 million

Steps Required for Implementation: Action by Mayoral Administration

Currently, the City enforces parking regulations with Department of Finance employees and additionally contracts with a company named Serco to perform parking enforcement on nights and weekends.

Under this option the City would privatize all parking enforcement, either by expanding Serco’s contract or contracting with another vendor. The table below compares the hourly cost of enforcement by the Department of Finance²⁷ and Serco.²⁸

	Monthly Cost*	Hours of Enforcement Per Month**	Cost Per Hour
Department of Finance	\$710,927	22,598	\$31.46
Private Contractor- Serco	\$90,737	3,332	\$27.23
*Based on 161 budgeted parking enforcement aide (PEA) and field supervisor positions in the 2012 budget. To estimate monthly cost, total compensation (including fringe benefits) is divided by 12. Refer to the Glossary and Key Assumptions page for detail on the assumptions regarding fringe benefits.			
**Hours of enforcement for Finance only includes hours worked by the 149 PEA positions, not the field supervisor positions, and a 35 hour work week. Likewise for Serco, hours of enforcement only includes the hours worked by non-supervisory staff.			

The cost of enforcement with Serco is \$4.23 less per hour than with Department of Finance employees. The disparity is likely to be even greater given that the in-house cost reflects only the City’s personnel costs. Assuming the City could purchase the 22,598 monthly hours of enforcement that the Department of Finance’s employees currently perform from a private contractor at the same rate it currently pays Serco, the full privatization of parking enforcement would result in a savings of approximately \$1.1 million annually. This estimate assumes no change in the amount of parking ticket revenue collected due to the privatization of enforcement staff.

Proponents might argue that the City cannot afford to pay City employees a premium to perform the same service that private contractors could perform for less. They might also argue that placing all enforcement of parking regulations with one provider would create greater continuity and may enable Serco to achieve economies of scale that would further reduce costs to the City.

Opponents might argue that the City would give up too much control by fully privatizing parking enforcement. If one company is given complete control over parking enforcement then they might gain a competitive advantage over time and make it difficult for the City to contract with anyone else.

Discussion and Additional Questions

A key consideration in deciding whether to implement this option would be to first determine which set of employees is more effective at parking enforcement. This could be done by examining how many valid tickets Serco employees write compared to Department of Finance employees.

²⁷ City of Chicago, Office of Budget and Management, “2012 Budget Ordinance,” November 2011, 63, accessed August 28, 2012, http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf.

²⁸ City of Chicago, Department of Revenue, “Requested Contract Modification for Purchase Order 14852 for Parking Enforcement Services,” June 25, 2008.

Budget Details

Dept.: Finance, 027	Bureau: Revenue Services and Operations, 2020
Fund: Corporate, 0100	Approp. Code: Salaries and Wages – On Payroll, 0005
The appropriation is located on page 63 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Reduce Fire Apparatus Staffing to Four Persons

Preliminary Estimate of Budget Impact: \$70.8 million

Steps Required for Implementation: Negotiate in New CBA with Firefighters

The City’s CBA with the firefighters’ union, which expired June 30, 2012, requires the City to staff at least five Firefighters on most fire suppression apparatuses, including fire engines, fire trucks, and the apparatuses used by CFD’s squad companies and hazmat units.²⁹ The CBA permits the City up to 35 “variances” from the manning requirement per day, increased from 30 in the previous CBA.³⁰ A variance permits the City to staff a fire apparatus with four instead of five Firefighters. The table below details the number of apparatuses by type that must be staffed with five Firefighters unless the City uses a variance.

Apparatus	Number of Apparatus	Minimum Staffing per Apparatus
Fire Engine	96	5
Fire Truck	61	5
Squad Companies	4	5
Hazmat	2	5

Sources: Source: City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 16.4(A) and (B), 67-68, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

Under this option, the City would reduce the minimum number of Firefighters it is required to staff on all fire suppression apparatuses from five to four. As the table below shows, the reduction would result in fewer employee-hours required to maintain the current staffing minimums on the apparatuses listed above.

²⁹ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” 67, accessed September 5, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreements/CFFULocal2_07_012.pdf.

³⁰ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” 72, accessed September 5, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreements/CFFULocal2_07_012.pdf.

Apparatus	Number	Total annual employee-hours with minimum staffing of 5	Total annual employee-hours with minimum staffing of 4
Fire Engine	96	4,204,800	3,363,840
Fire Truck	61	2,671,800	2,137,440
Squad Companies	4	175,200	140,160
Hazmat	2	87,600	70,080
Reduction in hours due to variances		(306,600)	
Total		6,832,800	5,711,520
Note: To calculate the number of annual employee-hours, multiply (number of apparatuses) by (minimum staffing requirement) by (number of days in year) by (number of hours in day). For example, for the 96 fire engines with a minimum staff of five the calculation is: (96) X (5) X (365) X (24) = 4,204,800 This chart assumes that the 35 daily variances are currently being fully used by the City and that no variances would be granted if manning requirement were reduced to four.			

Thus, the City would require 1.1 million fewer employee-hours if the minimum staffing requirement for each of the 163 apparatuses was reduced to four Firefighters instead of five. Assuming that each Firefighter assigned to a fire suppression or rescue unit works an average of 2,048 hours per year,³¹ this reduction to the minimum staffing requirement would allow the City to reduce Firefighter staffing by 547 employees.³² Currently, the average annual compensation for the title of Firefighter is approximately \$129,000.³³ Thus, the elimination of 547 Firefighter positions would save the City approximately \$70.8 million.

Implementing this option would require negotiating a revised minimum staffing requirement into a new CBA with the Firefighters. The most recent CBA between the City and Firefighters expired June 30, 2012.

³¹ Most Firefighters working on fire apparatuses are on platoon duty, which means they work 24-hour shifts. The normal platoon schedule has Firefighters work four 24-hour shifts in a 15-day period. This translates to 97.33 24-hour shifts per year. However, each Firefighter is given twelve 24-hour vacation days per year. Thus, each Firefighter works 85.33 days per year assuming no additional time off. 85.33 multiplied by 24 equals 2,048 hours per year per Firefighter.

³² This number is rounded down to the nearest whole number.

³³ According to the 2012 Annual Appropriation Ordinance, there were 2,771 firefighter positions in fire suppression and rescue with combined budgeted salaries of \$223,336,110. This equals an average salary of \$80,598. Assuming the average fringe benefit cost for each firefighter is 43 percent of salary, then the average fringe benefit cost for a firefighter is \$34,657. Finally, assuming the average firefighter receives an average of 18% of their annual compensation in non-salary compensation, the average firefighter makes an additional \$14,223 in non-salary compensation. Thus, the average total compensation for one firefighter in fire suppression is approximately \$129,000. Refer to the **Glossary and Key Assumptions** page for more detail on the assumptions regarding fringe benefits and non-salary compensation.

Proponents might argue that the National Fire Protection Association (NFPA) recommends a minimum of only four personnel on each fire apparatus.³⁴ Thus, a reduction of staffing on City engine and truck companies to four Firefighters would comply with the recommended guidelines. Additionally, others would argue that Chicago averages a smaller number of structure fires than the national average (77 per 100,000 people in Chicago compared to 157 per 100,000 people nationally).³⁵ Therefore, it is not necessary for the City to continue to staff its fire apparatuses at a level 20 percent above the nationally recommended minimum. Further, the existence of variances from the staffing requirement in the current CBA indicates that requiring five Firefighters is not an absolute imperative.

Opponents might argue that a large scale reduction in the number of Firefighters may compromise public safety and endanger firefighters. The NFPA states that its recommendation on minimum staffing “is currently based on a fire in a typical single-family, two-story, 2,000-square-foot house without basement or exposures.” The NFPA also states that apparatuses should be staffed with a minimum of five (or even six) firefighters in areas with “high target hazards” such as large manufacturing districts, skyscrapers, hospitals, schools, nursing homes, and special-needs facilities. Virtually all of Chicago’s 50 wards would fit within the NFPA’s High Target Hazard designation.³⁶ Further, opponents may argue that implementation of this option could hamper the Fire Department’s ability to contain and suppress fires. Others might argue that regardless of the trends in the number of fires, the City must retain a reserve fire fighting force in the event of a major fire incident.

Discussion and Additional Questions

As pointed out by the firefighters’ union in response to the publication of this option in 2010, a key consideration in determining appropriate staffing level for fire apparatuses is the different types of hazards faced in different parts of the City. Some questions to consider:

- Is it appropriate to have the same staffing requirements on apparatuses assigned to neighborhoods comprised largely of single-family homes as those apparatuses assigned to the Loop?
- What parts of the City fall into the high hazard category described in the “opponents might argue” section?
- Should the same manning requirement be in place for both fire engines and fire trucks?

³⁴ Lisa Nadile, “Codes and Standards Spotlight: NFPA Journal Interviews Carl Peterson about NFPA 1710,” *National Fire Protection Association Journal*, May 2008, accessed September 5, 2012,

http://www.nfpa.org/journalDetail.asp?categoryID=1344&itemID=38833&src=NFPAJournal&rss=codes&cookie_test=1.

³⁵ There were 484,500 structure fires in the U.S. in 2011. Source: Michael J. Karter Jr., National Fire Protection Association, Fire Analysis and Research Division, “Fire Loss in the United States during 2011,” v, September 2012, accessed September 11, 2012, <http://www.nfpa.org/assets/files/pdf/os.fireloss.pdf>.

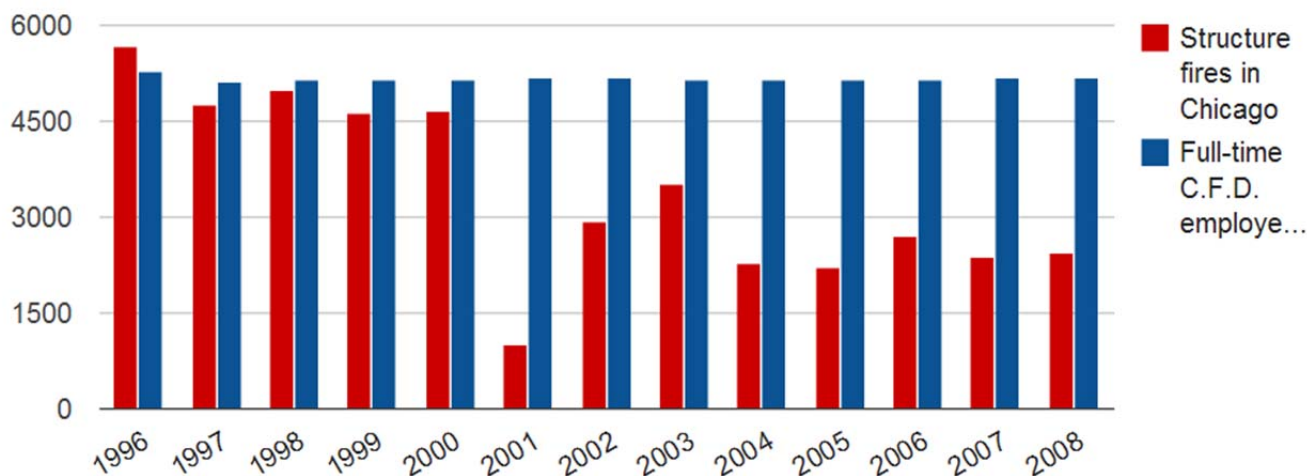
According to the 2010 U.S. Census, the U.S. population is 308,745,538. Source: Bureau of the Census, Census 2010, “DP-1: Profile of General Population and Housing Characteristics: 2010,” accessed September 11, 2012, <http://factfinder2.census.gov>.

There were 2,066 structure fires in Chicago in 2009. Source: City of Chicago, Office of Budget and Management, “2011 Program and Budget Summary,” October 2010.

According to the 2010 U.S. Census, the population of Chicago is 2,695,598. Source: Bureau of the Census, Census 2010, “DP-1: Profile of General Population and Housing Characteristics: 2010,” accessed September 11, 2012, <http://factfinder2.census.gov>.

³⁶ Tom Ryan, Letter to the media regarding Inspector General Office’s Investigation of Fire Prevention Bureau,” August 8, 2011, accessed September 5, 2012, <http://firegeezer.com/2011/08/08/local-2-to-i-g-butt-out/>.

Additionally, an important consideration is the relationship between overall Firefighter staffing and the number of fire deaths, the number of fires, and the damage caused by fires. Between 1996 and 2008, the chart below shows that the number of structure fires has decreased as the number of Firefighters has remained roughly constant.³⁷ Similarly, the number of fire deaths in the City has decreased from an average of 120 per year in the early 1990s to an average of 30 per year in the last few years.³⁸



One interpretation of this data is that there is less demand for Firefighters because the number of fires and deaths from fires is decreasing. An alternative interpretation is that the stable number of Firefighters has contributed to a decline in the number of fires and the deaths from fires.

Budget Details

Dept.: Fire Department, 059	Bureau: NA
Fund: Corporate Fund, 0100	Approp.Code: Salaries and Wages – On Payroll, 0005
The appropriation is located on page 168 and the position schedule for Fire Suppression and Rescue begins on page 171 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

³⁷ Dan Mihalopoulos and Michael Liplin, “In Tough Times, Fire Department Untouched,” *Chicago New Cooperative*, May 13, 2011, accessed September 5, 2012, <http://www.chicagonewscoop.org/in-tough-times-fire-department-untouched-2/>.

³⁸ Dan Mihalopoulos and Michael Liplin, “In Tough Times, Fire Department Untouched,” *Chicago New Cooperative*, May 13, 2011, accessed September 5, 2012, <http://www.chicagonewscoop.org/in-tough-times-fire-department-untouched-2/>.

Reduce the Number of Fire Suppression Districts from Six to Four

Preliminary Estimate of Budget Impact: \$1.8 million

Steps Required for Implementation: Action by Mayoral Administration

The Fire Department’s fire suppression resources are organized into six districts. Within fire suppression, the hierarchy of positions is shown in the table below.

Hierarchy of Ranks in Fire Suppression
Deputy District Chief
Battalion Chief
Captain
Lieutenant
Engineer
Firefighter

In 2012, the City had 28 budgeted Deputy District Chief (DDC) positions in fire suppression and rescue. Each district has several DDCs to ensure that one DDC is on-duty at all times.

Under this option, the City would eliminate two fire suppression districts. Assuming a proportional reduction in staffing, this reduction would allow for the elimination of nine DDC positions from the City’s 28 fire suppression DDC positions.³⁹ Using the 2012 appropriated salaries for these positions, the table below shows the savings from eliminating these positions.

Title	Number of Positions Eliminated	Budgeted Salaries	Fringe Benefits*	Total Compensation Costs
Deputy District Chief	9	\$1,340,226	\$469,079	\$1,809,305
Source: City of Chicago, Office of Budget and Management, “2012 Budget Ordinance,” November 2011, 172, accessed August 28, 2012, http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf .				
*Refer to the Glossary and Key Assumptions page for detail on the assumptions regarding fringe benefits.				

³⁹ City of Chicago, Office of Budget and Management, “2012 Budget Ordinance,” 172, November 2011, accessed September 11, 2012, http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf.

Proponents might argue that the Fire Department has a top-heavy management structure and that reducing the number of districts would not adversely change the battalion chief and company officer⁴⁰ management structure. They might point to the 1999 CFD-commissioned study by TriData that called for a long-term shift to four districts.⁴¹

Opponents might argue that DDCs provide an important non-union management layer, whereas company officers and battalion chiefs are members of the same union as the Firefighters they supervise. Thus, reducing the number of DDCs would create a gap in supervision. The TriData study noted that “until the Battalion Chiefs fulfill their managerial responsibilities more completely...the larger number of exempt positions is necessary.”⁴²

Budget Details

Dept.: Fire Department, 059	Bureau: NA
Fund: Corporate Fund, 0100	Approp. Code: Salaries and Wages – On Payroll, 0005
The appropriation is located on page 168 and the position schedule for Fire Suppression begins on page 171 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

⁴⁰ Company officers manage crews of Firefighters and their apparatus. This includes the titles of Captain and Lieutenant.

⁴¹ The TriData recommendation calculated that eliminating two districts would only reduce the number of DDCs by six. However, with 28 budgeted DDC positions, if the City cut the number of districts by one-third, a proportional one-third cut in the number of DDCs would result in the elimination of nine DDC positions.

Source: TriData Corporation, “Comprehensive Review of the Chicago Fire Department,” June 1999, 22, accessed September 4, 2012, <http://www.cityofchicago.org/content/dam/city/depts/cfd/general/PDFs/TriDataReportJune1999.pdf>.

⁴² TriData Corporation, “Comprehensive Review of the Chicago Fire Department,” June 1999, 22, accessed September 4, 2012, <http://www.cityofchicago.org/content/dam/city/depts/cfd/general/PDFs/TriDataReportJune1999.pdf>.

Replace Twenty Percent of Fire Suppression Apparatuses with Ambulances

Preliminary Estimate of Budget Impact: \$51.4 million

Steps Required for Implementation: Negotiate in New CBA with Firefighters

The City’s CBA with the firefighters’ union, which expired June 30, 2012, requires the City to staff at least five Firefighters on most fire suppression apparatuses, which includes the City’s fire engines, fire trucks, squad companies, and hazmat units.⁴³ The table below details the number of apparatuses by type and the minimum staffing levels required for each of them.

Apparatus	Number of Apparatus	Minimum Staffing per Apparatus
Fire Engine	96	5
Fire Truck	61	5
Squad Companies	4	5
Hazmat	2	5
Sources: Source: City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 16.4(A) and (B), 67-68, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf .		

Under this option, the City would replace twenty percent of fire engines and fire trucks with ambulances. This would reduce the number of engines by 19 and the number of trucks by 12, and result in 31 additional ambulances. Because five employees currently staff each engine and truck and only two employees staff each ambulance, this would result in a large reduction in the number of required staff. The table below shows the number of employee-hours that would be reduced from eliminating the fire engines and trucks and the increase in required hours necessary to staff the additional ambulances.

Apparatus	Increase/(Reduction) in Number of Apparatuses	Annual Staffing Hour Increase/(Reduction)
Fire Engine*	(19)	(832,200)
Fire Truck*	(12)	(525,600)
Ambulances**	31	543,120
Total		(814,680)
* For engines and trucks, there is a staffing requirement of 5 personnel at all times. To calculate the annual staffing requirements, the number of apparatuses was multiplied by the staffing requirement by the number of hours in a year (8,760).		
** For ambulances there is a staffing requirement of 2 personnel at all times. To calculate the annual staffing requirements, the number of apparatuses was multiplied by the staffing requirement by the number of hours in a year (8,760).		

⁴³ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” 67, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf. According to the CBA, the City has up to 35 “variances” from this manning requirement per day. A “variance” permits the City to staff a fire apparatus with four instead of five Firefighters.

Thus, replacing 20 percent of the fire engines and trucks with ambulances would reduce the need for nearly 815,000 Firefighter hours per year. Assuming that the average Firefighter working in fire suppression and rescue works 2,048 hours a year,⁴⁴ this reduction would allow the City to reduce the Firefighter staffing by 397 employees.⁴⁵

Currently, the average annual compensation of for the title of Firefighter is approximately \$129,000⁴⁶ (including fringe benefits and additional compensation such as uniform allowances, duty availability pay, and holiday premium pay). Thus, the elimination of 397 Firefighter positions would save the City approximately \$51.4 million in 2012. However, the estimated savings does not consider the cost of purchasing additional ambulances and the potential savings to maintain 31 ambulances rather than 31 fire suppression apparatuses.

Implementing this option would require negotiating a revised minimum staffing requirement into a new CBA with the Firefighters. The most recent CBA between the City and Firefighters expired June 30, 2012.

Proponents might argue that the number of structure fires has declined substantially in the City over the last two decades,⁴⁷ while the number of ambulance calls has increased.⁴⁸ Additionally, proponents might argue that the City gets reimbursed, at least partially, for ambulance services, while fire suppression services generally do not receive reimbursement. Another argument that could be made is that cities around the country, facing similar fiscal issues and declining structural fire events, are closing fire stations and reducing firefighter staffing.⁴⁹

Opponents might argue that large scale reduction in the number of fire suppression apparatuses would pose a hazard to public safety and endanger firefighters themselves. They might point to the 10 percent increase in fire deaths (from 30 to 33) in Philadelphia in 2010 that followed a reduction in fire suppression services.⁵⁰ Others might argue that regardless of the trends in number of fires, the City must retain a reserve fire fighting force in the event of a major fire incident.

⁴⁴ Most Firefighters working on fire apparatuses are on platoon duty, which means they work 24-hour shifts. The normal platoon schedule has Firefighters work four 24-hour shifts in a 15-day period. This translates to 97.33 24-hour shifts per year. However, each Firefighter is given twelve 24-hour vacation days per year. Thus, each Firefighter works 85.33 days per year assuming no additional time off due to illness. 85.33 multiplied by 24 equals 2,048 hours per year per Firefighter.

⁴⁵ This number is rounded down to the nearest whole number.

⁴⁶ According to the 2012 Annual Appropriation Ordinance, there were 2,771 firefighter positions in fire suppression and rescue with combined budgeted salaries of \$223,336,110. This equals an average salary of \$80,598. Assuming the average fringe benefit cost for each firefighter is 43 percent of salary, then the average fringe benefit cost for a firefighter is \$34,657. Finally, assuming the average firefighter receives an average of 18% of their annual compensation in non-salary compensation, the average firefighter makes an additional \$14,223 in non-salary compensation. Thus, the average total compensation for one firefighter in fire suppression is approximately \$129,000. Refer to the **Glossary and Key Assumptions** page for more detail on the assumptions regarding fringe benefits and non-salary compensation.

⁴⁷ Dan Mihalopoulos and Michael Liplin, "In Tough Times, Fire Department Untouched," *Chicago News Cooperative*, May 13, 2011, accessed September 11, 2012, <http://www.chicagonewscoop.org/in-tough-times-fire-department-untouched-2/>.

⁴⁸ Fran Spielman, "Free treatment from ambulances protested," *Chicago Sun-Times*, September 27, 2011, accessed September 11, 2012, <http://www.suntimes.com/news/cityhall/7885418-418/free-treatment-from-ambulances-protested.html>.

⁴⁹ Dan Mihalopoulos and Michael Liplin, "Outside of Chicago, Fire Departments Face Cuts," *Chicago News Cooperative*, May 13, 2011, accessed September 5, 2012, <http://www.chicagonewscoop.org/outside-of-chicago-fire-departments-face-cuts/>.

⁵⁰ Paul Kurtz, "Mayor Nutter, Union Squabble Over Cause Of Spike In 2010 Fire Deaths," *KYW Newsradio*, January 5, 2011, accessed September 5, 2012, <http://philadelphia.cbslocal.com/2011/01/05/mayor-nutter-union-squabble-over-cause-of-spike-in-2010-fire-deaths/>.

Discussion and Additional Questions

A key consideration in deciding whether to implement this option is, similar to the option that would reduce staffing on fire suppression apparatuses,⁵¹ determining the relationship between the number of fire suppression apparatuses in service and casualties and damage due to fires.

The use of 20 percent for the replacement of fire apparatuses with ambulances is arbitrary and it is not based on an analysis of the demand for ambulance and fire suppression services. The City can conduct a more robust analysis to determine an appropriate percentage. For example, the City could analyze the number of 911 calls to determine the ratio of fire calls to medical emergency calls.

One should also determine what areas of the City should see a reduction in the fire engines and trucks. Some potential questions include:

- What wards/neighborhoods in the City have had the least number of structure fires in the last five years?
- What wards/neighborhoods have the highest concentration of fire suppression apparatuses?

The option as presented does not take into account that some portion of the cost of the increased ambulance service may be recouped because the City charges for ambulance services.⁵² Some questions to consider:

- Does the City currently charge for life support services administered by fire suppression apparatuses?
- Would increasing the number of ambulances increase the number of total ambulance calls to which the City responds?
- What is the number of calls per year to which the average fire suppression apparatus currently responds that could be handled by ambulances?

Budget Details

Dept.: Fire Department, 059	Bureau: NA
Fund: Corporate Fund, 0100	Approp. Code: Salaries and Wages – On Payroll, 0005
The appropriation is located on page 168 and the position schedule for Fire Suppression and Rescue begins on page 171 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

⁵¹ Please refer to page 16 of this document for the option to reduce staffing on fire apparatuses to four persons.

⁵² City of Chicago, “Ambulance Bills,” accessed September 5, 2012, http://www.cityofchicago.org/city/en/depts/fin/supp_info/revenue/ambulance_bills.html.

Eliminate Non-Salary Compensation for Police and Firefighters

Preliminary Estimate of Budget Impact: \$144.4 million

Steps Required for Implementation: Negotiate in New CBAs with CPD Members and Firefighters

While CPD members’ and Firefighters’ regular salary is the majority of their wage compensation, a significant part of their pay is made up of other components. The table below details the actual personnel spending attributable to non-salary compensation for CPD members and Firefighters in 2011.⁵³ The table excludes overtime pay and payments for various types of leave that these employees receive.

Type of Personnel Expenditure	2011 Actual Spending for sworn CPD members	2011 Actual Spending for CFD Firefighters
Duty Availability	\$37,431,062	\$14,916,875
Uniform Allowance	\$22,369,245	\$5,570,199
Supervisors Quarterly	\$8,559,984	NA
Tuition Reimbursement	\$6,496,527	\$558,730
Holiday Premium	\$3,481,436	\$19,270,246
Acting Up Pay	\$1,989,016	\$1,548,846
Fitness Examination Payments	\$1,104,250	\$1,243,900
Specialty Pay *	NA	\$16,736,010
Drivers Differential	NA	\$3,158,912
Total	\$81,431,519	\$63,003,719

Source: City of Chicago, “Response from the Chief of Staff to the Inspector General’s Office’s Questions Regarding the Police and Fire CBAs,” June 12, 2012.

* CPD has a personnel spending category called Specialty Pay category for sworn CPD members but it is not included here because it includes the full personnel costs of Specialty Units, including regular salary and overtime.

The sections below describe each of these compensation categories in detail.

Duty Availability

CPD members receive a quarterly “duty availability” payment, which is treated as pensionable compensation. In January 2012, the quarterly CPD duty availability payment for Police Officers and Sergeants was \$805 (\$3,220 annually), and Lieutenants and Captains received a \$730 (\$2,920 annually) quarterly payment. CPD members’ “entitlement to duty availability pay is not dependent on an officer being present for duty for an entire pay period.”⁵⁴ CPD members receive duty availability pay if they are in “pay status” for at least half the month for which they receive the payment. Pay status “means that an employee is working his/her regularly scheduled days of work at least half the month or is on some form of paid leave, such as vacation, medical roll, compensatory time, or military leave, and that the employee is not on an unpaid leave of absence, FMLA leave, or serving a suspension.”⁵⁵

⁵³ For more detail on these compensation categories, see the City of Chicago, Office of Inspector General, “Description of the Police Officer and Firefighter Collective Bargaining Agreements,” August 2012, accessed September 6, 2012, <http://chicagoinspectorgeneral.org/wp-content/uploads/2012/08/IGO-Description-of-the-Police-Officer-and-Firefighter-CBAs-Final-August-1-2012.pdf>.

⁵⁴ City of Chicago, “Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012,” Section 20.13, 34, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

⁵⁵ City of Chicago, “Response from the Chief of Staff to the Inspector General’s Office’s Questions Regarding the Police and Fire CBAs,” June 12, 2012, 2 and 3.

All Firefighters receive a quarterly “duty availability” payment. As of January 2012, the quarterly duty availability payment is \$805 (\$3,220 annually) to every eligible Firefighter. Prior to 2012, the payment for all Firefighters, except EMS Firefighters assigned to platoon duty (a 24-hour shift schedule), was \$755 (\$3,020 annually) in 2011 and \$730 (\$2,920 annually) in 2006.⁵⁶ For EMS Firefighters assigned to platoon duty the payment was \$713 (\$2,852 annually) in 2011 and \$688 (\$2,752 annually in 2006). Firefighters receive duty availability pay while on sick leave.⁵⁷

Uniform Allowance

The City does not pay for the uniforms of new CPD members, which are estimated to cost \$5,225 for the mandatory CPD uniform.⁵⁸ However, every CPD member receives a uniform allowance of \$1,800 per year. The uniform allowance is provided regardless of actual need to purchase additional uniform elements during the year. Additionally, the City pays for the first issue of any change or modification of the uniform. This means that if the City requires incumbent CPD members to obtain additional clothing or protective gear as part of their uniform, the City pays for the additional uniform elements the first time they are purchased.⁵⁹

The City provides Firefighters with dress uniforms and protective gear. Replacement of worn uniforms and gear are replaced at the City’s expense on an exchange basis. In addition to replacing worn uniforms and gear, the City pays Non-EMS platoon Firefighters \$1,250 annually in two \$625 payments. Starting in 2007, EMS platoon Firefighters no longer receive a uniform allowance. The City pays 40-hour Firefighters a \$1,500 annual uniform allowance, made in two \$750 payments.⁶⁰

Supervisors Quarterly

The City pays Police Sergeants, Lieutenants, and Captains a lump sum quarterly “differential” payment.⁶¹

⁵⁶ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 5.7, 13-14, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁵⁷ City of Chicago, “Response from the Chief of Staff to the Inspector General’s Office’s Questions Regarding the Police and Fire CBAs,” June 12, 2012, 6.

⁵⁸ City of Chicago, “Response from the Chief of Staff to the Inspector General’s Office’s Questions Regarding the Police and Fire CBAs,” June 12, 2012, 3.

⁵⁹ City of Chicago, “Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012,” Section 21.3 and 21.4, 35, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

⁶⁰ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 16.9, 78-79, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁶¹ City of Chicago, “Agreement between the City of Chicago and the Policemen’s Benevolent & Protective Association of Illinois, Unit 156-Sergeants Effective July 1, 2007 through June 30, 2012,” Section 26.2 & Appendix M, 48 and 66, accessed September 11, 2012, <http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/PBPASgts20072012FINAL.pdf>.

Tuition Reimbursement

The Police Department provides tuition reimbursement to CPD members for courses taken through an accredited college or university, provided that each course is “necessary for a degree” and that the CPD member is accepted into a “degree program.”⁶² The CBAs do not require that the overall degree pursued by a CPD member be job-related. The department reimburses 100% of CPD members’ tuition payments for courses in which the member earned an A grade, and 75% for a B grade “and other grades classified by the school as passing.” CPD tuition reimbursement is limited to 2 courses per school term. The reimbursement is contingent on the CPD member remaining in the CPD for at least 2 years, otherwise he/she must pay back the department 50% (if resigning after 1 year) or 100% (if earlier than 1 year) of the tuition that was reimbursed.⁶³

The Fire Department provides tuition reimbursement to Firefighters for courses taken through an accredited college or university, provided that each course is “necessary for a degree” and that the Firefighter is accepted into a “degree program.”⁶⁴ The CBA does not require that the overall degree pursued by a Firefighter be job-related. The department reimburses 100% of a Firefighter’s tuition payments for courses for which the member earned an A grade, and 75% for a B grade “and other grades classified by the school as passing.”⁶⁵ Tuition reimbursement is limited to 2 courses per school term. The reimbursement is contingent on the Firefighter remaining in the CFD for at least 2 years, otherwise he/she must pay back the department 50% (if resigning after 1 year) or 100% (if earlier than 1 year) of the tuition that was reimbursed.⁶⁶

Holiday Premium Pay

CPD recognizes 13 holidays.⁶⁷ In addition to the 12 holidays recognized by other City departments, the CBAs also designate Community/Police Partnership Day⁶⁸ as a paid holiday.⁶⁹

⁶² City of Chicago, “Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012,” Article 24, 43-44, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

⁶³ City of Chicago, “Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012,” Article 24, 43-44, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

⁶⁴ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 7.8, 33-35, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁶⁵ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 7.8, 33-35, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁶⁶ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 7.8, 33-35, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁶⁷ Ten holidays are federal holidays (New Year’s Day, Birthday of Martin Luther King Jr., Washington’s Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day), while Lincoln’s Birthday is a State holiday, Pulaski Day is a holiday for many schools across Illinois, and Community/Police Partnership Day is designated as holiday in the CPD contract.

Sources: U.S Office of Personnel Management, “Operating Status & Schedules-2012 Federal Holidays,” accessed April 5, 2012, http://www.opm.gov/Operating_Status_Schedules/fedhol/2012.asp.

The “Compensation for Holidays” section provides that CPD members who are scheduled to work a regular shift on a holiday receive (i) 8 hours of compensatory time and (ii) an additional 4 hours compensatory time for which the CPD member can elect to receive payment. If a holiday coincides with a CPD member’s regular day off (RDO), he/she receives 8 hours of compensatory time (all of which may be received as payment) in addition to the RDO (i.e., the CPD member does not work on the holiday but receives compensatory time because the holiday fell on an RDO). If the holiday falls on the CPD member’s RDO and that CPD member is called to duty that day, he/she is credited with 20 hours of compensatory time and an additional 4 hours of compensatory time or payment in lieu thereof.⁷⁰ The table below summarizes these scenarios.

CPD Member Holiday Compensatory Time Scenarios

Compensation when Working on a Regular Work Day	Compensation when Regular Day Off Falls on a Holiday	Compensation when Regular Work Day Falls on a Holiday	Compensation when Regular Day Off Falls on a Holiday and CPD Member Is Called Back to Work
8 hours	8 hours	20 hours	32 hours

There are 13 paid holidays recognized in the Firefighters’ CBA.⁷¹ A fire suppression/rescue platoon Firefighter whose regular working schedule requires him/her to work on one of these holidays is paid double time for all hours worked. 40-hour Firefighters who work on a holiday are paid at time and one-half.⁷²

Illinois Department of Central Management Services, “State Holidays,” accessed April 5, 2012, <http://www2.illinois.gov/cms/Employees/Personnel/Pages/StateHolidays.aspx>.

105 ILCS 5/24-2, accessed September 19, 2012,

<http://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=010500050K24-2>

⁶⁸ This holiday is on April 29th and “replaced Good Friday as a negotiated-for holiday.” Source: City of Chicago, “Response from the Chief of Staff to the Inspector General’s Office’s Questions Regarding the Police and Fire CBAs,” June 12, 2012, 7.

⁶⁹ City of Chicago, “Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012,” Section 11.1, 20-21, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

⁷⁰ City of Chicago, “Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012,” Section 11.2, 21, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

⁷¹ Ten holidays are federal holidays (New Year’s Day, Birthday of Martin Luther King Jr., Washington’s Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day), while Lincoln’s Birthday is a State holiday, Pulaski Day is a holiday for schools across Illinois, and Flag Day is designated as holiday in the CFD contract.

Sources: U.S Office of Personnel Management, “Operating Status & Schedules-2012 Federal Holidays,” accessed April 5, 2012,

http://www.opm.gov/Operating_Status_Schedules/fedhol/2012.asp.

Illinois Department of Central Management Services, “State Holidays”, accessed April 5, 2012, <http://www2.illinois.gov/cms/Employees/Personnel/Pages/StateHolidays.aspx>.

105 ILCS 5/24-2, accessed September 19, 2012,

<http://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=010500050K24-2>

⁷² City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 7.2(C)(1), 21, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

Acting Up (Working Out of Grade)

For CPD members, there are several pay grades that reflect the different responsibilities of different members. Pay increases as the grade numbers increase. For Police Officers, there are three grades: D-1, D-2, and D-2A. For Sergeants, Lieutenants, and Captains, there is one grade for each rank: D-3, D-4, and D-5 respectively. Police Officers who are paid at the D-1 salary rate and perform substantially all of the duties of a Field Training Officer for two or more hours in one day are paid for 8 hours at the D-2 rate, which is the rate for Field Training Officers, or for the actual hours worked if greater than 8 hours. Police Officers paid at the D-1 or D-2 rate who perform the duties of a Sergeant or Forensic Investigator for 2 or more hours are paid at the D-3 rate, the Sergeants' rate, also for 8 hours unless the actual time worked that day is greater. Likewise Sergeants, Lieutenants and Captains directed to perform substantially all of the duties and to assume substantially all of the responsibilities of higher ranks, are paid at the rate of the higher rank.⁷³

Firefighters may be temporarily assigned to a higher or lower rank "to avoid the shutdown of companies due to unexpected or unscheduled absences . . . that cannot be immediately covered." They receive the compensation level of the higher rank while "acting-up" and receive their regular compensation if acting in a lower rank. This clause states the Firefighter is not to act out of his/her classification for more than four hours absent certain exceptions. The CFD is required to "diligently attempt to fill the manpower" during the four-hour period.⁷⁴

To reassign a Firefighter to become a Training Instructor, the City is required in most cases to pay that Firefighter at the next higher rank/classification salary.⁷⁵

Fitness Examination Payments

CPD members may elect to take a voluntary physical fitness examination once a year and receive \$350 upon successfully completing it. To pass the fitness test (and receive the \$350) CPD members must perform sit-ups, bench press, "sit and reach," and 1.5 mile run within certain parameters that vary based on members' ages.⁷⁶

⁷³ City of Chicago, "Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012," Section 26.3, 47-48, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

⁷⁴ City of Chicago, "Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012," Section 16.3(B), 65-66, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁷⁵ City of Chicago, "Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012," Article VI Section B(6), 16, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁷⁶ City of Chicago, "Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7 Effective July 1, 2007 through June 30, 2012," Memorandum of Understanding on Physical Fitness Incentive, 95, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

Firefighters who successfully complete a voluntary physical fitness test (sit-ups, bench press, “sit and reach,” and 1.5 mile run) are paid \$450.⁷⁷

Specialty Pay

Firefighters who obtain certifications as Hazardous Material Technicians and Certified Divers receive “specialty pay” equal to 5% of their annual salaries, paid quarterly.⁷⁸

Driver Differential Pay

Regular Drivers and Tillermen⁷⁹ of selected apparatuses, helicopter pilots, as well as those Firefighters “permanently assigned to the repair shop” are compensated at the “employee’s next pay step.”

Under this option, the City would eliminate these non-salary components of compensation. Assuming the City spends the same amount on these components as it did in 2011, this would save the City \$144.4 million annually.

Implementing this option would require removing these elements of compensation from the City’s new CBAs with CPD Members and Firefighters. The most recent CBAs with these unions expired June 30, 2012.

Proponents might argue that these various components of non-salary compensation are not necessary because Firefighters, Police Officers, Sergeants, Lieutenants, and Captains are well compensated, receive generous pension benefits, and receive significant amounts of overtime. Proponents might further argue that the entire compensation these employees receive should be transparent and, therefore, paid as salary.

Opponents might argue that these components are simply part of the compensation that Firefighters, Police Officers, Sergeants, Lieutenants, and Captains receive. Therefore, eliminating it would be akin to reduction in pay that these employees have negotiated in CBAs, likely in exchange for foregoing other benefits.

Budget Details

Dept.: Police Department, 057 and Fire Department, 059	Bureau: NA
Fund: Corporate Fund, 0100	Approp. Code: Various
The appropriations are located on pages 133 and 168 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

⁷⁷ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” September 10, 2010 side letter, 128-129, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁷⁸ City of Chicago, “Labor Contract between the Chicago Fire Fighters Union Local No. 2 and the City of Chicago July 1, 2007 through June 30, 2012,” Section 16.15, 73-74, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

⁷⁹ A Tillerman is “a person who operates the tiller of a boat or other vehicle, **such as the rear of a fire engine** [emphasis added].” Dictionary.com, “Tillerman,” *Dictionary.com Unabridged*, Random House, Inc., accessed March 22, 2012, <http://dictionary.reference.com/browse/tillerman>.

Eliminate Regular Weekend Schedule Pay Premium for Certain Water Department Employees

Preliminary Estimate of Budget Impact: \$400,000

Steps Required for Implementation: Changes to CBAs with Several Coalition of Union Public Employee

Certain Department of Water Management employees whose regular schedule includes working 8-hour shifts on weekend days are paid the equivalent of a 9.2-hour shift for every Saturday and Sunday they work as “shift differential” pay.⁸⁰ The table below shows the City’s expenditures for the “shift differential” pay to Water Management employees in 2009, 2010, and 2011.

9.2 Hour Provision Payments in 2009	9.2 Hour Provision Payments in 2010	9.2 Hour Provision Payments in 2011
\$3,002,700	\$3,355,200	\$3,108,602
Source: City of Chicago, Business Objects Reporting System, Payroll Costing Universe, Analysis of Payroll Costing Data, accessed September 6, 2012.		
Note: The payment amounts presented here include payment for the entire weekend shifts, not just the 1.2 hour premium.		

Under this option, the City would discontinue paying these employees a 1.2 hour premium because their regular work schedules happen to include Saturdays or Sundays. If the City pursued this option, payments to these employees for work on weekends would be reduced by approximately 13 percent, a savings of approximately \$400,000 annually.⁸¹

Implementing this option would require amending the City’s CBAs with several unions to eliminate this shift differential pay.

Proponents might argue that this provision provides overly generous compensation to employees for working a regular 40-hour shift. Further, this benefit is simply unaffordable given the City’s dire financial condition. Others might argue that because some City functions must operate 24/7, the City should not have to pay additional compensation to workers on weekend shifts.

Opponents might argue that providing increased pay to workers who work irregular shifts is only fair because of the hardship imposed by surrendering the custom of having Saturday or Sunday off. Additionally, this provision has been collectively bargained for and was likely agreed to by the City in exchange for a concession from the labor unions representing these workers.

Budget Details

Dept.: Water Department, 088	Bureau: Multiple
Fund: Multiple	Approp. Code: Multiple
The appropriations are located throughout the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

⁸⁰ City of Chicago, “Memorandum of Agreement between the City of Chicago and Laborers Local 1092, Operating Engineers Local 150, Teamsters Local 726, Plumbers Local 130, and Bricklayers Local 21,” August 11, 2005.

⁸¹ The 13 percent differential is derived from calculating the percent difference between 9.2 hour payments and 8 hour payments. $9.2 - 8 = 1.2$. Then $1.2 / 9.2 = 0.13$.

Include Police Officers in the City’s Wellness Plan

**Preliminary Estimate of Budget
Impact: \$6.4 million**

**Steps Required for Implementation: Negotiate in New
CBA with Police Officers**

In 2012, the City enacted a wellness program that requires City employees and their spouses/domestic partners who are enrolled in the City’s health insurance program to participate or face an increase in their health insurance costs.⁸² The goals of the program include improving the health of City employees and reducing the City’s expenditures on employee health care.⁸³ Currently, Police Officers below the rank of Sergeant who are represented by the Fraternal Order of Police are the only City employees exempted from this program.⁸⁴

Under this option, the City would require the participation of Police Officers⁸⁵ in the City’s wellness program. The City initially projected it will save \$20 million annually through this initiative.⁸⁶ As of April 2012, 32 percent of the City’s workforce was comprised of Police Officers.⁸⁷ Assuming that the savings from the wellness program is proportional to the number of participating employees and the initial projection assumed the participation of Police Officers, the City would save an additional \$6.4 million by requiring Police Officers and their insured dependents to participate in the program.

Implementing this option would require instituting this requirement into a new CBA with the Police Officers’ union. The most recent CBA expired on June 30, 2012. The union had declined the City’s offer to have Police Officers participate in the program stating that it had its own program, which has a participation rate of 30 percent.⁸⁸

⁸² City of Chicago, Mayor’s Press Office, “Mayor Emanuel Announces 38,000 Employees and Spouses Sign Up for City’s Wellness Program,” September 7, 2012, accessed September 11, 2012, http://www.cityofchicago.org/city/en/depts/mayor/press_room/press_releases/2012/september_2012/mayor_emanuel_announces38000employeesandspouessignupforcityswel.html.

⁸³ City of Chicago, Mayor’s Press Office, “Mayor Emanuel Kicks Off Unprecedented, Groundbreaking Wellness Program with City of Chicago’s Leaders,” July 27, 2012, accessed September 11, 2012, http://www.cityofchicago.org/city/en/depts/mayor/press_room/press_releases/2012/july_2012/mayor_emanuel_kicksoffunprecedentedgroundbreakingwellnessprogram.html.

⁸⁴ Healthways, “Chicago Lives Healthy Consent Form,” 2012, accessed September 11, 2012, http://www.chicagoliveshealthy.com/pdf/ConsentFAQ_final7192012.pdf.

⁸⁵ The term “Police Officers” refers to employees represented by the Fraternal Order of Police.

⁸⁶ City of Chicago, Office of Budget and Management, “Budget Director Discusses 2012 Budget Proposal with City Council,” October 2011, accessed September 6, 2012, http://www.cityofchicago.org/city/en/depts/obm/provdrs/city_budg/news/2011/oct/budget_director_discusses2012budgetproposalwithcitycouncilbudget.html.

⁸⁷ There were 10,671 active Police Officers out of 33,545 active employees. Source: City of Chicago, “Current Employee Names, Salaries, and Position Titles,” April 2012, accessed September 6, 2012, <https://data.cityofchicago.org/Administration-Finance/Current-Employee-Names-Salaries-and-Position-Title/rumj-qya8>. City of Chicago, “Description of the Police Officer and Firefighter Collective Bargaining Agreements,” August 2012, 4, accessed September 6, 2012, <http://chicagoinspectorgeneral.org/wp-content/uploads/2012/08/IGO-Description-of-the-Police-Officer-and-Firefighter-CBAs-Final-August-1-2012.pdf>.

⁸⁸ Hal Dardick, “City employees sign up in droves for wellness program, except cops,” *Chicago Tribune*, September 7, 2012, accessed September 11, 2012, http://articles.chicagotribune.com/2012-09-07/news/chi-city-employees-sign-up-in-droves-for-wellness-program-except-cops-20120907_1_wellness-program-health-insurance-city-workers.

Proponents might argue that it is only fair that Police Officers participate since every other City employee is participating in the program. Additionally, this measure would seek to improve the health of the City’s Police Officers. Furthermore, this might result in cost savings due to less medical leave if Police Officers as a group were healthier.

Opponents might argue Police Officers already have a wellness program through their CBA, so there is no need for them to participate in this Citywide program.⁸⁹

Budget Details

Dept.: Finance General, 099	Bureau: NA
Fund: Corporate, 0100	Approp. Code: Various
These appropriations are located on page 231 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

⁸⁹ Hal Dardick, “City employees sign up in droves for wellness program, except cops,” *Chicago Tribune*, September 7, 2012, accessed September 11, 2012, http://articles.chicagotribune.com/2012-09-07/news/chi-city-employees-sign-up-in-droves-for-wellness-program-except-cops-20120907_1_wellness-program-health-insurance-city-workers.

Increase the Health Insurance Contribution for Employees Earning Over \$90,000

Preliminary Estimate of Budget Impact: \$1.4 million

Steps Required for Implementation: Action by Mayoral Administration and Changes to CBAs

Currently, City employees who enroll in the City’s health insurance plan must contribute a percentage of their salaries toward the cost of health insurance. The contribution rates are a percentage of annual salary for employees earning between \$30,001 and \$89,999. Contributions are a flat rate for employees earning below \$30,000 and over \$90,000.⁹⁰ The chart below details the different contribution amounts and levels of coverage.

Annual Salary	Contribution per Pay Period for Single coverage	Contribution per Pay Period for Employee plus 1 coverage	Contribution per Pay Period for Family coverage
Up to \$30,000 (flat rate)	\$15.71	\$23.88	\$27.65
\$30,001 to \$89,999*	1.2921%	1.9854%	2.4765%
\$90,000 and over (flat rate)	\$48.45	\$74.45	\$92.87

Source: City of Chicago, Department of Finance, “Benefits Bulletin,” November 2011, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/fin/supp_info/Benefits/Bulletins/BenefitsBulletinNov2011.pdf.

* Contributions for this group of employees are the percentages of gross salary divided by 24, which is the number of pay periods in a year

Under this option, the City would apply the employee health insurance contribution percentage to all salary earnings above \$90,000. Currently, 95 percent of the City’s employees are enrolled in the City’s health plan.⁹¹ As of August 31, 2012, 6,522 City employees had salaries over \$90,000 with an average salary of slightly over \$102,000. First, assume that 95 percent of these employees are enrolled in the City’s health plan and that these 95 percent have average salaries of \$102,000. Second, assume that the average health insurance contribution for these employees is 1.92 percent, which is the average of the three different coverage levels.⁹² Under these assumptions, applying the average health insurance contribution to all salary earnings would save \$1.4 million annually.

Implementing this option for union-represented employees would require changing the health insurance contribution rates in existing CBAs and instituting new health insurance contribution rates in the new CBAs with those unions for which CBAs have recently expired.

⁹⁰ City of Chicago, Department of Finance, “Benefits Bulletin,” November 2011, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/fin/supp_info/Benefits/Bulletins/BenefitsBulletinNov2011.pdf.

⁹¹ Currently, 30,897 employees participate in the City’s health plan. As of August 31, 2012, there were 32,609 active employees. This translates to 95% of the City’s workforce participating in the health plan. Source: City of Chicago, Department of Finance, September 25, 2012.

⁹² City of Chicago, Department of Finance, “Benefits Bulletin,” November 2011, accessed September 11, 2012, http://www.cityofchicago.org/content/dam/city/depts/fin/supp_info/Benefits/Bulletins/BenefitsBulletinNov2011.pdf.

Proponents might argue that by removing the cap on employee contributions, employees most able to afford increased health care costs would shoulder a larger burden of the City’s health insurance costs.

Opponents might argue that the increased costs could cause these employees to drop the City’s health plan altogether, which would increase the burden on lower-income employees.

Budget Details⁹³

Dept.: Finance General, 099	Bureau: NA
Fund: Corporate, 0100	Approp. Code: Various
These appropriations are located on page 231 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

⁹³ This budget option could be considered a savings that reduces the City’s spending on healthcare rather than a revenue generator. The effect, however, is the same.

Eliminate 311 Overnight Hours of Operation

**Preliminary Estimate of Budget
Impact: \$400,000**

**Steps Required for Implementation: Action by Mayoral
Administration**

The City of Chicago currently runs a non-emergency information and referral system (311) 24 hours a day, 365 days a year, which receives 2 million calls per year.⁹⁴ Over the past six months, on average less than ten percent of 311 calls occurred between 9 p.m. and 7 a.m.⁹⁵

As of August 2012, 311 staffed 47 Communications Operator Is and 8 Communications Operator IIs, for a total staff of 55 solely responsible for the receiving and processing of 311 calls.⁹⁶ The position of Communication Operator I makes an average salary of \$50,200 and the position of Communication Operator II makes, on average, \$55,000 annually. Including additional fringe benefits costs, the total cost of 311 operators is \$3.8 million.⁹⁷

Under this option, 311 would only operate between the hours of 7 a.m. and 9 p.m. Currently, the vast majority of 311 staff works between the hours of 7 a.m. and 9 p.m. During June 2012, just 11 percent of the regular hours worked were at night, between 9 p.m. and 7 a.m.⁹⁸ Assuming a proportional 11 percent reduction in staffing, closing 311 between 9 p.m. and 7 a.m. would result in the elimination of six budgeted positions and a savings of approximately \$400,000. This assumes these six positions each earn the average compensation of communications operators.

Proponents might argue that restructuring the 311 call center would save valuable resources without significant impact on overall services. Houston’s 311 equivalent is open only 14 hours a day with availability for emergency calls nights and weekends. As Houston notes – following a trend across the nation – email, texts, or voice mails could further minimize the loss in service without extending the hours.⁹⁹

Opponents might argue that the reduction in service is not worth the savings. The drawbacks of limited services could include increased 911 call volume between 9 p.m. and 7 a.m., longer wait times during business hours, and decreased satisfaction with municipal availability. Additionally, Chicago’s large call volume, which is second only to New York City’s 311 system, necessitates 24/7 service.¹⁰⁰

Discussion and Additional Questions

This analysis did not consider reduced expenses on electricity and security costs from closing the 311 office during nighttime hours. Moreover, though this analysis focused on cutting staff during slow hours, there are several different ways that 311 service could be reduced. For instance, savings could be

⁹⁴ City of Chicago, “Mayor Emanuel Launches New Online “Open311” System to Improve Government Accountability and Service Delivery,” accessed on September 24, 2012, http://www.cityofchicago.org/city/en/depts/mayor/press_room/press_releases/2012/september_2012/mayor_emanuel_launch_esnewonlineopen311systemtoimprovegovernmenta.html.

⁹⁵ City of Chicago, Business Objects, CSR Universe, accessed September 10, 2012.

⁹⁶ City of Chicago, “Job Classification & Compensation: Public Safety Services: 8600 Series,” accessed September 10, 2012, http://www.cityofchicago.org/city/en/depts/dhr/supp_info/public_safety_services8600series.html. City of Chicago, CHIPPS, August 12, 2012, accessed September 10, 2012.

⁹⁷ Refer to the **Glossary and Key Assumptions** page for detail on the assumptions regarding fringe benefits.

⁹⁸ City of Chicago, KRONOS, accessed September 11, 2012.

⁹⁹ “3-1-1 Houston Service Helpline Performance Audit,” Houston City Controller, Report No. 05-29, accessed August 28, 2012, http://www.911dispatch.com/reference/houston_311study.pdf.

¹⁰⁰ NYC311, “About 311,” accessed on August 28, 2012, <http://www.nyc.gov/apps/311/about.htm>.

achieved by replacing full-time with part-time employees, or by limiting weekend hours, which also experience a low call volume.

Budget Details

Dept.: Office of Emergency Management and Communications, 058	Bureau: NA
Fund: Corporate Fund, 0100	Approp. Code: Salaries and Wages – On Payroll, 0005
The appropriation is located on page 161 and the position schedule is on page 166 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Eliminate the Subsidy to World Business Chicago

Preliminary Estimate of Budget Impact: \$1.0 million

Steps Required for Implementation: Action by Mayoral Administration

World Business Chicago (WBC) is a non-profit organization that “leads Chicago’s business retention, attraction and expansion efforts and raises the city’s position as a premier global business destination.”¹⁰¹ WBC assists businesses with site selection decisions by providing economic and industry data and helping businesses obtain state and local financial incentives.

Under this option, the City would eliminate its \$1 million subsidy to WBC. In 2011, private grants and contributions comprised of 63 percent of WBC’s revenue sources, and the City’s subsidy comprised 35 percent.¹⁰² As the City’s subsidy makes up a large part of WBC’s funding, the elimination of the City’s subsidy could have a significant negative effect on WBC.

Proponents might argue that the City should not fund the services that WBC provides. Helping individual companies, including large, multinational corporations, obtain government benefits should be funded by the firms themselves. Additionally, the WBC Board of Directors is mostly comprised of leaders of the City’s largest corporations. Giving these individuals authority over how public dollars are used to assist other firms may not be the best use of taxpayer dollars as these individuals have an incentive, and in some instances a duty to their owners or shareholders, to direct assistance to firms that will not directly compete with their own companies.¹⁰³ This, in turn, may not be in the City’s economic development interest. Lastly, some would argue that the loss of the taxpayer subsidy could be offset by converting leftover NATO funds raised under government auspices through the WBC to the permanent funding of WBC.¹⁰⁴

Opponents might argue that spending this relatively small amount of money to attract companies to Chicago more than pays for itself. If WBC’s efforts attract even a few new businesses to Chicago each year, the economic activity generated by these businesses will likely outweigh the costs of the subsidy to WBC.

Budget Details

Dept.: Finance General, 099	Bureau: N/A
Fund: Corporate Fund, 0100	Approp. Code: For World Business Chicago Program, 9180
The appropriation is located on page 232 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

¹⁰¹ World Business Chicago, “About,” accessed August 28, 2012, <http://www.worldbusinesschicago.com/node/75>.

¹⁰² World Business Chicago, “Annual Report 2011,” 2012, 22, accessed August 24, 2012, <http://www.worldbusinesschicago.com/files/downloads/WBC-2011-Annual-Report.pdf>.

¹⁰³ City of Chicago, Office of Inspector General, “Review of World Business Chicago and the TIF approval process,” July 2011, accessed September 6, 2012, <http://chicagoinspectorgeneral.org/publications-and-press/press-releases/review-of-world-business-chicago-and-the-tif-approval-process/>.

¹⁰⁴ Jeff Coen and David Heinzmann, “Emanuel controls leftover NATO funds,” *Chicago Tribune* August 24, 2012, accessed September 14, 2012, http://articles.chicagotribune.com/2012-08-24/news/ct-met-emanuel-nato-funds-20120824_1_nato-host-committee-chicago-nato-summit-world-business-chicago.

Reduce Hours of Payment Service Offices by 25 percent

Preliminary Estimate of Budget Impact: \$1.6 million

Steps Required for Implementation: Action by Mayoral Administration

Currently, the City operates several customer service locations for City residents to make payments to the City, apply for business licenses, challenge tickets issued by the City, and obtain City stickers. The table below details these customer service offices in the Departments of Finance, Business Affairs and Consumer Protection, and the Office of the City Clerk, a description of each office’s service, and hours of operation.

Department	Site Name	Description of Service	Street Address	Hours of Operation	Weekly Hours of Operation
Department of Finance	Central Hearing Facility	Pay vehicle impoundment fees, most bills, and parking tickets	400 W Superior St	8:30-4:30 M-F, 9:00-3:00 S	46
Department of Finance	City Hall	Pay all City bills, all City business taxes, and parking tickets. Purchase Metropolitan Pier and Exposition Authority Tax Stamps, Real Estate Transfer Stamps, and Cigarette Tax Stamps.	121 N LaSalle	8:00-5:00 M-F	45
Department of Finance	Payment Center	Pay most city bills, most business taxes, and parking tickets	2550 West Addison	8:00-6:30 M-F	52.5
Department of Finance	Payment Center	Pay most city bills, most business taxes, and parking tickets	4770 South Kedzie	8:00-6:30 M-F	52.5
Department of Finance	Payment Center	Pay most city bills, most business taxes, and parking tickets	2006 East 95th Street	8:00-6:30 M-F	52.5
Office of the City Clerk	City Hall (City Clerk)	Purchase City stickers and residential zone parking permits. Obtain automatic amusement device licenses and dog registrations.	121 N LaSalle St	8:00-5:00 M-F	45
Office of the City Clerk	North Side Satellite Office	Purchase City stickers and residential zone parking permits. Obtain automatic amusement device licenses and dog registrations.	5430 W Gale St	8:00-5:00 M-F	45
Office of the City Clerk	South Side Satellite Office	Purchase City stickers and residential zone parking permits. Obtain automatic amusement device licenses and dog registrations.	5674 S Archer Ave	8:00-5:00 M-F	45
Department of Business Affairs and Consumer Protection	City Hall	Apply for business licenses and public way use permits	121 N LaSalle	8:30-4:30 M-F	40
Total Hours					423.5

Sources: City of Chicago, Department of Finance, “Payment Center Locations & Services,” accessed September 17, 2012, http://www.cityofchicago.org/city/en/depts/fin/supp_info/revenue/Payment%20Options/payment_center.html
 City of Chicago, Office of the City Clerk, “Office Information – Office Locations,” accessed September 17, 2012, <http://www.chicityclerk.com/office-info/office-locations.html>
 City of Chicago, Department of Business Affairs and Consumer Protection, “Business Licenses,” accessed September 17, 2012, <http://www.cityofchicago.org/city/en/depts/bacp/provdrs/bus.html>.

There are currently plans to reduce the number of hours in some of the offices listed above. In October 2012, the City Clerk Satellite Offices will begin opening at 9 a.m. instead of 8 a.m. to save staff resources, particularly overtime hours.¹⁰⁵

Under this option, the City would reduce the hours of operation for each of these offices by 25 percent. Assuming a 25 percent reduction in the hours of operation would result in a 25 percent reduction in the staff that performs customer service functions in each of these offices, the City would save approximately \$1.6 million.

The table below summarizes the current budgeted positions performing customer service functions in these offices and the resulting savings from a 25 percent reduction in the hours of operation.

Department	Title	Budgeted Positions	Budgeted Salaries	Budgeted Salaries including Fringe*	Average Compensation	Position Reduction	Savings
Department of Finance	Payment Services Representative	32	\$1,698,900	\$2,293,515	\$71,672	8	\$573,379
Department of Finance	Payment Reconciler	4	\$185,976	\$251,068	\$62,767	1	\$62,767
Department of Finance	Supervisor of Payment Center	4	\$331,788	\$447,914	\$111,978	1	\$111,978
Department of Finance	Supervising Clerk	8	\$502,128	\$677,873	\$84,734	2	\$169,468
City Clerk	Payment Services Representative	26	\$1,411,488	\$1,905,509	\$73,289	6	\$439,733
Department of Business Affairs and Consumer Protection	Senior Business Consultant	8	\$502,812	\$678,796	\$84,850	2	\$169,699
Department of Business Affairs and Consumer Protection	Business Consultant Supervisor	5	\$407,868	\$550,622	\$110,124	1	\$110,124
Total						21	\$1,637,149
Source: City of Chicago, Office of Budget and Management, "2012 Budget Ordinance," November 2011, 172, accessed August 28, 2012, http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf .							
*Refer to the Glossary and Key Assumptions page for detail on the assumptions regarding fringe benefits.							

¹⁰⁵ City of Chicago, Office of the City Clerk, September 10, 2012.

Proponents might argue that the City can afford to reduce the hours of operations of these offices because City residents can now pay most bills, purchase City stickers, and apply for most business licenses online. Further, many purchases such as City Vehicle Stickers may be made at over 350 neighborhood locations throughout the City.¹⁰⁶

Opponents might argue that seniors and low-income City residents rely on the ability to obtain these services in person partly because these populations are less likely to have access to the Internet.

Discussion and Additional Questions

While this analysis focuses on reduction of hours, there are other methods by which the City could save money through a reduction in the cost of providing payment services. For instance, the City already allows the purchase of City Vehicle Stickers and Daily Residential Parking Permits at Currency Exchanges, and payment of parking violations at some grocery stores. The City could completely outsource these services and cut all staffing at City locations for these services. Another option would be to reduce hours by 50 percent but shift the hours to evening hours from 5:00 PM to 9:00PM, when potentially more City residents are off work and able to use the service offices.

Some additional considerations for this option include:

- For which City services is there the most in-person demand?
- Which offices see the most traffic?
- What times of day are the busiest in these offices?
- Would alternative schedules such as more night and weekend hours be beneficial?

Details

Dept.: Various	Bureau: Various
Fund: Corporate Fund, 0100 and Vehicle Tax Fund, 0300	Approp. Code: Salaries and Wages – On Payroll, 0005
These appropriations are located throughout the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

¹⁰⁶ City of Chicago, Office of the City Clerk, “Vehicle Sticker Purchase Options,” accessed September 10, 2012, <http://www.chicityclerk.com/vehicle-stickers/index.html>.

Discontinue Advertising Contracts in Newspapers

Preliminary Estimate of Budget Impact: \$100,000

Steps Required for Implementation: Changes to Municipal Code and State Law

Currently, the City pays the *Chicago Sun-Times* to advertise contracting opportunities, legal notices, and various City activities.¹⁰⁷ The average annual spending on this contract between 2008 and the first half of 2012 is \$107,000.¹⁰⁸ Under this option, the City would stop advertising in newspapers and switch to posting all announcements on the City’s website.

Implementing this option would require changes to state law and the City’s Municipal Code. Publication in a newspaper is required by the Illinois Municipal Purchasing Act, 65 ILCS 5/8-10-7 and the Municipal Code of Chicago § 2-92-290 which states that the Chief Procurement Officer (CPO) shall annually solicit bids from newspapers to publish the required notices.

Proponents might argue that given the widespread use of the Internet and the declining readership of daily newspapers, the City should discontinue this practice and publicize these notices on its website. Additionally, the publication of these notices is typically in small print making it difficult to read. For businesses with limited access to the internet, it may be better to air announcements on cable access television and to post announcements in public places like libraries and ward offices.

Opponents might argue that there is a well-documented divide in Internet access within Chicago. Businesses in low-income communities are less likely to have easy access to the Internet, and therefore may be at a competitive disadvantage when it comes to accessing information that is only posted on the Internet.

Budget Details

Dept.: Procurement Services, 035	Bureau: NA
Fund: Corporate, 0100	Approp. Code: Advertising, 0152
The appropriation is located on page 84 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

¹⁰⁷ City of Chicago, “Contract Number 17148,” May 1, 2008, 77, accessed August 27, 2012, <http://dms1.edge.com/ARRA/objGW/FetchDocument.jsp?sid=888&id=000032MG>.

¹⁰⁸ City of Chicago, “City of Chicago Vendor Payment,” accessed August 27, 2012, <http://webapps.cityofchicago.org/VCSearchWeb/org/cityofchicago/vcsearch/controller/payments/begin.do?agencyId=city>.

Reduce Janitorial Contract Service

**Preliminary Estimate of Budget
Impact: \$5 million**

**Steps Required for Implementation: Action by Mayoral
Administration and Modification of a Contract**

In large part, the City outsources janitorial services for City offices. With the exception of libraries, most janitorial services were provided by three vendors to which the City paid \$15.9 million in 2009, \$17.9 million in 2010, and \$15.2 million in 2011.¹⁰⁹ The table below details the payments the City made to these vendors for each of the last three years.

Company	2009 Spending	2010 Spending	2011 Spending
Aguirre Building Maintenance	\$4,352,317	\$4,887,466	\$4,007,627
Nationwide Janitorial Corporation	\$4,548,911	\$5,024,002	\$4,137,101
Triad Consulting Services, Inc.	\$7,021,690	\$8,016,242	\$7,079,465
Total	\$15,922,918	\$17,927,710	\$15,224,192

Source: City of Chicago, "City of Chicago Contracts and Awards," accessed August 24, 2012, <http://webapps.cityofchicago.org/VCSearchWeb/org/cityofchicago/vcsearch/controller/agencySelection/begin.do>.

The current janitorial contracts require the vendors to "vacuum, dry mop, or damp mop entryways, entry mats, and all hard surface floors, including baseboards and corners" and "vacuum all carpet, including corners, edges and hidden areas" on a daily basis.¹¹⁰ Additionally, in public bathrooms, the vendors are required to mop all floors and clean mirrors on a daily basis.

Under this option, the City would adjust the cleaning schedules for its offices. For offices that are open during weekdays, cleaning would only take place on Mondays, Wednesdays, and Fridays. For offices open seven days a week, cleaning would only take place four days a week. While some tasks, such as emptying garbage cans would still take place daily, reducing the frequency of more labor-intensive tasks should significantly reduce the number of work-hours billed to the City under each of the three contracts.

This cleaning schedule change would result in an approximately 40 percent reduction in the most labor intensive services provided under these contracts. Assuming this 40 percent reduction translated to a 30 percent reduction in the cost of janitorial contracts, such a change would result in a savings of approximately \$5 million annually.

The City entered into new janitorial contracts in June 2012.¹¹¹ In order to revise the provisions of these contracts, both the City and the vendors would likely need to agree to a new scope of services.

¹⁰⁹ City of Chicago, "City of Chicago Contracts and Awards," accessed August 24, 2012, <http://webapps.cityofchicago.org/VCSearchWeb/org/cityofchicago/vcsearch/controller/agencySelection/begin.do>.

¹¹⁰ City of Chicago, "Contract Number 13383," December 29, 2006, accessed August 28, 2012, <http://dms1.edge.com/ARRA/objGW/FetchDocument.jsp?sid=888&id=00002P2H>.

City of Chicago, "Contract Number 13390," December 29, 2006, accessed August 28, 2012, <http://dms1.edge.com/ARRA/objGW/FetchDocument.jsp?sid=888&id=00002QV0>.

City of Chicago, "Contract Number 14785," June 20, 2007, accessed August 28, 2012, <http://dms1.edge.com/ARRA/objGW/FetchDocument.jsp?sid=888&id=00002V8D>.

¹¹¹ City of Chicago, "City of Chicago Contracts and Awards," accessed August 24, 2012, <http://webapps.cityofchicago.org/VCSearchWeb/org/cityofchicago/vcsearch/controller/agencySelection/begin.do>.

Proponents might argue that office spaces do not need to be vacuumed and mopped daily, and given that a reduction in cleaning service is unlikely to affect the delivery of City services, this an area where it makes sense for the City to seek savings.

Opponents might argue that a clean working environment is essential to worker productivity and that if janitorial contractors are not performing these services daily, then City staff would be forced to fulfill these responsibilities. Additionally, reducing the value of these contracts would likely result in layoffs for a number of the employees who work for these contractors.

Discussion and Additional Questions

The \$5 million cost savings estimate may need to be revised given that the City entered into new janitorial contracts in June 2012.¹¹²

Budget Details

Dept.: Fleet and Facility Management, 038	Bureau: Bureau of Facility Management, 2126
Fund: Corporate, 0100	Approp. Code: Office and Building Services, 0125
The appropriation is located on page 92 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

¹¹² City of Chicago, “City of Chicago Contracts and Awards,” accessed August 24, 2012, <http://webapps.cityofchicago.org/VCSearchWeb/org/cityofchicago/vcsearch/controller/agencySelection/begin.do>.

Set the Default on All Printers and Copiers to Double-Sided Printing

**Preliminary Estimate of Budget
Impact: \$200,000**

**Steps Required for Implementation: Action by Mayoral
Administration**

Over the last three years, the City has averaged \$1.3 million in annual spending on printer paper.¹¹³

Under this option, the City would make double-sided printing the default setting on all City printers. A 2008 study by the technology research firm Gartner found that “organizations can potentially reduce annual paper costs by at least 30% by selecting duplex [double-sided] printing as the default setting.”¹¹⁴ However, no savings would be realized from printers and copiers that do not have the capability to print double-sided, and some printers may already be set to default double-sided printing. Therefore, using the 30 percent figure as a high-end estimate for the potential savings, the City could reduce its annual paper costs by approximately \$387,000 by requiring double-sided printing as the default setting. Assuming a more conservative 15 percent reduction in paper usage, the City could save approximately \$200,000 annually if it implemented this option.

Proponents might argue that requiring default double-sided printing would not impact service delivery, but would save paper costs, waste disposal costs, and staff time, as there would be less need to refill printer and copier paper.

Opponents might argue that default double-sided printing would put more pressure on printers and copiers and shorten their useful lives, meaning they would need to be replaced more often.

Discussion and Additional Questions

Some questions that might be useful when considering this option:

- For each department, what percentage of its printers and copiers have double-sided printing capability?
- How many printers are already set to double-sided default?
- What effect does double-sided printing have on the useful life of a printer?

Budget Details

Dept.: Various	Bureau: NA
Fund: Various	Approp. Code: Stationary and Office Supplies, 0350
The appropriation is located throughout the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

¹¹³ The spending for this analysis was from 2009 to 2011. Source: City of Chicago, “Contract Number: 18487,” October 21, 2008, accessed September 11, 2012,

<http://ecm.cityofchicago.org/eSMARTContracts/service/DPSWebDocumentViewer?sid=EDGE&id=000036BK>.

¹¹⁴ Sharon McNee and Ken Weilerstein, “Cost Cutting Initiatives for Office Printing,” Gartner RAS Core Research Note G00155489, February 22, 2008, 1, accessed September 6, 2012,

http://h20424.www2.hp.com/program/wdyhts/enterpriseprint/ap/en/pdf/Gartner_cost_cutting_initiatives_for_office_printing.pdf.

Eliminate 200 Motor Truck Drivers Positions

**Preliminary Estimate of Budget
Impact: \$19 million**

**Steps Required for Implementation: Change to CBA with
Teamsters**

Motor Truck Drivers (MTDs) drive and operate a wide variety of motor vehicles and power equipment. MTDs are represented by the State and Municipal Teamsters, Chauffeurs and Helpers Union, Local 700 and must possess an Illinois Commercial Driver’s License (CDL). As of August 2012, there were 1,300 motor truck drivers employed by the City in eight departments.¹¹⁵

An IGO review of MTD responsibilities revealed that most MTDs employed by the City are being used efficiently to drive snowplows, operate garbage collection trucks, and sweep City streets.¹¹⁶ However, the review also revealed that a sizable percentage of MTDs, approximately 200 MTD positions, are used solely to transport personnel and equipment, a task which could easily be performed by another assigned member of the work crew who participates in the actual performance of the task or project. These 200 MTDs transport personnel and equipment to jobsites and then merely wait – generally getting paid to do nothing more than sit in a vehicle – while other City personnel perform various tasks.

MTDs generally make approximately \$34 an hour and work 40 hours a week.¹¹⁷ Including additional fringe benefits, the average MTD makes approximately \$95,000 annually.¹¹⁸

Under this option, these 200 MTD positions would be eliminated and other crew members would drive City vehicles, which in many cases would not require additional training or qualifications. The elimination of these positions would save the City approximately \$19 million a year.

Implementing this option would require amending the City’s CBA with the Teamsters’ Union to enable the City to assign MTD work to other City employees, which the City has successfully done with some other CBAs in the last year.^{119,120}

¹¹⁵ City of Chicago, CHIPPS, August 12, 2012, accessed September 11, 2012.

¹¹⁶ City of Chicago Inspector General’s Office, “Review of the Efficiency of the Job Duties of Motor Truck Drivers,” March 2011, 2, accessed August 28, 2012, <http://chicagoinspectorgeneral.org/wp-content/uploads/2011/03/IGO-Review-of-the-Efficiency-of-the-Job-Duties-of-MTDs-March-30-2011.pdf>.

¹¹⁷ City of Chicago, Office of Budget and Management, “2012 Budget Ordinance,” November 2011, accessed August 28, 2012, http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf.

¹¹⁸ Refer to the **Glossary and Key Assumptions** page for detail on the assumptions regarding fringe benefits.

¹¹⁹ City of Chicago Inspector General’s Office, “Review of the Efficiency of the Job Duties of Motor Truck Drivers,” March 2011, 3, accessed August 28, 2012, <http://chicagoinspectorgeneral.org/wp-content/uploads/2011/03/IGO-Review-of-the-Efficiency-of-the-Job-Duties-of-MTDs-March-30-2011.pdf>.

¹²⁰ City of Chicago, “Mayor Emanuel Announces Groundbreaking Agreement with Laborers 1001 Union Projected To Save Taxpayers \$30 Million Over the Next Six Years,” May 1, 2012, accessed September 24, 2012, http://www.cityofchicago.org/city/en/depts/mayor/press_room/press_releases/2012/may_2012/mayor_emanuel_announcesgroundbreakingagreementwithlaborers1001un.html.

Proponents might argue that the inclusion of extra workers on a crew when their presence does not add value or could be performed by other staff creates unnecessary costs which are paid for by taxpayers.

Opponents might argue that these positions are necessary because MTDs receive special training and if other, less trained personnel operated these vehicles and equipment it would endanger employee or public safety.

Budget Details

Dept.: Various	Bureau: Various
Fund: Various	Approp. Code: Salaries and Wages- On Payroll, 0005
The appropriation is located throughout the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Eliminate Personal Computer Operators

Preliminary Estimate of Budget Impact: \$3.7 million

Steps Required for Implementation: Action by Mayoral Administration

Currently, the City employs 54 PCOs in 12 departments.¹²¹ There are three grades of PCOs: PCO I, PCO II, and PCO III. A PCO I operates “a personal computer to produce printed documents of basic complexity.”¹²² A PCO II operates “a personal computer to create printed documents of moderate complexity or databases and spreadsheets.”¹²³ A PCO III operates “a personal computer and software packages to create complex printed documents or databases and spreadsheets, or act as a lead worker in the direction of personal computer operator staff.”¹²⁴ Finally, there is also a Senior Legal PCO who “performs at the fully proficient senior level, operating a personal computer to create, edit, and print complex legal documents.”¹²⁵ The Senior Legal PCO job description was last updated in 2011; the PCO I, II, and III descriptions were last updated in 2010.

The table below shows the number of employees currently employed in each job title and the total compensation for those employees.

Title	Number of Employees	Salaries	Fringe Benefits*	Total Compensation
Personal Computer Operator I	17	\$782,892	\$274,012	\$1,056,904
Personal Computer Operator II	23	\$1,133,352	\$396,673	\$1,530,025
Personal Computer Operator III	8	\$455,232	\$159,331	\$614,563
Senior Legal Personal Computer Operator	6	\$347,304	\$121,556	\$468,860
Total	54	\$2,718,780	\$951,573	\$3,670,353

Source: City of Chicago, "Current Employee Names, Salaries, and Position Titles," updated August 31, 2012, accessed September 14, 2012, <https://data.cityofchicago.org/Administration-Finance/Current-Employee-Names-Salaries-and-Position-Title/xzkg-xp2w>.

* Refer to the **Glossary and Key Assumptions** page for detail on the assumptions regarding fringe benefits.

Under this option, the City would eliminate all 54 of these positions, allowing for \$3.7 million in annual savings.

¹²¹ City of Chicago, “Current Employee Names, Salaries, and Position Titles,” last updated April 19, 2012, accessed August 29, 2012, <https://data.cityofchicago.org/Administration-Finance/Current-Employee-Names-Salaries-and-Position-Title/xzkg-xp2w>.

The departments, in order of the number of PCOs, are: Police (23), City Clerk (6), Law (6), Procurement (4), Water Management (3), Transportation (3), Health (2), Mayor’s Office for People with Disabilities (2), Independent Police Review Authority (2), Innovation and Technology (1), Business Affairs and Consumer Protection (1), and Aviation (1).

¹²² City of Chicago, “Class Title: Personal Computer Operator I,” May 2010, accessed August 29, 2012, http://www.cityofchicago.org/content/dam/city/depts/dhr/supp_info/JobSpecifications/Administrative/0800_Secretarial_And_Typing_Series/0833_PERSONAL_COMPUTER_OPERATOR_I.pdf.

¹²³ City of Chicago, “Class Title: Personal Computer Operator II,” May 2010, accessed August 29, 2012, http://www.cityofchicago.org/content/dam/city/depts/dhr/supp_info/JobSpecifications/Administrative/0800_Secretarial_And_Typing_Series/0832_PERSONAL_COMPUTER_OPERATOR_II.pdf.

¹²⁴ City of Chicago, “Class Title: Personal Computer Operator III,” June 2010, accessed August 29, 2012, http://www.cityofchicago.org/content/dam/city/depts/dhr/supp_info/JobSpecifications/Administrative/0800_Secretarial_And_Typing_Series/0831_PERSONAL_COMPUTER_OPERATOR_III.pdf.

¹²⁵ City of Chicago, “Class Title: Senior Legal Personal Computer Operator,” May 2011, accessed August 29, 2012, http://www.cityofchicago.org/content/dam/city/depts/dhr/supp_info/JobSpecifications/Administrative/0800_Secretarial_And_Typing_Series/0875_SR_LEGAL_PC_OPERATOR.pdf.

Proponents might argue that the job duties assigned to these positions are outdated and that there is no need to have employees solely devoted to these tasks. Further, most employees who work in office settings are now required to be able to perform most of these tasks themselves. Therefore, it is likely that the duties of these employees could be absorbed by other workers without a loss in productivity.

Opponents might argue that while these job descriptions are outdated, these employees now perform tasks that are essential to the operations of the offices in which they work.

Discussion and Additional Questions

In order to make a decision about the implementation of this option, decision makers would need to know what the employees in these job titles are actually doing day-to-day and whether they provide value to the City. Thus each department that employs PCOs should be asked the following questions:

- What tasks do the PCOs assigned to your department routinely perform?
- What unique skills do PCOs have relative to other employees in their bureau/section?

This option raises a larger issue of obsolete positions in City government.

- What other positions in City government may have been necessary in the past, but due to advancement in technology or other reasons are no longer needed?

Budget Details

Dept.: Various	Bureau: NA
Fund: Various	Approp. Code: Salaries and Wages – On Payroll, 0005
The appropriation is located throughout the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Reduce Communications Staff by 25 Percent

**Preliminary Estimate of Budget
Impact: \$920,000**

**Steps Required for Implementation: Action by Mayoral
Administration**

Currently, the City has an estimated 39 employees whose job description falls within the “Administrative Services: Public Information” series, including public relations representatives, public relations coordinators, press secretaries, press aides, assistant press secretaries, public information officers and the directors of news affairs, public affairs and public information in a variety of departments.¹²⁶ These staffers are primarily dedicated to developing and disseminating public information materials and programs, responding to requests for information, and communicating with the news media. These positions are detailed by position title in the table below.¹²⁷

Title Code	Title Description	Number of Employees	Salaries	Fringe Benefits*	Total Compensation
0701	Public Relations Representative I	2	\$115,656	\$40,480	\$156,136
0702	Public Relations Representative II	3	\$247,656	\$86,680	\$334,336
0703	Public Relations Representative III	5	\$364,140	\$127,449	\$491,589
0705	Director Of Public Affairs	8	\$735,408	\$257,393	\$992,801
0709	Volunteer Services Coordinator	1	\$55,212	\$19,324	\$74,536
0711	Public Information Officer	1	\$69,648	\$24,377	\$94,025
0712	Senior Public Information Officer	2	\$161,832	\$56,641	\$218,473
0715	Curator Of Exhibits	2	\$144,132	\$50,446	\$194,578
0725	Editorial Assistant	5	\$288,024	\$100,808	\$388,832
0726	Deputy Managing Editor Council Journal	1	\$97,416	\$34,096	\$131,512
0727	Managing Editor Council Journal	1	\$111,996	\$39,199	\$151,195
0729	Information Coordinator	1	\$88,812	\$31,084	\$119,896
0740	Press Aide I	1	\$45,000	\$15,750	\$60,750
0743	Supervisor Of Information Services	1	\$73,752	\$25,813	\$99,565
0744	Press Aide II	1	\$40,008	\$14,003	\$54,011
0770	Index Editor	1	\$49,668	\$17,384	\$67,052
0790	Public Relations Coordinator	3	\$271,620	\$95,067	\$366,687
Total		39	\$2,959,980	\$1,035,993	\$3,995,973

Source: City of Chicago, CHIPPS, August 12, 2012, accessed September 10, 2012.

*Refer to the **Glossary and Key Assumptions** page for detail on the assumptions regarding fringe benefits

Under this option, the City would eliminate a quarter of these positions, which would result in the elimination of nine positions. The average total compensation of the 39 employees in these positions is \$102,000. Eliminating nine of these positions, assuming the positions eliminated had the average salary and benefits of the 39 current positions, would save approximately \$920,000.

¹²⁶ City of Chicago, “Job Classification and Compensation, Administrative Services: 0700 Series,” accessed September 11, 2012, http://www.cityofchicago.org/city/en/depts/dhr/supp_info/administrative_services0700.html.

¹²⁷ For the Chicago Police Department, the number of staff in the Police Department’s News Affairs Unit is not represented in this table, as there are no job titles that match the Public Information Series in News Affairs.

Proponents might argue that the City can afford less communications staff as these personnel do not contribute directly to the services provided by City departments.

Opponents might argue that communications personnel play a critical role in informing the news media, and thus the public, about what City departments are doing. This helps ensure City government is more transparent and accountable to the City’s residents than it would be otherwise.

Budget Details

Dept.: Various	Bureau: Various
Fund: Various	Approp. Code: Salary and Wages – On Payroll, 0005
The appropriation is located throughout the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Reduce the Number of Holidays for City Employees to 10

Preliminary Estimate of Budget Impact: \$5.4 million

Steps Required for Implementation: Action by Mayoral Administration and Changes to CBAs

Currently, most City employees receive 12 annual paid holidays and one personal day in addition to paid vacation days.¹²⁸ Firefighters also receive Flag Day as a holiday, and CPD members receive a Community/Police Partnership Day. For public safety employees who are scheduled to work on City holidays, the City provides additional compensation. Specifically, Firefighters who work 24-hour shifts which happen to fall on a City holiday receive double time pay, while those working 8-hour days receive time-and-a-half pay.¹²⁹ In addition, CPD members who work 8-hour tours on holidays receive, in addition to their regular pay, 8 hours of compensatory time, and 4 hours of compensatory time or additional pay at the officer’s choosing.¹³⁰ The 2012 budget for holiday premium pay were over \$23.5 million for the Fire, Police, and Fleet and Facility Management Departments.¹³¹

Under this option, the City would reduce the number of paid holidays for City employees to 10 – the same number that federal government employees receive.¹³² This would result in a reduction of three days for employees of the Police and Fire departments and two days for the employees of other departments. Assuming that holiday premium pay would be reduced in proportion to the reduction in paid holidays, the City would save \$5.4 million annually. The table below details the savings by department. This does not take into account the potential elimination of positions due to a reduction in the number of observed holidays.

Department	2012 Appropriation for Holiday Premium Pay	Savings from Reduction to 10 Holidays
Fire	\$19,871,536	\$4,585,739
Police	\$3,530,000	\$814,615
Fleet and Facility Management	\$125,000	\$20,833
Total	\$23,526,536	\$5,421,188

Implementing this option for union-represented employees would require changing the holiday lists in the existing CBAs and instituting new holiday lists in the new CBAs, for those unions for which the CBAs have recently expired.

¹²⁸ City of Chicago, “Classification and Pay Plan - Salary Resolutions,” 64-65, accessed August 28, 2012, https://www.cityofchicago.org/content/dam/city/depts/dhr/supp_info/JobClassification/ClassificationPayplan_SalaryResolutions.pdf.

¹²⁹ City of Chicago, “Labor Contract between Chicago Fire Fighters Union, Local #2, International Association of Fire Fighters A.F.L.-C.I.O. - C.L.C. and the City of Chicago, Illinois July 1, 2007 through June 30, 2012,” 21-22, accessed August 28, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/CFFULocal2_07_012.pdf.

¹³⁰ City of Chicago, “Agreement between the City of Chicago and the Fraternal Order of Police Chicago Lodge No. 7. July 1, 2007 through June 30, 2012,” 20-21, accessed August 28, 2012, http://www.cityofchicago.org/content/dam/city/depts/dol/Collective%20Bargaining%20Agreement2/FOP2007_2012FINAL.pdf.

¹³¹ City of Chicago, Office of Budget and Management, “2012 Budget Ordinance,” November 2011, accessed September 11, 2012, http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf.

¹³² U.S. Office of Personnel Management, “Operating Status & Schedules,” accessed August 28, 2012, http://www.opm.gov/Operating_Status_Schedules/fedhol/2012.asp.

Proponents might argue that reducing the number of paid holidays is appropriate given the City's financial situation. The City's 12 holidays for non-sworn personnel and 13 for sworn personnel are more than the 10 holidays conferred on federal government employees.

Opponents might argue that this would effectively be a reduction in salary for all City employees and would be unfair to the current workforce. Reducing City employee compensation could also reduce the quality of the City workforce. Additionally, State of Illinois employees have 13 holidays for 2012 and 12 for 2013.¹³³

Discussion and Additional Questions

In considering this option, the City would need to consider which holidays to eliminate. The City could analyze the holidays during which more City services are demanded.

Budget Details

Dept.: Fleet and Facility Management, 038; Police Department, 057; Fire Department, 059	Bureau: Facility Management (in Fleet and Facility Management), 2126
Fund: Corporate Fund, 0100, Chicago Midway Airport, 0610, Chicago O'Hare Airport, 0740	Approp. Code.: Sworn/Civilian Holiday Premium Pay, 0021
The appropriation is located on pages 92, 133, and 168 and of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

¹³³ Illinois Department of Central Management Services, State Holidays, accessed August 28, 2012, <http://www2.illinois.gov/cms/employees/personnel/pages/stateholidays.aspx>.

Base Sign Permit Fees on Square Footage and Increase Charges Downtown

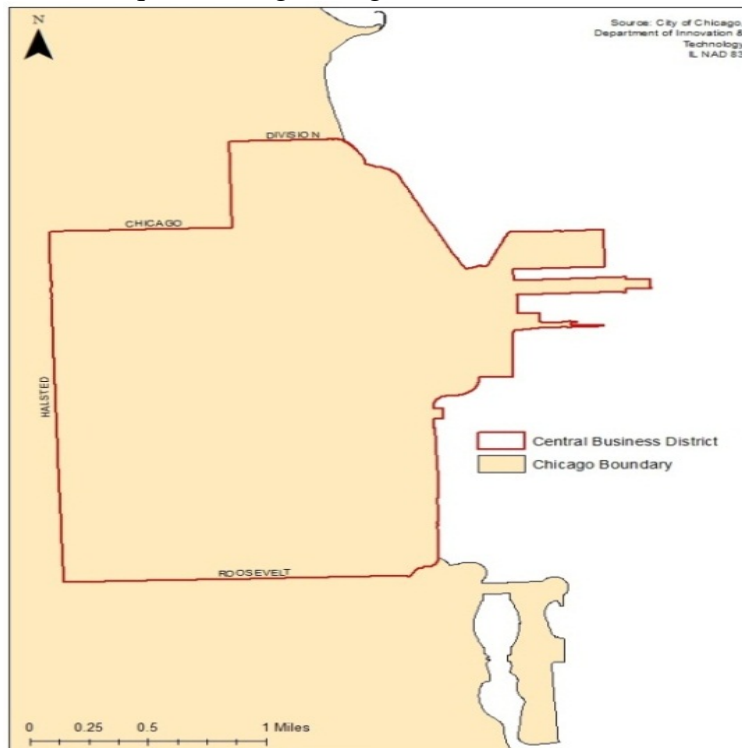
Preliminary Estimate of Budget Impact: \$350,000

Steps Required for Implementation: Change to Municipal Code

The City of Chicago requires a permit from the Department of Buildings for the installation of all signs. Business owners work with a registered sign erector company to apply for the necessary permits. The current fee structure for the sign permits is as follows:¹³⁴

Size	Fee
Between 0 and 49 square feet	\$50
Between 50 and 99 square feet	\$100
Between 100 and 199 square feet	\$200
Between 200 and 499 square feet	\$500
500 square feet or more	\$1,000

Under this option, the fee structure would no longer be based on sign size thresholds. Rather, the City would impose a flat \$2 per square foot fee, roughly the higher range of the per square foot amount currently imposed for signs between 50 and 99 square feet, 100 and 199 square feet, and 500 square feet or more. The minimum fee for a sign permit would be set at \$50. Additionally, the City would impose a \$10 per square foot fee in the Central Business District, defined in the map below.¹³⁵ In 2011, approximately 25% of the total square footage of signs was located in this area.¹³⁶



¹³⁴ City of Chicago, "Permit Process for Signs," accessed August 30, 2012, <http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/EZPERMIT/ComprehensiveSignPermitProcess2009.pdf>.

¹³⁵ City of Chicago, Inspector General's Office, created September 5, 2012.

¹³⁶ City of Chicago, Business Objects Reporting System, Hansen Universe, accessed September 4, 2012.

The City issued more than 2,000 permits in 2011 for signs totaling over 135,000 square feet. Of those, nearly 500 permits, which totaled over 35,000 square feet, were located in the Central Business District.¹³⁷ Using the 2011 data, if the City imposed a fee of \$2 per square foot Citywide, with a \$10 per square foot fee in the Central Business District, and a minimum fee of \$50 for a sign permit, the total estimated revenue is approximately \$580,000. Compared to the current sign permit fee structure, which generated an estimated \$230,000, this option would generate an estimated additional \$350,000.

The City’s Municipal Code would need to be revised to implement this option.¹³⁸

Proponents might argue other cities already charge a per square foot fee for sign permits. Imposing a cost per square foot fee structure would also eliminate the incentive of businesses to keep the size of their signs under a certain area in order to meet the threshold requirement of a lower fee. Charging a larger fee in the Central Business District introduces existing commercial market pricing concepts for what is a commercial service.

Opponents might argue that the cost per square foot structure would place an additional burden on owners of larger signs, which in turn may reduce the amount of advertising on larger signs, which would have a negative economic impact on the City.

Discussion and Additional Questions

This estimate does not take into account a potential reduction in the amount of sign permits being purchased or a reduction in the average size of signs due to the imposition of this increased fee. It would be important to explore this issue prior to deciding whether or not to implement the option.

Budget Details

Fund: Corporate Fund, 0100	Type of Revenue: Licenses, Permits, Certificates – Building Permits
The appropriation is located on page 18 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

¹³⁷ City of Chicago, Business Objects Reporting System, accessed September 4, 2012.

¹³⁸ City of Chicago, Municipal Code, Chapter 13-20-540, accessed August 30, 2012, [http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/title13buildingsandconstruction/chapter13-20buildinginspection?f=templates\\$fn=document-frame.htm\\$3.0#JD_13-20-540](http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/title13buildingsandconstruction/chapter13-20buildinginspection?f=templates$fn=document-frame.htm$3.0#JD_13-20-540).

Broaden the Amusement Tax

**Preliminary Estimate of Budget
Impact: \$116 million**

**Steps Required for Implementation: Changes to
Municipal Code and State Law**

The City currently charges a tax of nine percent on certain amusements within the City.¹³⁹ A five percent tax is imposed on all “live theatrical, live musical or other live cultural performances that take place in any auditorium, theater or other space in the city whose maximum capacity, including all balconies and other sections, is more than 750 persons.”¹⁴⁰ There is no tax for these live performances if the capacity of the venue is less than 750, which includes the majority of the City’s theater and music venues. The amusement tax is not imposed at all on “religious, educational and charitable institutions, societies or organizations”.¹⁴¹ Health club memberships are also exempt from the nine percent amusement tax.¹⁴²

Under this option, the City would:

1. Apply the nine percent amusement tax to all live theater, musical, and cultural performances;
2. Eliminate the amusement tax exemption for live theater, musical, and cultural performances in establishments with capacities under 750 persons;
3. Eliminate the amusement tax exemption for non-profit organizations; and
4. Eliminate the amusement tax exemption for health and sport club membership fees.

Increasing the City’s amusement tax rate and broadening its base could generate over \$100 million in additional revenue.

Many of the calculations in this option are rounded to account for the imprecision and lack of Chicago-level data for some of the estimates.

Apply the Nine Percent Amusement Tax to All Live Theater, Musical, and Cultural Performances

According to the City’s amusement tax data, over the last two years live theater, musical, and cultural performances have accounted for a small portion of amusement tax revenue. For the two years between July 2009 and June 2011, amusement tax receipts relating to live performances totaled an estimated \$13.6 million out of a total of nearly \$170 million.¹⁴³ Thus, the City received an average of \$6.8 million

¹³⁹ City of Chicago, Municipal Code, Section 4-156-020(A), (American Legal 2012), accessed September 4, 2012, <http://www.amlegal.com/library/il/chicago.shtml>.

¹⁴⁰ City of Chicago, Municipal Code, Section 4-156-020(E), (American Legal 2012), accessed September 4, 2012, <http://www.amlegal.com/library/il/chicago.shtml>.

¹⁴¹ City of Chicago, Municipal Code, Section 4-156-020(D)(1), (American Legal 2012), accessed September 4, 2012, <http://www.amlegal.com/library/il/chicago.shtml>.

¹⁴² City of Chicago, Municipal Code, Section 4-156-020(D)(2), (American Legal 2012), accessed September 4, 2012, <http://www.amlegal.com/library/il/chicago.shtml>.

(“[I]nitiation fees and membership dues paid to a health club, racquetball club, tennis club or a similar club or organization, when such club or organization is organized and operated on a membership basis and for the recreational purposes of its members and its members’ guests, shall be exempt from the tax imposed in subsection A of this section.”).

¹⁴³ To estimate amusement tax receipts related to live performance, 94 percent of approximately \$170 million in amusement tax receipts were placed into several categories including live performance and museums for the two year period between July 2009 and June 2011. Tax receipts were categorized on the basis of researching the name of the taxpayer to determine the taxpayer’s type of business. For the receipts categorized, over \$10 million (6.4 percent) was attributed to live music and

in each of these two years from amusement taxes paid for live performances. Between July 2011 and June 2012, the tax receipts relating to live performances accounted for an estimated \$6.7 million of the \$86 million in total amusement tax payments. At a tax rate of 5 percent for live theater, musical, and cultural performance, this means that these entities had \$134 million in annual ticket sales. Therefore, increasing the live theater amusement tax to nine percent would yield an additional \$5.4 million annually.

Eliminating the Amusement Tax Exemption for Live Theater, Musical and Cultural Performances in Establishments with Capacities under 750 Persons

The table below shows the receipts of the City’s performing arts companies and promoters of performing arts, sports, and similar events that are subject to federal income tax from 2007 Economic Census data.

2007 NAICS code ¹⁴⁴	Meaning of 2007 NAICS code	Meaning of Type of operation or tax status code	Number of employer establishments	Employer sales, shipments, receipts, revenue, or business done
7111	Performing arts companies	Establishments subject to federal income tax	79	\$117.8 million
7113	Promoters of performing arts, sports, and similar events	Establishments subject to federal income tax*	57	\$233.5 million
Total			136	\$351.3 million

*The 2007 Economic Census does not report receipts for establishments subject to the federal income tax at the Chicago level for code 7113. NAICS code 7113 is comprised of two more specific codes 71131 (promoters with facilities) and 71132 (promoters without facilities). For 71131, data at the Chicago level was reported on the receipts of establishments subject to the federal income tax (it was assumed that this is equivalent to the City’s for-profit/non-profit distinction and use this term from this point forward) and equaled almost \$131 million. For 71132, the data was only reported for all establishments and not split between non-profits and for-profits. To estimate the receipts for for-profit companies included in code 71132, it was assumed that the percentage of receipts generated by for-profits in category 71132 was the same as the percentage generated by for-profits in 71131, which was 85%. Thus, of the nearly \$121 million reported for all establishments included in code 71132, almost \$103 million was assumed attributable to for-profits.

cultural performances. Approximately \$5 million, or almost 3 percent of sales tax was attributed to ticket sales and distribution, and it was assumed 11 percent of this was from live performances (the remaining from sports). Of the nearly \$9 million in receipts that was uncategorized, it was assumed that 26 percent (see below) was attributed to live performance. Thus, an estimated \$13.5 million in two years of amusement tax receipts was attributed to live performances. This equates to \$6.8 million annually. This method was used to calculate the 2012 estimates as well, resulting in \$6.7 million of amusement tax revenue attributable to live performances.

It was assumed that a greater percentage of the uncategorized receipts were attributable to live performance because the two largest categories of amusement tax receipt were sports venues and cable service and that sport venues and cable service firms would be captured in the largest amusement taxpayers. Since the largest amusement taxpayers were categorized and the taxpayers left uncategorized were mostly the smallest payers, it was assumed that sports venues and cable service firms were completely captured in the 94 percent of receipts that were categorized. Thus, the percentages used to attribute the uncategorized receipts reflect the other types of organizations-share of the non-sport venue and non-cable service amusement tax receipts that were categorized.

One-hundred percent of the receipts were not categorized because this would have been time-consuming and would only have added a little more precision to the estimate. Source for Amusement Tax Receipts: City of Chicago, Department of Finance.

¹⁴⁴ NAICS stands for the North American Industry Classification System (NAICS), which “is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.”

U.S. Census, “North American Industry Classification System,” accessed September 24, 2012, <http://www.census.gov/eos/www/naics/>.

These organizations had receipts of approximately \$350 million according to the 2007 Economic Census. Since the amusement tax currently falls on approximately \$134 million of this activity, it was assumed that the \$216 million difference between the \$134 million being taxed and the \$350 million reflected in the census data was produced by firms with capacities smaller than 750 people. An amusement tax of nine percent on this \$216 million yields \$19.4 million. However, the 2007 Economic Census is the most recent data available, and since it is 5 years old it must be adjusted for inflation. Thus, using the Bureau of Labor Statistics' All Urban Consumers - Consumer Price Index (CPI), the 2012 value of this tax revenue would equal \$21.5 million.

Eliminating the Amusement Tax Exemption for Non-Profit Organizations

The table below estimates the 2007 receipts for all performing arts companies (theaters, operas, and dance companies), all promoters of performing arts, sports, and similar events (which is where live music venue revenue is most likely to be captured), and all museums, historical sites, and similar institutions.

2007 NAICS code	Meaning of 2007 NAICS code	Number of employer establishments	Employer sales, shipments, receipts, revenue, or business done
7111	Performing arts companies	171	\$380.0 million
7113	Promoters of performing arts, sports, and similar events	74	\$274.5 million
712	Museums, historical sites, and similar institutions*	41	\$301.1 million
Total		286	\$956 million

* The 2007 Economic Census does not report receipts for establishments at the Chicago level for code 712. For the Metropolitan Statistical Area (the Chicagoland area as defined by the Census) that Chicago is a part of, the 2007 Economic Census reported that there were 111 establishments generating \$815 million in receipts under NAICS code 712. Chicago had 41 of these establishments, but the amount of their receipts was not available. Assuming that the 41 establishments in the City had an average amount of receipts as the establishments in the larger metropolitan area, then these 41 establishments generated \$301.1 million in 2007. This is a very conservative estimate as Chicago is home to the area's most prominent museums and likely has a larger share of these receipts.

Thus, in 2007 these organizations had an estimated \$950 million of receipts. Subtracting the \$134 million in revenue generated by live cultural performances currently subject to the amusement tax and the \$216 million in receipts that would be subject to the amusement tax if the small venue exemption is eliminated, leaves approximately \$600 million in receipts. Additionally, an estimated \$50 million in receipts generated by museums and similar institutions is currently subject to the amusement tax.¹⁴⁵ That leaves approximately \$550 million that is likely attributable to non-profit organizations in these categories that is not subject to the amusement tax. Applying a nine percent amusement tax to this \$550 million would yield \$49.5 million annually. Similarly to the previous option of eliminating the exemption for live performances in venues with under 750 person capacity, this option must be adjusted for inflation as well because it uses the same data to estimate the tax revenue. Thus, using the Bureau of Labor Statistics' All Urban Consumers CPI, this option would raise \$54.7 million in tax revenue in 2012.

¹⁴⁵ See previous footnote.

Eliminating the Amusement Tax Exemption for Health and Sport Club Membership Fees

According to the 2007 Economic Census, there were 189 businesses categorized as fitness and recreational sports centers in Chicago. These businesses had gross receipts of \$345 million in 2007.¹⁴⁶ If the City applied the amusement tax rate of 9 percent to these gross receipts, it would raise \$31 million annually. Adjusted for inflation, this would yield \$34.3 million in 2012.

The table below summarizes the four components and the revenue estimates described above. By implementing each of the four components of this option, the City would raise approximately \$113 million annually.

Amusement Tax Component	Annual Estimated Revenue Increase
Increase rate to 9 percent (from 5 percent) on firms that showcase live performances	\$5.4 million
Apply tax at 9 percent to small venues showcasing live performances	\$21.5 million
Remove exemption for non-profits	\$54.7 million
Impose the amusement tax on health and sports clubs	\$34.3 million
Total	\$116 million

To eliminate the exemptions for non-profits and venues with no more than a 750 person capacity, as well as to raise the rate to from 5% to 9% for live performances in venues larger than a 750 person capacity, would require an amendment to the City’s municipal code. Imposing the amusement tax on health clubs would require a change in State law as the Illinois Supreme Court has ruled that applying the amusement tax on health or sports club membership is in essence a service tax which the City does not have the authority to impose.¹⁴⁷

Proponents might argue that the various exemptions in the present amusement tax favor certain amusements over others for no rational reason. Additionally, some of the largest beneficiaries of these exemptions (e.g., the Lyric Opera and the Chicago Symphony Orchestra) serve, on average, patrons who are wealthier than average City residents.¹⁴⁸

Opponents might argue that there is a good public policy reason for each of these exemptions. Imposing taxes on health and sports clubs would raise the cost of these activities, which would in turn make City residents less likely to visit health and sports clubs, thereby reducing their physical fitness. Others might argue that smaller music clubs and theaters need the tax exemption in order to compete with larger venues and this is why the amusement tax was eliminated for small venues in 1998.¹⁴⁹ Further, they might argue that live cultural performances add civic value and therefore should receive a tax preference. Lastly, a general increase in the amusement tax would drive up prices meaning consumers would be more likely to attend events in the suburbs or simply reduce attendance at the affected venues.

¹⁴⁶ This figure includes the receipts of non-profit health and fitness centers.

¹⁴⁷ *Chicago Health Clubs, Inc. v. Picur*, 124 Ill.2d 1 (1988).

¹⁴⁸ Robert LaLonde, Colm O’Muircheartaigh, Julia Perkins with Diane Grams, Ned English, D. Carroll Joynes, “Mapping Cultural Participation in Chicago,” Cultural Policy Center at the University of Chicago, 2006, accessed September 4, 2012, <http://culturalpolicy.uchicago.edu/publications/MappingCPICExecSumm.pdf>.

¹⁴⁹ City of Chicago, City Council, “Journal of Proceedings: Reports of Committees: Committee on Finance,” November 12, 1998, 81835, accessed September 20, 2012, http://docs.chicityclerk.com/journal/1998/nov12_1998/nov12_1998_Finance.pdf.

Discussion and Additional Questions

To have a more precise understanding of the effects of eliminating the amusement tax exemptions and rate reductions, decision makers should request a full list amusement taxes paid by those businesses currently subject to the reduced rate amusement tax, as well as revenue information for those businesses and non-profits currently exempt from the tax. This would allow for the most accurate estimation of the increased amusement tax revenue and more complete information from which to weigh the costs and benefits of the additional taxation.

Budget Details

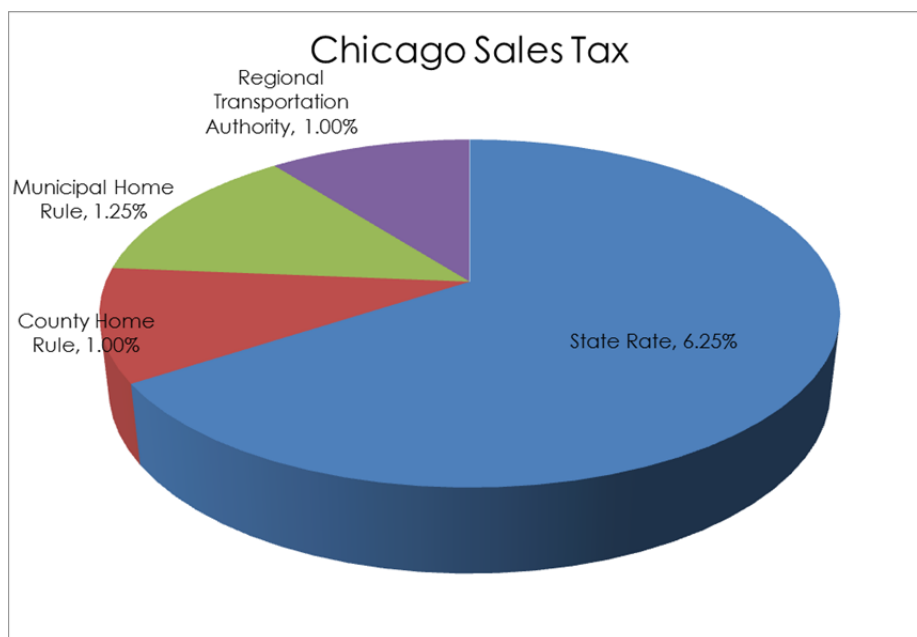
Fund: Corporate Fund, 0100	Type of Revenue: Amusement Tax
The appropriation is located on page 17 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Broaden the Sales Tax to Include More Services

Preliminary Estimate of Budget Impact: \$500 million

Steps Required for Implementation: Change to State Law

General merchandise sales within the City are currently taxed at a rate of 9.5 percent. The chart below shows the breakdown of the sales tax.¹⁵⁰



The City receives sales tax revenue from its Home Rule Occupation and Use Tax (HROT), equal to 1.25 percent, and the Municipal Retailer Occupation and Use Tax (ROT), which is included in the 6.25 percent state rate and is equal to one percent of the tax rate.¹⁵¹ The sales tax is generally not imposed on services. In Illinois, only 17 services are taxed, 12 of which are utility services, mostly related to electricity, telephone, and gas services.¹⁵² The other 49 states tax an average of 56 services.¹⁵³

Under this option, the sales tax base would be broadened to include more services. According to data from the 2007 Economic Census, approximately \$20 billion worth of untaxed services performed in the City could be subject to a broadened sales tax.¹⁵⁴ However, this data is from 2007 and should be

¹⁵⁰ "Illinois Tax Rate Finder," Illinois Department of Revenue, accessed August 28, 2012, <https://www.revenue.state.il.us/>.

¹⁵¹ The HROT and ROT have slightly different tax bases.

¹⁵² Illinois General Assembly Commission on Government Forecasting and Accountability, "Service Taxes: 2011 update," accessed September 4, 2012, <http://www.ilga.gov/commission/cgfa2006/Upload/ServiceTaxes2011update.pdf>.

¹⁵³ Illinois General Assembly Commission on Government Forecasting and Accountability, "Service Taxes: 2011 update," accessed September 4, 2012, <http://www.ilga.gov/commission/cgfa2006/Upload/ServiceTaxes2011update.pdf>.

¹⁵⁴ The estimate of the revenue that would be generated from a broad-based tax on services was based on the list of services the Illinois Commission on Government Forecasting and Accountability (CGFA) employed when it estimated how much revenue a broad-based service tax would yield at the State level. Then, in order to estimate the value of sales that would be subject to a broad sales tax on services, data from the 2007 Economic Census that details "Employer sales, shipments, receipts, revenue, or business done" by the North American Industry Classification System (NAICS) codes was used. For most services, this data was available at the City of Chicago level. However, for certain industries this data was only available at the state level. For those industries, it was assumed that Chicago's share of employer sales was proportional to its share of the State population. For three industries for which data was unavailable at the State level, national figures were

adjusted for inflation. Using the Bureau of Labor Statistics' All Urban Consumers Consumer Price Index (CPI), it was estimated that if the amount of untaxed services had remained relatively constant over the past five years, then these services would be worth approximately \$22 billion.¹⁵⁵ Because the City's share of the sales tax is 2.25%, expanding the sales tax base to include services could generate approximately \$500 million annually for the City. This estimate attempts to exclude business-to-business transactions from the tax base. It does not take into account reductions in revenue due to behavioral responses to higher tax rates or account for lower revenue due to the inability to collect the full amount of the tax.

The table below shows the ten industries that would be most impacted by a broad sales tax.

Industry	Receipts Subject to Sales Tax (2007)	Adjusted for Inflation (2012)	Chicago Sales Tax Revenue @ 2.25% (2012)
Construction - Specialty trade contractors	\$5,844,000,000	\$6,457,000,000	\$145,282,500
Offices of physicians	\$2,479,000,000	\$2,739,000,000	\$61,627,500
Legal services	\$2,045,000,000	\$2,260,000,000	\$50,850,000
Portfolio management	\$1,036,000,000	\$1,145,000,000	\$25,762,500
Activities related to real estate	\$745,000,000	\$823,000,000	\$18,517,500
Repair and maintenance (automobiles)	\$669,000,000	\$739,000,000	\$16,627,500
Nursing care facilities	\$653,000,000	\$722,000,000	\$16,245,000
Offices of real estate agents and brokers	\$651,000,000	\$719,000,000	\$16,177,500
Offices of dentists	\$561,000,000	\$620,000,000	\$13,950,000
Accounting, tax preparation, bookkeeping, and payroll services	\$559,000,000	\$618,000,000	\$13,905,000

The City of Chicago does not have the legal authority to impose new service taxes. A change in Illinois state legislation would be required to broaden the sales tax on services.

used and assumed that Chicago's share was proportional to its share of the national population. Several services already subject to taxes in Chicago were not included in the potential tax base. Once the sales for these industries were estimated, the percentage of sales in each industry that were not business-to-business was estimated, as these types of sales are generally not subject to sales taxes. Using final-use percentages from the CGFA's study, the percentage of receipts sold to final-users and thus subject to the sales tax were estimated. Using the 2007 data, final-use sales constituted an estimated \$20 billion in receipts in these industries resulting in \$450 million in sales tax revenue based on the City's existing 2.25 percent sales tax. Adjusting for inflation over the past five years using the Bureau of Labor Statistics' All Urban Consumer CPI, which calculated inflation at 1.105 percent, equals the resulting \$22 billion in total untaxed services, and \$500 million in sales tax revenue for Chicago.

¹⁵⁵ Bureau of Labor Statistics, All Urban Consumers CPI, yearly average, accessed September 4, 2012, <http://www.bls.gov/cpi/>.

Proponents might argue that imposing a sales tax on services is fairer than the current sales tax, which largely impacts the sale of tangible goods, because the State and City should not use tax policy to favor one industry over another. Further, as services have come to represent an ever larger share of the City’s economy, the existing sales tax base is shrinking.¹⁵⁶ Additionally, they might argue that many services represent luxury goods that are more likely to be purchased by high-income people. Finally, some might note that the exemption of a broad range of services from the sales tax “has drawn scathing criticism from tax policy experts, who have uniformly condemned it as a source of economic inefficiency [and] complexity,” with both left-leaning and right-leaning think tanks arguing against the exemption.^{157,158}

Opponents might argue that a broadened sales tax would increase the cost of medical and legal services, making them less affordable for those with low incomes. More generally, an increase in consumption taxes (which include sales taxes) is generally thought to have a regressive impact, as people with lower incomes spend a larger percentage of their incomes on consumption than do people with higher incomes.¹⁵⁹ Additionally, it might drive people to seek these services outside of the City.

Budget Details

Fund: Corporate Fund, 0100	Type of Revenue: Chicago Sales Tax/HROT
The appropriation is located on page 17 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf .	

¹⁵⁶ Chicago Metropolitan Agency for Planning (CMAP), “Broadening the Sales Tax Base to Keep Rates Low, Economically Competitive,” July 15, 2011, accessed September 4, 2012, <http://www.cmap.illinois.gov/policy-updates/-/blogs/broadening-the-sales-tax-base-to-keep-rates-low-economically-competitive>.

¹⁵⁷ Alan Viard, “Goods Versus Services: A Call for Sales Tax Neutrality,” *State Tax Notes*, May 16, 2011, accessed September 4, 2012, <http://www.aei.org/article/economics/fiscal-policy/taxes/goods-versus-services-a-call-for-sales-tax-neutrality/>.

¹⁵⁸ Michael Mazerov, “Expanding Sales Taxation of Services: Options and Issues,” *Center for Budget Policy and Priorities*, August 10, 2009, accessed September 4, 2012, <http://www.cbpp.org/files/8-10-09sfp.pdf>.

¹⁵⁹ Brookings Institution, “The Pros and Cons of a Consumption Tax,” March 3, 2005, accessed September 4, 2012, <http://www.brookings.edu/research/interviews/2005/03/03taxes-gale>.

Charge a Fee for Service for False Residential Burglar Alarms

**Preliminary Estimate of Budget
Impact: \$1.9 million**

**Steps Required for Implementation: Change to Municipal
Code**

According to a 2005 study, nationwide, 94 to 99 percent of police responses to burglar alarms are false emergencies.¹⁶⁰ In 2009, the City adopted an ordinance imposing a \$100 fee on businesses for each false burglar alarm.¹⁶¹ Currently, residential false burglar alarms are not issued any citations.¹⁶²

In 2009, the Chicago Police Department reported 132,303 answered incoming calls were for alarms.¹⁶³ Using the 2009 data and assuming the percentage of false alarm calls to total alarm calls in Chicago is 96.5, the number of false alarm calls is over 127,000 annually. Residential alarms account for 34 percent of the security alarm market.¹⁶⁴ Assuming Chicago has a similar share, then the City does not issue any citations for over 43,000 false burglar alarms.

Under this option, the City would issue citations for false residential burglar alarms as it does for false commercial alarms and charge a fee equal to the cost of having Police Officers respond to the alarm.

A typical false alarm is answered by two Police Officers and requires roughly 20 minutes.¹⁶⁵ The average total annual compensation for a Police Officer is \$125,000.¹⁶⁶ Assuming a Police Officer works 40 hours a week for 52 weeks, but receives 21 days of paid leave annually, the average hourly compensation is approximately \$65.50. The average false alarm requires 20 minutes of two Police Officers' time, or costs is approximately \$44.

If the City imposes a service fee of \$44 for each of the approximately 43,000 residential false burglar alarm calls, it is estimated that the City can generate approximately \$1.9 million.

The City's municipal code would need to be revised to include fees for residential false burglar alarms.¹⁶⁷

¹⁶⁰ Erwin A. Blackstone, Andrew J. Buck, Simon Hakim, "Evaluation of alternative policies to combat false emergency calls," in *Evaluation and Program Planning*, 28 (2005): 233, accessed September 5, 2012, <http://isc.temple.edu/economics/wkpapers/Pubs/FalsePolicy.pdf>.

¹⁶¹ "City Ends Free Pass for False Alarms," *Chicago Sun-Times*, June 6, 2009, accessed September 5, 2012, <http://www.nbcchicago.com/news/local/City-Ends-Free-Pass-For-False-Alarms-010609.html>.

¹⁶² Chicago Police Department, "Special Order S04-22-03," March 30, 2009, accessed September 5, 2012, <http://directives.chicagopolice.org/directives/data/a7a57be2-12b5efef-11912-b5f7-868d0c73aa1db713.html?ownapi=1>.

¹⁶³ City of Chicago, "Chicago Police Department 2009 Annual Report," 64, accessed September 6, 2012, <https://portal.chicagopolice.org/portal/page/portal/ClearPath/News/Statistical%20Reports/Annual%20Reports/09AR.pdf>.

¹⁶⁴ Jason Knott, "Home Security Market Poised for 9% Growth in 2010," CE Pro, March 3, 2010, accessed September 6, 2012, http://www.cepro.com/article/home_security_market_poised_for_9_growth_in_2010/.

¹⁶⁵ Rana Sampson, "False Burglar Alarms," 2nd edition (Washington DC: Center for Problem-Oriented Policing, Inc., 2011), 11, accessed September 5, 2012, http://www.cops.usdoj.gov/Publications/e061120373_POPFalseBurgAlarms-508.pdf.

¹⁶⁶ City of Chicago, "Active Employees - August 16, 2012," accessed September 5, 2012.

Refer to the **Glossary and Key Assumptions** page for detail on the assumptions regarding fringe benefits and non-salary compensation.

¹⁶⁷ City of Chicago, Municipal Code, Chapter 8-4-056, 2012, accessed September 6, 2012, [http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/municipalcodeofchicago?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chicago_il](http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/municipalcodeofchicago?f=templates$fn=default.htm$3.0$vid=amlegal:chicago_il).

Proponents might argue that it is a waste of Police Officers' time to respond to false burglar alarms. Assuming 43,000 false residential burglar alarms, this equals nearly 29,000 wasted police hours annually in Chicago. By charging a fee for false residential burglar alarms, the incidence of false alarms should decline meaning less wasted Police Officer time. Finally, some point to the fact that other cities, such as San Diego, impose a penalty for false residential burglar alarms.¹⁶⁸

Opponents might argue that residents already pay for public safety services and would be burdened by a service fee for false alarms. Furthermore, they might argue that the City used to issue citations for false residential alarms, but chose to exclude residential alarms when the municipal code was changed in 2008.¹⁶⁹ Additionally, some might argue that a fee for false alarms would drive down private use of alarms because a fee is likely to increase the cost of private alarms. The reduction in the use of alarms could in turn drive up incidence of burglaries and increase public safety costs, assuming an actual burglary costs more police time than a false alarm.

Discussion and Additional Questions

The City should consider several issues before adopting an ordinance to impose a fee for service for residential false burglar alarms. Some issues to consider include:

- The calculations shown above do not consider other direct costs including the equipment (gasoline, patrol vehicle, etc.) and lost opportunity cost devoted to false burglar alarms.
- This fee is lower than the \$100 charged for commercial false alarms. Is it appropriate to charge residences and businesses different fines?
- Should the users of alarm systems be fined or the providers? The City could directly fine the alarm companies, which some jurisdictions do in order to lessen the administrative burden of charging these fines.¹⁷⁰
- Would it be more effective to adopt other measures to reduce the number of false alarm calls? For example, the City could require alarm companies to attempt to contact business owners or homeowners to verify an alarm activation or have alarm companies send security guards to verify an actual burglary prior to calling the police.¹⁷¹ These measures may help to lessen the cost and time devoted to false alarms. Municipalities that “enhanced call verification” in which the alarm company calls two phone numbers before alerting the police have seen false burglar calls decrease by 25 to 40 percent.¹⁷²
- Should residential false alarms be allowed escalating fines? Before adopting its current ordinance, the City allowed businesses up to three false alarms before issuing a violation. Fines

¹⁶⁸ City of San Diego, “Alarm User Permit Application,” accessed September 12, 2012, www.sandiego.gov/fire/pdf/alarmp permit.pdf

¹⁶⁹ City of Chicago, Municipal Code, Chapter 8-4-056, 2012, accessed September 6, 2012, [http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/municipalcodeofchicago?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chicago_il](http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/municipalcodeofchicago?f=templates$fn=default.htm$3.0$vid=amlegal:chicago_il).

¹⁷⁰ Rana Sampson, “False Burglar Alarms,” 2nd edition (Washington DC: Center for Problem-Oriented Policing, Inc., 2011), 24, accessed September 5, 2012, http://www.cops.usdoj.gov/Publications/e061120373_POPFalseBurgAlarms-508.pdf.

¹⁷¹ Rana Sampson, “False Burglar Alarms,” 2nd edition (Washington DC: Center for Problem-Oriented Policing, Inc., 2011), 21, accessed September 5, 2012, http://www.cops.usdoj.gov/Publications/e061120373_POPFalseBurgAlarms-508.pdf.

¹⁷² Rana Sampson, “False Burglar Alarms,” 2nd edition (Washington DC: Center for Problem-Oriented Policing, Inc., 2011), 24, accessed September 5, 2012, http://www.cops.usdoj.gov/Publications/e061120373_POPFalseBurgAlarms-508.pdf.

escalated based on the number of violations that year. The fourth through sixth violation were charged at \$100, with a charge of \$200 for each additional violation.¹⁷³

Budget Details

Fund: Corporate Fund, 0100	Type of Revenue: Fines, Forfeitures and Penalties
The appropriation is located on page 18 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf .	

¹⁷³ City of Chicago, City Council, “Journal of Proceedings: Reports of Committees: Committee on Budget and Government Operations,” November 19, 2008, 47226, accessed September 20, 2012, http://docs.chicityclerk.com/journal/2008/nov19_2008/nov19_2008_part1.pdf.

Eliminate Free Sewer Service for Seniors

**Preliminary Estimate of Budget
Impact: \$16.3 million**

**Steps Required for Implementation: Change to Municipal
Code**

The City provides free sewer service to seniors “residing in their own residence with separate metered water service or a separate city water assessment for that residential unit.”¹⁷⁴ To home-owning seniors who do not qualify for free service because they do not have separate metered water service, the City provides a \$50 rebate to qualifying seniors to offset the costs of their sewer service. Seniors (defined as age 65 or older) who own their own homes and live in condominiums, cooperative apartments, or townhouses where there is a shared water bill, qualify for the rebate.¹⁷⁵ Seniors must apply to their aldermen to receive the rebate.

Under this option, the free sewer service and the rebate program would be eliminated. According to the 2010 American Community Survey 5 Year Estimates, there are an estimated 116,000 senior households that are owner-occupied in the City. Of these households, approximately 72,000 live in single family homes, and 44,000 live in multifamily units.¹⁷⁶

Assuming that those living in multifamily housing do not have separate meter service, 44,000 senior households would qualify for the rebate program. In 2011, the City spent \$259,250 on the rebate program and thus, this is the amount used in this analysis.¹⁷⁷

The 72,000 seniors in single family homes would qualify for free sewer services. In 2011, revenue from residential sewer fees equaled \$139.6 million.¹⁷⁸ The total number of housing units in the City, excluding the 72,000 exempt seniors, is approximately 960,000.¹⁷⁹ Using these numbers, the average sewer bill per household was \$145 in 2011. However, the sewer rates are charged as a percentage of water rates, and water rates are set to increase 25 percent in 2012, and an additional 15 percent during 2013. Additionally, the percentage of the water bill that is the sewer bill will increase from 89 percent in 2012 to 92 percent in 2013. Assuming that sewer and water use would be the same as it is in 2012, the following is a table that shows how the rate increase will affect the average sewer rate by next year.

¹⁷⁴ City of Chicago, Municipal Code, Section 3-12-050, (American Legal 2012), accessed September 4, 2012, <http://www.amlegal.com/library/il/chicago.shtml>.

¹⁷⁵ City of Chicago, Committee on Finance, “Sewer Charge Annual Refund for Seniors,” accessed September 4, 2012, <http://www.committeefinance.org/claims/sewer.asp>.

¹⁷⁶ U.S. Census Bureau, 2006-2010 American Community Survey, Table B25125: Tenure by Age of Householder by Units in Structure, Universe: Occupied Housing Units, accessed September 4, 2012, <http://factfinder2.census.gov/>.

¹⁷⁷ There is no language in the Municipal Code that specifies a cut off to the number of refunds issued, only that “if, after review...the applicant is qualified for the refund...the committee shall recommend...the refund be approved.”¹⁷⁷ If all qualifying seniors were participating in the rebate program, eliminating it would equate to a savings of \$2.2 million to the City.

City of Chicago, Office of Budget and Management, “2012 Budget Recommendation,” October 12, 2011, 449, accessed September 19, 2012, www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2012_Budget/2012MayorsRecommendation.pdf

¹⁷⁸ City of Chicago, Illinois Sewer Fund, “Basic Financial Statements as of and for the Years Ended December 31, 2011,” accessed September 4, 2012, http://www.cityofchicago.org/content/dam/city/depts/fin/supp_info/CAFR/2011/Final_Sewer2011.pdf.

¹⁷⁹ U.S. Census Bureau, 2006-2010 American Community Survey, Table B25125: Tenure by Age of Householder by Units in Structure, Universe: Occupied Housing Units, accessed September 4, 2012, <http://factfinder2.census.gov/>.

Year	Percent of Water Bill	Percent water bill increase	Estimated Average Water Bill	Estimated Average Sewer Bill
2011	86%	0	\$168.60	\$145.00
2012	89%	25%	\$210.76	\$187.57
2013	92%	15%	\$242.37	\$222.98

Multiplying the 72,000 senior single family households by the estimated average sewer bill next year, it is estimated that eliminating the exemption for seniors in single family homes could save the City \$16 million. By eliminating both the reduced rate and exemption programs, the City would save a combined \$16.3 million. To eliminate the exemption and rebate programs, there must be an amendment to Chicago Municipal Code, Section 3-12-050.¹⁸⁰

Proponents might argue that it is unfair to provide seniors with this benefit and not other homeowners. Of all age groups nationally and in Illinois, seniors are the least likely to live in poverty.¹⁸¹ Thus, a proponent might argue that they are least in need of this assistance. Second, this program is unfair to seniors who rent. Renting seniors may pay for some sewer costs as landlords may pass those costs on in the form of higher rents. However, they do not benefit from the program.

Opponents might argue that seniors often live on fixed incomes and cannot afford to pay sewer charges, or, in the case of rebate program participants, lose a \$50 rebate.

Discussion and Additional Questions

Some might argue to restructure the program so that the benefit is provided based on income level as this would better target the subsidy to seniors most in need. However, this would add substantial administrative costs to the program. To avoid these costs, the City could tie the eligibility to the subsidy to other income-based programs such as food stamps or the low income home energy assistance program. Another restructuring would be to raise the age of eligibility above 65. For instance, if the age were raised to 75, only 55,584 households would be eligible, less than half the current number.¹⁸² Some questions to consider in deciding whether to implement this option include:

- What is the precise value of the exemption? How many homes are currently exempt through this provision and how much water do they use?
- What would the average sewer charge be for these exempt homes?
- How much does it cost the City to administer the rebate program?

Budget Details

Fund: Sewer Fund, 0314	Approp Code: Sewer Rates
The appropriation is located on page 21 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf .	

¹⁸⁰ City of Chicago, Municipal Code, Section 3-12-050 (American Legal 2012), accessed September 4, 2012, <http://www.amlegal.com/library/il/chicago.shtml>.

¹⁸¹ Kaiser Family Foundation, "Poverty Rate by Age," accessed September 4, 2012, <http://www.statehealthfacts.org/comparebar.jsp?ind=10&cat=1>. Statistics are as of 2008.

¹⁸² U.S. Census Bureau, 2010 Decennial Census, "Tenure, Household Size, and Age of Householder:2010," accessed September 4, 2012, <http://factfinder2.census.gov/>.

Eliminate Reduced Rate City Vehicle Sticker for Seniors

Preliminary Estimate of Budget Impact: \$6.4 million

Steps Required for Implementation: Change to Municipal Code

Currently, the City of Chicago requires that owners of “vehicles that are principally garaged in the city more than 30 days”¹⁸³ pay a vehicle tax in the form of a vehicle sticker. The standard annual fee for the sticker for smaller passenger automobiles is \$85, although seniors, defined as over age 65, pay a reduced fee of \$30.¹⁸⁴ There are higher rates of \$135 for large passenger vehicles, \$200 for vehicles with gross weights under 16,000 pounds, and \$450 for vehicles with gross weights above 16,000 pounds. There are lower rates for motorcycles and antique motor vehicles.¹⁸⁵ The revenue “helps fund the repair, maintenance and improvement of ... Chicago’s streets and roadways.”¹⁸⁶ In 2011, the City sold 1,253,781 vehicle stickers, raising \$100.8 million.¹⁸⁷

Under this option, the City would eliminate the reduced sticker price for seniors. Of the 1,253,781 vehicle stickers sold in 2011, 116,451 were reduced rate vehicle stickers for seniors.¹⁸⁸ This aligns with data from the 2006-2010 American Community Survey, which estimated that there are 116,000 senior householders with one or more vehicles in Chicago.¹⁸⁹ By eliminating the reduced rate for these seniors, the City would raise \$6.4 million annually. To enact this option, City Council would need to pass an amendment to Chicago Municipal Code, section 3-56-050.¹⁹⁰

Proponents might argue that it is unfair to provide seniors with this benefit and not other residents. Of all age groups nationally and in Illinois, seniors are the least likely to be in poverty.¹⁹¹ Thus, a proponent might argue that they are least in need of this assistance.

Opponents might argue that seniors often live on fixed incomes and cannot afford to pay an increased vehicle tax. Further, City stickers fund “the repair, maintenance, and improvement of... Chicago’s streets and roadways.”¹⁹² In 2001, those over 60 years of age account for only 13 percent of vehicle miles traveled, so they are doing less damage to streets and roadways than younger drivers who account for more of the miles driven.¹⁹³

¹⁸³ City of Chicago, “About City Vehicle Stickers,” accessed August 27, 2012, <http://www.chicityclerk.com/licenses/citystickers.html>.

¹⁸⁴ City of Chicago, “About City Vehicle Stickers,” accessed August 27, 2012, <http://www.chicityclerk.com/licenses/citystickers.html>.

¹⁸⁵ City of Chicago, Municipal Code, Section 3-56-050 (American Legal 2012), accessed September 10, 2012, <http://www.amlegal.com/library/il/chicago.shtml>

¹⁸⁶ City of Chicago, “Vehicle Stickers,” accessed September 6, 2012, <http://www.chicityclerk.com/vehicle-stickers/about-city-stickers.html>.

¹⁸⁷ City of Chicago, Office of the City Clerk.

¹⁸⁸ City of Chicago, Office of the City Clerk.

¹⁸⁹ U.S. Census Bureau; American Community Survey, 2006-2010, “Tenure By Vehicles Available by Age of Householder. Universe: Occupied Housing Units,” accessed August 23, 2012, <http://factfinder2.census.gov/>.

¹⁹⁰ City of Chicago Municipal Code, Chapter 3-56-050, accessed August 24, 2012, <http://www.amlegal.com/library/il/chicago.shtml>.

¹⁹¹ Kaiser Family Foundation, “Poverty Rate by Age,” 2010, accessed August 27, 2012, <http://www.statehealthfacts.org/comparebar.jsp?ind=10&cat=1>.

¹⁹² City of Chicago, “About City Vehicle Stickers,” accessed August 27, 2012, <http://www.chicityclerk.com/licenses/citystickers.html>.

¹⁹³ Energy Information Administration. “Household Vehicles Energy Use, Motor Fuel Consumption and Expenditures, 2001,” accessed September 4, 2012, http://www.eia.gov/emeu/rtecs/nhts_survey/2001/tablefiles/t0464%282005%29.pdf.

Discussion and Additional Questions

For simplicity, this estimate ignores seniors who own large passenger vehicles and receive a larger fee reduction, as the regular sticker price for these vehicles is \$135.¹⁹⁴ Therefore, an additional question to consider when deciding whether or not to implement this option might include determining the number of reduced fee vehicle stickers given for large passenger vehicles.

Budget Details

Fund: Vehicle Fund, 0300

Type of Revenue: Vehicle Tax

The appropriation is located on page 20 of the 2012 Annual Appropriation Ordinance.

http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf

¹⁹⁴ City of Chicago, "Vehicle Sticker Pricing," accessed August 27, 2012, <http://www.chicityclerk.com/licenses/VehicleStickerPricing.pdf>.

Establish a Pedicab License and Impose the Ground Transportation Tax on Pedicabs

Preliminary Estimate of Budget Impact: \$55,000

Steps Required for Implementation: Change to Municipal Code

An estimated 200 pedicabs operated in the City of Chicago in 2011.¹⁹⁵

In 2011, an ordinance was introduced in the City Council to regulate pedicabs through regular inspection and licensing.¹⁹⁶ The proposal would have limited the number of pedicabs in the City to 200, established a \$175 pedicab license for pedicab companies, and required each pedicab to pay a \$25 City sticker fee and a \$1 per day ground transportation tax each day the pedicab is in operation.¹⁹⁷

Under this option, the City would enact the 2011 ordinance introduced in the City Council. In addition to the licenses, city stickers, and \$1 per day ground transportation tax, the ordinance would require pedicabs to submit to regular inspections and post their rates.¹⁹⁸

Using the fees proposed under the 2011 ordinance and assuming that 200 pedicabs register, each of the 200 pedicabs would pay a \$25 city sticker fee, generating approximately \$5,000 annually in city vehicle sticker fees. It is unclear how many pedicab companies are currently operating in the City, so it is unclear how much revenue the \$175 licensing fee for pedicabs companies would generate. Assuming that the 200 pedicabs are in service 250 days a year, a ground transportation tax of \$1 per pedicab per day would generate \$50,000 annually. Thus, the total revenue generated by this option would be \$55,000.

Proponents might argue that it is unfair for the City to not regulate pedicabs when it regulates other forms of public vehicles including taxicabs and horse carriages.¹⁹⁹ Additionally, regulating pedicabs would help better ensure that pedicabs are operated by responsible drivers better ensuring public safety. In addition, the

Opponents might argue that pedicabs do not contribute to congestion or pollution while providing an alternative form of public vehicles and by regulating them the City would cause a decline the supply of pedicabs in the City. Additionally, opponents might argue that the costs of administering a pedicab license and

¹⁹⁵ Fran Spielman, "Ald. Tunney wants to regulate pedicabs," *Chicago Sun-Times*, July 6, 2011, accessed September 5, 2012, <http://www.suntimes.com/news/cityhall/6378578-418/ald.-tunney-wants-to-regulate-pedicabs>.

¹⁹⁶ John Byrne, "Not so fast, pedicabs," *Chicago Tribune* July 7, 2011, accessed September 5, 2012, http://articles.chicagotribune.com/2011-07-07/news/ct-talk-rickshaws-0707-20110707_1_pedicabs-44th-ward-drivers-rent.

¹⁹⁷ City of Chicago, "Amendment of Titles 2, 3 and 4 of Municipal Code to regulate pedicab businesses," July 6, 2011, accessed September 10,

<http://chicago.legistar.com/LegislationDetail.aspx?ID=923752&GUID=1AAB9714-6D47-4759-BE3F-53F90C21BE24&Options=&Search=>

John Byrne, "Not so fast, pedicabs," *Chicago Tribune* July 7, 2011, accessed September 5, 2012

http://articles.chicagotribune.com/2011-07-07/news/ct-talk-rickshaws-0707-20110707_1_pedicabs-44th-ward-drivers-rent.

¹⁹⁸ City of Chicago Department of Finance, "Ground Transportation Tax," accessed September 5, 2012,

http://www.cityofchicago.org/city/en/depts/fin/supp_info/revenue/tax_list/ground_transportationtax.html.

¹⁹⁹ City of Chicago, Department of Business Affairs and Consumer Protection, "Public Vehicles," accessed September 19, 2012,

www.cityofchicago.org/city/en/depts/bacp/provdrs/vehic.html.

requirement that pedicabs post their rates would help to ensure consumers of pedicabs are protected from price gouging. Finally, proponents might point to the fact that New York City has regulated its pedicabs.²⁰⁰

applying the ground transportation tax would far exceed the revenue raised by the license fees and taxes.

Budget Details

Fund: Corporate Fund, 0100

Type of Revenue: Ground Transportation Tax and Business License

These appropriations are located on pages 17 and 18 of the 2012 Annual Appropriation Ordinance.

http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf.

²⁰⁰ New York City Department of Consumer Affairs, “Business Toolbox – Pedicab Business,” accessed September 5, 2012, <http://www.nyc.gov/html/dca/html/licenses/130.shtml>.

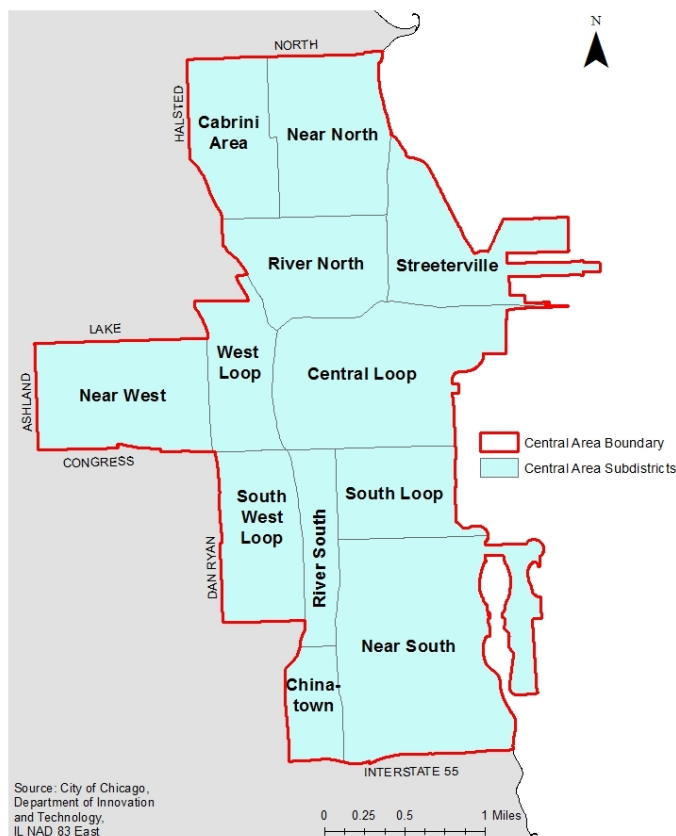
Implement Congestion Pricing

Preliminary Estimate of Budget Impact: \$210 million

Steps Required for Implementation: Changes to Municipal Code and State Law

There are currently no tolls on any of the major interstate highways that lead into downtown Chicago or on its main internal artery, Lake Shore Drive. Once in the Central Area, parking is relatively expensive as the median daily parking rate in downtown Chicago is approximately \$32 as of July 2011, which was the fourth highest daily rate among U.S. cities at the time.²⁰¹

In 2000, over 578,000 people traveled into the Central Area of Chicago to work each weekday.²⁰² People used public transportation for 52 percent of these trips. The vast majority of the remaining 277,000 trips likely occurred via motor vehicles.²⁰³ The Central Area is defined on the map below.



²⁰¹ CBS Chicago, “Chicagoans Pay Some of Nation’s Highest Parking Rates,” July 8, 2011, accessed August 23, 2012, <http://chicago.cbslocal.com/2011/07/08/chicagoans-pay-some-of-nations-highest-parking-rates/>.

²⁰² City of Chicago, “Central Area Action Plan: Chapter 2: Transportation,” August 2009, 1, accessed September 20, 2012, www.cityofchicago.org/city/en/depts/dcd/supp_info/central_area_action_plan.html.

²⁰³ City of Chicago, “Central Area Action Plan: Chapter 2: Transportation,” August 2009, 1, accessed September 20, 2012, www.cityofchicago.org/city/en/depts/dcd/supp_info/central_area_action_plan.html.

Under this option, the City would charge a \$5 fee both for entering or exiting the Central Area in a motor vehicle during weekday rush hours (6 a.m. to 9:30 a.m. and 3 p.m. to 7 p.m.). Motor vehicles going through the Central Area on the Interstate Highways and Lake Shore Drive would not be charged the fee unless they exited those roadways. In order to ensure that every vehicle was charged for entering and exiting the Central Area, sensors would be placed at each access point to the Area. These sensors would be similar to the open-road tolling technology the Illinois Department of Transportation (IDOT) uses on some Illinois toll roads. In addition to the sensors, each vehicle traveling to the Central Area would need a transponder. Similar to IDOT's system, cameras would be set up at each access point to take pictures of the license plates of vehicles without transponders. Those vehicle-owners would have the ability to go online and pay the congestion charge before being fined.

Using the Central Area Plan data from 2000, assume that 250,000 cars currently enter and exit the Central Area on an average weekday during rush hour. If the City collected \$5 for each of one these entrances and exits it would generate \$2.5 million per weekday or approximately \$625 million a year. However, a significant number of the cars entering and exiting the Central Area would likely be exempted from the charges or at least receive reduced rates. Other cities that have implemented congestion pricing have exempted or charged reduced rates to some of the following: taxicabs, commercial vehicles, motorcycles, and low-income vehicle owners. If the City were to implement congestion pricing some of these exemptions or deductions would likely be included. Even assuming, however, that one quarter of the 500,000 entrances and exits would not be charged, the City's congestion pricing system would still generate \$470 million annually.

One other major factor likely to reduce revenue is that by charging a fee to enter the Central Area, there would likely be a significant reduction in vehicle trips as people switch to other modes of transportation or stop making trips into the Central Area altogether. In Singapore, which has had some form of congestion pricing in place since 1975, traffic declined 24 percent once electronic tolling was implemented in 1998. In London, a congestion charge resulted in 21 percent less traffic.²⁰⁴ In Stockholm, a similar charge resulted in a 10 to 15 percent reduction in traffic. This traffic reduction is part of the goal of a congestion pricing system: by reducing traffic, congestion pricing shortens commute times for the remaining vehicles on the road and reduces pollution.

Assuming that the congestion pricing in Chicago would reduce traffic by 20 percent, 400,000 motor vehicles would enter and exit the Central Area each day. If a quarter of these entrances and exits were exempted from the fee, the 300,000 remaining daily entrances and exits would yield nearly \$375 million annually for the City.

This revenue would be offset, at least in part, by the capital costs of implementing the system and the ongoing operation of the system. The most significant capital cost would be the installation of structures, called gantries, which would span the entrances and exits to the Central Area that would be equipped with cameras and electronic transmitters to monitor traffic flow at each of the Central Area access points. Assuming that the City would need 100 gantries to ensure that every vehicle entering the

²⁰⁴ U.S. Department of Transportation, Federal Highway Administration, "Lessons Learned from International Experience in Congestion Pricing," August 2008, accessed August 27, 2012, http://ops.fhwa.dot.gov/publications/fhwahop08047/Intl_CPLessons.pdf.

Central Area would pay the congestion fee and using a cost worksheet from the Federal Highway Administration, the estimated cost of installing 100 gantries would cost almost \$300 million.²⁰⁵

Category	Cost
System-wide Gantry Costs	\$245 million
Dynamic message sign, structure, and controller	\$40 million
Transportation Management Center	\$6 million
Conduit, design and fiber optic install	\$2 million
Total	\$293 million

This upfront capital cost of almost \$300 million can be converted to an annual expense by applying a discount rate to the costs and determining the useful life of the asset. Assuming a discount rate of 6 percent and a 10-year useful life for all the capital costs, the annualized capital cost for the congestion pricing system would be \$40 million.²⁰⁶

In-car transponders would be another significant cost for the congestion pricing system. In some systems, such as IDOT’s I-Pass system, drivers bear the cost of the transponders. If the City followed this model, the City’s transponder costs would be negligible. Alternatively, the City could piggyback on IDOT’s I-Pass system, which already operates as part of a regional, multi-state system, thereby substantially reducing the upfront costs to users and allowing users to have only one transponder in their vehicles.

The operating costs of running a congestion pricing system would be substantial. In Singapore, the operating cost of the system is 20 percent of the annual revenues.²⁰⁷ New York City’s proposed congestion pricing system would have cost \$240 million to operate, approximately 35 percent of gross revenues.²⁰⁸ A study by the Washington State Department of Transportation determined that the cost per transaction of a completely electronic toll system in Orange County, California was \$0.46.²⁰⁹ However, this was for a tolled highway and not a dense urban congestion pricing system. By averaging the costs of the existing Singapore system and the proposed NYC system, assume the operation of the Chicago system would cost roughly 27.5 percent, the midpoint between Singapore and New York’s, of its gross revenue. At an estimated \$375 million in gross revenue that equals approximately \$103 million.

Combining the estimated annual operating costs of \$103 million and the annualized capital cost of \$40 million yields a total of approximately \$143 million as the annual cost to install and operate the system.

²⁰⁵ U.S. Department of Transportation, Federal Highway Administration, “Value Pricing Pilot Program Planning and Decision Making Tools,” last modified February 13, 2012, accessed August 27, 2012, http://ops.fhwa.dot.gov/tolling_pricing/value_pricing/tools/index.htm.

²⁰⁶ U.S. Department of Transportation, Federal Highway Administration, “Value Pricing Pilot Program Planning and Decision Making Tools,” last modified February 13, 2012, accessed August 27, 2012, http://ops.fhwa.dot.gov/tolling_pricing/value_pricing/tools/index.htm.

²⁰⁷ MSI Global Pte Ltd, “Evaluation of Singapore’s Electronic Road Pricing (ERP) System (1998-present),” *International Symposium on Road Pricing 2003*, Slide 14, accessed August 27, 2012, www.trb.org/Conferences/RoadPricing/Presentations/Gopinath.ppt.

²⁰⁸ Richard L. Brodsky, “Interim Report An Inquiry into Congestion Pricing as Proposed in PlaNYC 2030 and S.6068,” July 9, 2007, 4 and 5, accessed August 27, 2012, http://www.nytimes.com/packages/pdf/nyregion/city_room/20070409_BrodskyCongestionReport.pdf

²⁰⁹ Washington State Department of Transportation, “Comparative Analysis of Toll Facility Operational Costs,” February 22, 2007, 9, accessed August 27, 2012, <http://www.thenewspaper.com/rlc/docs/2008/07-wsdotoll.pdf>.

Lastly, as the number of vehicle trips declines, the amount of revenue the City receives from its parking tax is likely to be reduced. For 2012, the City estimates that it will collect \$116.7 million in parking tax revenue.²¹⁰ Assuming that a 20 percent reduction in vehicle trips into the Central Area would result in a proportional 20 percent reduction in parking tax revenue, the City would lose an additional \$23 million in tax revenue as a result of implementing congestion pricing.

Based on these assumptions, the estimated annual net revenue from the congestion pricing system would be approximately \$210 million.

The Illinois Municipal Code states that “the corporate authorities of each municipality may regulate the use of the streets and other municipal property”.²¹¹ Thus, it is likely that the City has the authority to implement congestion pricing on any of its streets. However, it is unclear if the City has the authority under State law to charge vehicles for driving on State roads that pass through the City.

Proponents might argue that congestion pricing is the most effective and fair way to charge motor vehicle drivers for their use of valuable public land. Traffic congestion imposes costs on the entire city in terms of increased travel times and carbon emissions. Congestion pricing ensures that these costs are borne by the people most responsible: drivers of motor vehicles. Additionally, some might argue that the revenues of the CTA, Metra, and Pace would increase as less people commute via automobile and switch to public transportation.

Opponents might argue that congestion pricing amounts to a massive tax increase at a time when Chicagoland residents can least afford it. Additionally, some might argue that the fee is unfair because it would fall most heavily on low-income residents and commuters.²¹² Others might argue that this would be unfair to Central Area residents as it would effectively trap them within the Central Area or that the addition of gantries to every intersection surrounding the Central area would unattractive. Finally, some might argue that a cheaper and simpler way to reduce congestion is to increase parking taxes, which the City did at the beginning of 2011.²¹³

Discussion and Additional Questions

Other major cities that have introduced congestion pricing have accompanied the system’s implementation with large investments in public transportation in order to accommodate the expected shift from vehicles to public transportation.²¹⁴ Thus, one might want to know what public transportation enhancements might accompany congestion pricing before deciding whether to implement congestion

²¹⁰ City of Chicago, “Annual Financial Analysis, 2012,” July 2012, 11, accessed September 11, 2012,

http://www.cityofchicago.org/content/dam/city/depts/mayor/supp_info/budget/7.31.12AFA.pdf

²¹¹ 65 ILCS 5/11-80-2, accessed August 27, 2012,

<http://ilga.gov/legislation/ilcs/ilcs4.asp?DocName=006500050HArt.+11+Div.+80&ActID=802&ChapterID=14&SeqStart=217800000&SeqEnd=220200000>.

²¹² Jonathan Peters and Cameron Gordon, “Measuring the Equity Burden in Public Service Provision: The Case of New Jersey Toll Roads,” *Economic Papers*, 4, 2008, accessed August 27, 2012,

http://www.cunyspsc.org/files/papers_o/p_TRA_2008_peters_gordon_2008_toll_equity_35780426.pdf.

²¹³ City of Chicago, Department of Finance, “Informational Bulletin,” December 2011, accessed September 11, 2012,

http://www.cityofchicago.org/content/dam/city/depts/rev/supp_info/TaxSupportingInformation/December_2011_Info_Bulletin_ParkingTax.pdf

²¹⁴ U.S. Department of Transportation, Federal Highway Administration, “Lessons Learned from International Experience in Congestion Pricing,” i, August 2008, accessed August 27, 2012,

http://ops.fhwa.dot.gov/publications/fhwahop08047/Intl_CPLessons.pdf.

pricing. An important consideration is estimating how many people would shift to public transportation if congestion pricing were implemented.

Additionally, a number of statistics about the City’s vehicle traffic would help one better estimate the revenue impact of implementing congestion pricing. These include:

- How many vehicles enter and exit the Central Area every weekday?
 - What is the breakdown of these vehicles among different categories: commercial, taxicabs, emergency vehicles, etc.?

Another important consideration is who would end up paying and benefiting from the congestion charge.

- What segments of the City and regional populations would pay the largest share of the charge?
- In other jurisdictions that have implemented congestion pricing, what segments of the area populations bear the costs?
- If significant upgrades in public transportation accompany congestion pricing who would benefit from these upgrades?

Finally, selecting \$5 as the fee in this option is arbitrary. An important consideration in implementing congestion pricing is deciding what the fee should be and when it should be applied. Some questions might include:

- Should the fee be fixed or variable depending on traffic volume or times of day?
- Should it be charged for both entrances and exits?
- Should it be charged on the weekends?
- What impact would different fee structures have on revenue and traffic volume?
- What relationship, if any, should the fee have to the fares for public transportation in the region?

Budget Details

Fund: Corporate Fund, 0100	Type of Revenue: Transportation Taxes
The appropriation is located on page 28 of the 2012 Annual Appropriation Ordinance. http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf	

Institute Variable Pricing for Street Closures

**Preliminary Estimate of Budget
Impact: \$1.7 million**

**Steps Required for Implementation: Change to Municipal
Code**

Currently, the City of Chicago charges a \$25 fee per day per city block for any special event street closure, including festivals, athletic events and parades. The fee does not apply to neighborhood block parties.²¹⁵ This \$25 fee is the same whether the event is closing a boulevard, arterial street, residential street, curb lane, or only the sidewalk.²¹⁶ From September 1, 2011 to August 31, 2012, there were 6,725 events that caused street closures. City closed 191 blocks for athletic events, 1,381 blocks for festivals, and 389 for parades for a total of 5,564 block-days,²¹⁷ which, given a fee of \$25 per day, resulted in an estimated total of \$139,100 in revenue for the City. There were an additional 4,764 block parties that were not charged this fee.

Under this option, the fee for closing a block for a special event, including block parties, would be based on the average daily revenue for the parking meters by ward. The applicant for the street closure would pay a fee equal to the cost of closing a block of parking meters for as many blocks as they require to be closed. Assuming that there are 60 spaces per block, as a parallel parking space is 20 feet long, and the average Chicago block is one eighth mile long.²¹⁸

Using data provided by the Department of Finance for parking meter revenues from March 2010 to February 2011, the daily fees would range from \$13.54 per block in the 13th Ward to \$772.21 in the 42nd Ward. The 18th, 21st, and 34th Wards have no parking meters, so special events in this district would be charged \$13.54 per block of closure, the lowest amount. Below is a table showing the estimated revenue by ward that this option is estimated to generate.²¹⁹

²¹⁵ City of Chicago, Municipal Code, Section 10-8-335(g) (American Legal 2012), accessed September 5, 2012, <http://www.amlegal.com/library/il/chicago.shtml>.

²¹⁶ Chicago Department of Cultural Affairs and Special Events, "2012 Special Event Permit Application," accessed September 5, 2012, http://www.explorechicago.org/etc/medialib/explore_chicago/mose/neighborhood_festivals.Par.34190.File.dat/PermitPacket2012.pdf.

²¹⁷ This assumes that on average each event resulted in the closure of one City block.

²¹⁸ Victoria Transport Policy Institute, "Transportation Cost and Benefit Analysis II - Parking Costs," February 22, 2012, 5.4-2, accessed September 21, 2012, <http://www.vtpi.org/tca/tca0504.pdf>.

²¹⁹ Geocoding software was unable to locate 263 of the 6725 total street closures during that year, so these events are not included in the totals.

Ward	Daily Revenue Per Block	Number of Total Day of Special Events	Estimated Revenue
1	\$218	267	\$58,107
2	\$265	877	\$232,119
3	\$85	74	\$6,299
4	\$260	43	\$11,171
5	\$157	101	\$15,899
6	\$65	108	\$7,034
7	\$21	38	\$799
8	\$35	89	\$3,118
9	\$48	88	\$4,213
10	\$101	76	\$7,648
11	\$127	115	\$14,558
12	\$165	113	\$18,661
13	\$14	197	\$2,668
14	\$91	84	\$7,612
15	\$46	105	\$4,831
16	\$66	114	\$7,542
17	\$14	147	\$2,074
18	\$14	168	\$2,276
19	\$36	343	\$12,383
20	\$101	272	\$27,512
21	\$14	147	\$1,991
22	\$228	215	\$49,004
23	\$19	227	\$4,354
24	\$120	222	\$26,623
25	\$332	527	\$175,061
26	\$77	205	\$15,702
27	\$301	516	\$155,161
28	\$65	154	\$9,946
29	\$114	152	\$17,341
30	\$90	117	\$10,535
31	\$75	102	\$7,673
32	\$271	352	\$95,541
33	\$117	50	\$5,857
34	\$14	255	\$3,454
35	\$157	89	\$13,929
36	\$30	104	\$3,106
37	\$64	154	\$9,919
38	\$101	169	\$17,096
39	\$104	129	\$13,459
40	\$91	114	\$10,381
41	\$200	210	\$42,080
42	\$772	482	\$372,204
43	\$464	230	\$106,792
44	\$408	183	\$74,634
45	\$68	209	\$14,178
46	\$204	105	\$21,402
47	\$204	304	\$62,132
48	\$224	75	\$16,795
49	\$87	497	\$43,386
50	\$132	68	\$8,965
Total			\$1,855,222

Through implementing variable cost street closure fees based on parking space value, the City could raise approximately \$1.86 million, which is \$1.7 million more than it is estimated to raise under the current fee structure. To enact this option, Section 10-8-335(g) of the Chicago Municipal Code would have to be amended.

Proponents might argue that the cost burden of closing a street should be borne by those enjoying the special event, and should not be passed on to Chicago residents at large. Further, they may argue that those in areas with higher traffic and parking demands should pay more to close the street as it costs the City more to close high value streets than it does low value streets because the City must either give up parking revenue or reimburse the private parking meter vendor.

Opponents might argue that many special events requiring street closures are put on by non-profits that could not afford to pay a high rate. Also, opponents may argue that street festivals are a draw for city residents and tourists, and should be encouraged through low fees.

Discussion and Additional Questions

An important consideration not included in the estimate above is the impact that raising street closure fees would have on the number of street closures requested annually. By raising street closure fees, the City would raise the cost of street festivals, athletic events, parades, and block parties which may decrease the number of these events occurring in the City.

Budget Details

Fund: Special Events and Municipal Hotel Operators' Occupation Tax Fund, 0355	Type of Revenue: Recreation Fees and Charges
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The appropriation is located on page 22 of the 2012 Annual Appropriation Ordinance.
http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetOrdinance.pdf.

CITY OF CHICAGO OFFICE OF THE INSPECTOR GENERAL

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MISSION

The Chicago Inspector General’s Office (IGO) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, and integrity in the administration of programs and operations of City government. The IGO achieves this mission through:

- Administrative and Criminal Investigations
- Audits of City programs and operations
- Reviews of City programs, operations and policies

From these activities, the IGO issues reports of findings, and disciplinary and policy recommendations to assure that City officials, employees and vendors are held accountable for the provision of efficient, cost-effective government operations and further to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

AUTHORITY

The authority to produce reports and recommendations on ways to improve City operations is established in the City of Chicago Municipal Code § 2-56-030(c), which confers upon the Inspector General the following power and duty:

To promote economy, efficiency, effectiveness and integrity in the administration of the programs and operations of the city government by reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.