CHICAGO
FINANCIAL FUTURE
TASK FORCE

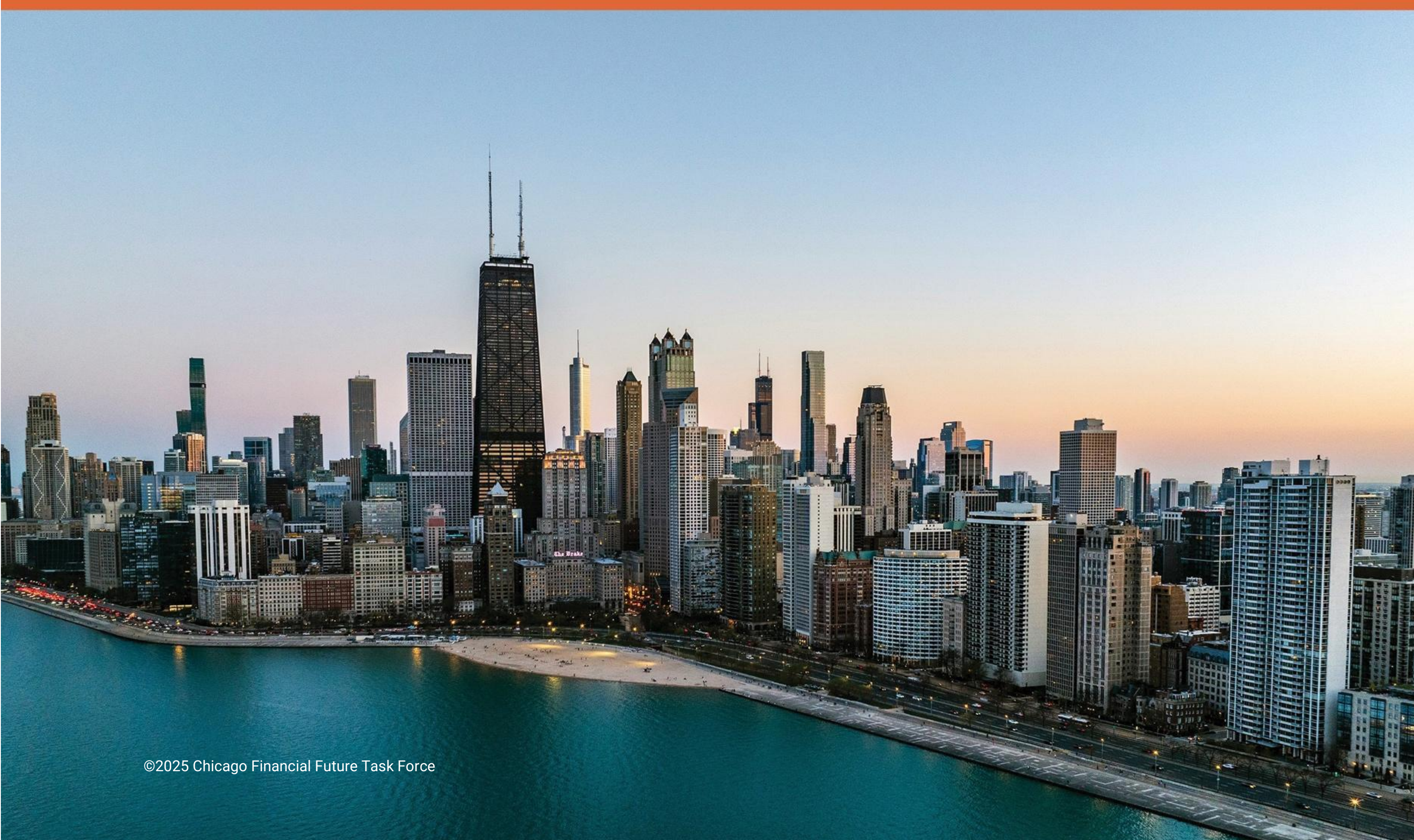
Submitted by the
Chicago Financial Future Task Force

INTERIM REPORT

Options for Chicago's Financial Future

August 31, 2025

Prepared pursuant to Executive Order No. 2025-01, to provide preliminary guidance for strengthening Chicago's long-term financial health.



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Letter to the Mayor from the Chicago Financial Future Task Force Co-Chairs

Karen Freeman-Wilson

Jim Reynolds

Dear Mayor Johnson,

In accordance with the Executive Order issued on April 21, 2025, we are honored to submit the Interim Report on behalf of the Chicago Financial Future Task Force. We are deeply grateful for the opportunity to serve our community by leading this distinguished body. It has been a privilege to work alongside civic-minded leaders whose commitment, expertise, and dedication to the greater good have shaped the work reflected in this report.

The recommendations for the FY2026 budget represent a balanced approach to our charge. They include both revenue-generating measures and cost-saving options, recognizing that a combination of strategies is essential to addressing the City's budget deficit. While we endeavored to reach a consensus for each recommendation, the Task Force also acknowledged and recorded differing views through a formal dissent process.

Through this work, we have gained an even greater appreciation for the weight of the daily decisions you and the members of the City Council must make. We understand that addressing the structural deficit will require time, political will, and the courage to embrace measures that may be difficult for many in the short term. Yet we firmly believe, as our collective experience affirms, that short-term sacrifice is often necessary to secure long-term stability and growth.

Mr. Mayor, your decision to convene this Task Force and charge it with developing concrete solutions to the City's fiscal challenges is both prudent and commendable. Chicago is, without question, a world-class city. Two of the defining hallmarks of such a city are fiscal strength and a government that works for all its people. Pursuing both simultaneously is no small undertaking, and we are all humbled to contribute, in some measure, to this effort on behalf of the entire community.

Respectfully Submitted,

Karen Freeman-Wilson

Co-Chair, Chicago Financial Future Task Force

Jim Reynolds

Co-Chair, Chicago Financial Future Task Force

Task Force Members

Co-Chairs

- Karen Freeman-Wilson, Chicago Urban League
- Jim Reynolds, Loop Capital

Subgroup Leads

- Ronald DeNard, Efficiencies Subgroup
- Dan Lurie, Metropolitan Planning Council, Revenues Subgroup

Members

- Adrienne Alexander, American Federation of State, County, and Municipal Employees (AFSCME)
- Martin Cabrera, Jr., Cabrera Capital Markets & Cabrera Capital Partners
- Carlos Calderon, Ariel Investments
- Tyler Clark, Microsoft Corporation
- Phil Clement, World Business Chicago
- Julie Dworkin, Institute for Public Good
- Maricela Garcia
- Rocio Garcia, The Grassroots Collaborative
- Pasquale Gianni, Teamster Joint Council 25
- Jeffrey Howard, Service Employees International Union (SEIU), Local 73
- Trever Johnson
- Andrea Kluger, Chicago Federation of Labor
- Jimmy Lee
- Ralph Martire, Center for Tax and Budget Accountability and Roosevelt University
- Annie McGowan
- Maggie O’Brien
- Farzin Parang
- Chasse Rehwinkel, Devon Bank
- Andrea Sáenz, The Chicago Community Trust
- Mary Wagoner, Civic Committee of the Commercial Club

Legislative Advisory Group (LAG)

1. Chairman Pat Dowell, City Council Committee on Finance
2. Chairman Jason Ervin, City Council Committee on Budget and Government Operations
3. Alderman William Hall, City Council Revenue Subcommittee
4. Alderman David Moore, 17^{th} Ward
5. Chairman Michael Rodriguez, City Council Committee on Workforce Development

The Legislative Advisory Group are not Task Force members and do not deliberate on or originate proposals. The LAG was informed of Task Force progress.

I. Executive Summary

The City of Chicago is confronting a staggering $1.1 billion deficit forecast in its Corporate Fund for Fiscal Year (FY) 2026[1]—a fiscal challenge that threatens the City's ability to deliver essential services and invest in its future. In response, the Honorable Mayor Brandon Johnson launched the Chicago Financial Future Task Force ("Task Force"), a bold and inclusive initiative composed of independent, civic-minded leaders from across Chicago's community leadership. The Task Force represents Chicago's diverse communities, including business, labor, public policy institutes and research organizations, and community organizations.

Since its inaugural meeting in May 2025, the Task Force has come together with a shared purpose: to identify actionable options and potential solutions that would help to restore fiscal health for FY2026 and beyond. Despite representing diverse stakeholders and priorities, members found common ground. The Task Force engaged in candid, often difficult conversations, challenged assumptions, and collaborated with mutual respect and a deep commitment to the City's well-being. This spirit of civic unity and problem-solving reflects the very best of Chicago.

Over the course of 20 meetings, the Task Force members engaged City officials and expert panels with rigorous questions and examined the best fiscal practices from a range of comparable jurisdictions. Throughout the process, their focus was on understanding the budget deficit and generating short-term practical solutions to address it.

Based on these insights, the Task Force identified 89 preliminary options to improve operations, generate new revenue, and pursue strategic opportunities, all while preserving City services. These options represent an estimated range of $1.0 to $2.1 billion in potential fiscal impact that the City could consider for inclusion in the FY2026 budget.

This Interim Report represents an important step toward improving the City's fiscal stability, highlighting the Task Force's commitment to collaboration and innovative solutions. The Final Report, addressing structural budget issues with further findings and recommendations, is scheduled for delivery to the Mayor in May 2026.

Chicago has the opportunity to transform this fiscal crisis into a pivotal moment—one that reinforces the city's financial stability and renews its shared commitment to building a more resilient, equitable, and thriving future for all its communities.

Options by Category and Estimated Financial Impact			
		Total Estimated Savings/Incremental Revenues ($ millions)	
Category	**Number of Options**	**Low End of Range**	**High End of Range**
Efficiencies	45	372.4	455.5
Revenues	39	630.0	1,652.7
Other	5	35.4	37.2
Total	89	$1,037.8	$2,145.4

[1] "2026 Budget Forecast," pg. 7

II. Introduction to the Task Force

1 Purpose and Organization

The Chicago Financial Future Task Force was announced in May 2025 by the Honorable Brandon Johnson, Mayor of Chicago (Executive Order No. 2025-1). This initiative marks a bold new chapter in Chicago's commitment to fiscal responsibility. Co-chaired by Karen Freeman-Wilson, CEO of Chicago Urban League and Jim Reynolds, CEO of Loop Capital, the Task Force is an independent task force made up of 24 diverse, civic-minded Chicagoan leaders. Their charge is to work collaboratively to develop practical, forward-thinking options that could strengthen the City's financial health while keeping the needs of residents and communities front and center.

The 24 Task Force members are volunteers from Chicago's diverse communities, representing business, labor, public policy institutes and research organizations, and community organizations. They have invested their expertise to help strengthen the City's FY2026 finances during a period of fiscal uncertainty.

The LAG is comprised of five alderpeople who met monthly with the Co-Chairs and Subgroup Leads. The LAG members are not Task Force members but were kept informed of Task Force progress. The LAG members did not participate directly in the Task Force's meetings; the alderpeople did not originate, deliberate on, and/or vote on the proposals contained in this interim report.

The Task Force is committed to delivering two reports to the Mayor: this interim report, focused on near-term options for the FY2026 budget, and a final report in May 2026 that will tackle more complex, long-term challenges. Together, these efforts embody the group's dedication to lasting fiscal health and accountability for all of Chicago.

With rising costs and continued budget pressures, it is more important than ever to ensure Chicago's finances are sustainable and resilient. But the Task Force's effort goes beyond providing options to balance the books – it is about building a foundation for growth, equity, and opportunity in every neighborhood. By also focusing on fairness and fiscal integrity, the Task Force strives to work with the City to create a stronger, more secure future for all of Chicago.

2 Process and Meeting Cadence

As it worked toward the generation of this interim report, the Task Force was organized into two subgroups—Efficiencies and Revenues—each comprising 11 members. The Efficiencies subgroup met nine times, while the Revenues subgroup convened eight times. The full Task Force met three times.

Both subgroups used the same process independently. Members identified areas of interest ahead of bi-weekly meetings, where they would then present and discuss their ideas and proposed options with the rest of the subgroup. Each proposed option was reviewed by the subgroup, weighing its advantages and drawbacks, before being agreed upon for inclusion or exclusion from an aggregated slate of options to present to the full Task Force. On occasion, other professionals would brief the members with additional options for consideration, which were discussed in the same process.

The Efficiencies subgroup primarily focused on identifying cost-saving opportunities for the City. Its recommendations were aimed at reducing the budget deficit through operational improvements within City departments, not only to achieve financial benefits but also to improve service delivery for residents. A recurring theme was benchmarking – by comparing the City's practices with those of peer jurisdictions like New York and Los Angeles, opportunities for annual cost reductions were identified.

Meanwhile, the Revenues subgroup concentrated on strategies to increase the City's income. This involved reviewing existing fees, fines, and taxes, with an emphasis on aligning them with comparable structures in other jurisdictions. Members also proposed new revenue streams and monetization of existing assets to further address the deficit.

While the financial impact of each proposal was a key focus, subgroups devoted significant attention to non-financial implications such as equity and progressivity. Members drew on their diverse backgrounds to ensure options were considered from a broad range of perspectives. There was a consistent emphasis on how proposals would affect residents, neighborhoods, businesses, and organizations. Several members noted that the purpose was harmonization with peer jurisdictions, not to elevate the City's tax levels beyond others.

Task Force members were invited to attend the public Budget Engagement Roundtables, held across the City in late June and early July. Nearly all Task Force members attended at least one of these sessions to hear the concerns of City residents, community leaders, and local stakeholders regarding crucial City services.

Alongside roundtables and subgroup meetings, the full Task Force met monthly to serve as a steering committee. At these meetings, subgroup leaders shared updates on each subgroup's progress with the co-chairs and other members. Lively discussion at these meetings helped keep momentum focused on delivering the interim report to the Mayor. The Task Force reached consensus on which options to propose and which to exclude, with the exception of a series of dissents. Ultimately, the Task Force agreed on the options, categorized into Efficiencies, Revenues, and Other, which are included herein. This interim report embodies the collective commitment and expertise of the Task Force, establishing a strong foundation for the City's FY2026 budget deliberations and ongoing fiscal strategy.

3 Other Considerations

The Task Force and this report represent focused, solution-driven options that could decrease the City's budget deficit if adopted and implemented:

Timeline – This interim report focuses on options that could reduce the City's budget deficit through targeted efforts in the short term. Structurally balancing a budget is a complex, ongoing endeavor, and this report – developed within a concentrated three-month period – marks a strategic starting point.

Nature of Recommendations – The recommendations offered here form a "menu" of options for the City. Each represents a distinct opportunity for the City to address the budget deficit—empowering City leadership to act decisively by adopting those that best align with strategic goals.

Political and Legal Complexities – The Task Force acknowledges that implementation of some recommendations would require changes to existing City ordinances or State laws. Throughout the report, the Task Force has noted where these changes may be needed.

Labor Negotiations and Collective Bargaining Agreements (CBAs) – Many recommendations would require collaboration with City unions and organizing bodies, as 90% of the workforce is represented by a CBA.[2] Throughout the report, the Task Force highlights the importance of constructive dialogue with labor organizations to achieve balanced, mutually beneficial outcomes.

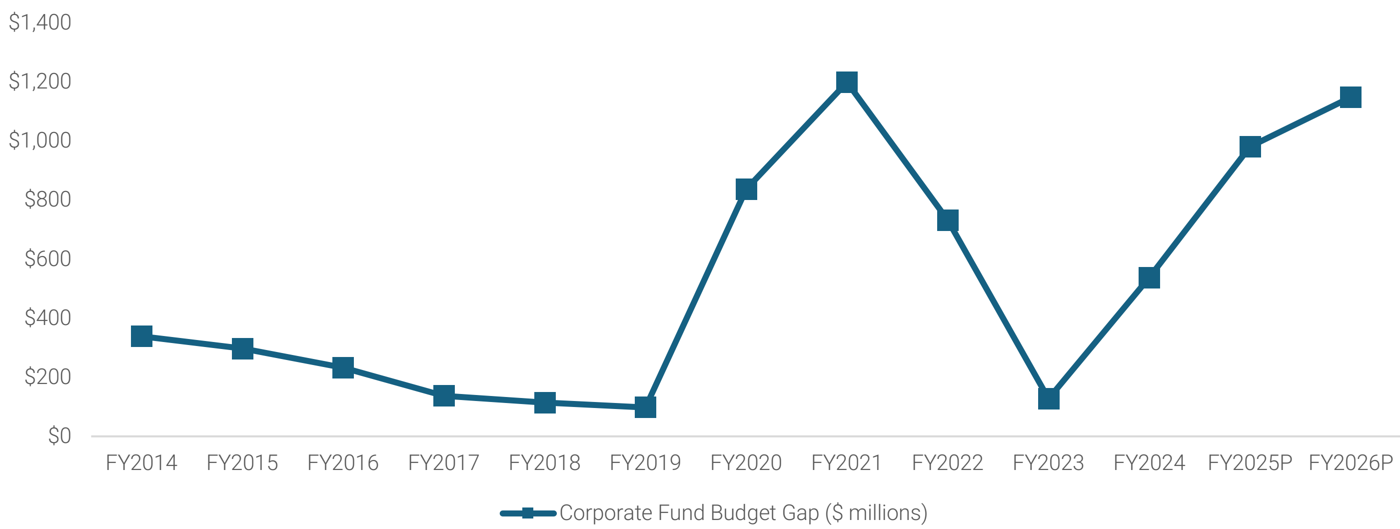
[2] "2026 Budget Forecast," pg. 11

III. Budget Environment

Task Force members reviewed Chicago's budget challenges, noting a persistent structural deficit caused by long-term financial pressures, economic shifts, and past fiscal choices.

This analysis focuses on the Corporate Fund, which is projected to face a deficit of over $1.1 billion in FY2026, a 12% increase from the previous year. The Corporate Fund accounts for core services provided by the City; historically, the Corporate Fund has seen the largest disparity between annual revenues and expenditures.[3]

Corporate Fund Deficits, 2014 – 2026P ($ millions)[4]



For FY2025, the City's total budget was $17.1 billion[5], with the Corporate Fund comprising $5.8 billion, or 34% of the total budget. Personnel costs and pension contributions account for most of this figure (61% and 16% of the FY2025 budget, respectively)[6]. Within the personnel costs, 90% of the workforce is represented by a CBA.

The projected Corporate Fund deficit was $982.4 million in FY2025, driven largely by expiring federal pandemic aid and rising legacy pension costs. Despite this large gap, the City passed a balanced budget. At present, the City currently estimates the Corporate Fund to end 2025 with total expenses exceeding revenues by $146 million (or -2.5%). The underperformance of Corporate Fund revenues is driven by three factors: (i) declining Personal Property Replacement Tax Revenue (PPRT) from business income, (ii) a lower than anticipated balance of available prior-year fund balance, and (iii) continued uncertainty surrounding Chicago Public Schools' reimbursement of the $175 million pension payment for a second consecutive year. Yet, as these factors drive down Corporate Fund revenues in total, local tax revenue is overperforming expectations for a second consecutive year in FY2025.

The shortfall in FY2025 is not an isolated event; in fact, the Corporate Fund has seen expense growth outpace revenue growth over the last ten years, underscoring a persistent structural imbalance. Looking at the period from 2015 to 2024, Corporate Fund revenues increased by 54%, while expenditures rose 64%[7]. To address these recurring deficits, the City

[3] "2026 Budget Forecast," pg. 9
[4] "2026 Budget Forecast," pg. 19
[5] Amended. Original FY2025 budget was $17.3 billion.
[6] "2026 Budget Forecast," pg. 14
[7] "2026 Budget Forecast"

frequently relied on one-time revenues. These actions, while providing relief in the short-term, had rippling effects that often contributed to the current crisis facing the City.

When a budget has a structural imbalance, it persistently has more expenses than revenues, even when the economy is strong. The chronic imbalance reflects a fundamental mismatch between the cost of delivering services and revenue generated to fund them.

The aftermath of the Great Recession underscored the Corporate Fund's reliance on economically sensitive revenue streams. From 2011-2014, State aid plateaued, local taxes lagged behind expenses, and pension funding requirements increased. However, in 2015, the first phase of pension reforms (introducing Tier II pension benefits for employees hired after January 1, 2011) provided temporary relief.

The onset of the COVID-19 pandemic posed unexpected budgetary pressures, affecting revenues just as the need for public services grew. Federal relief—particularly through the CARES Act and the American Rescue Plan Act (ARPA)—provided crucial but temporary support, helping to maintain critical services during extraordinary times.

By 2021, the City was navigating the challenges of pandemic recovery and State-mandated pension contributions through increased pension contributions from Corporate Fund revenues, putting further strain on the revenue sources needed to support regular operating costs. Both pension and debt service costs climbed. Though ARPA funds supported the immediate response and incremental expenditures, by FY2025 these Federal resources were largely depleted, leaving the Corporate Fund's fundamentals much as they were before the pandemic.

Today, the Corporate Fund faces a critically difficult outlook with fewer viable solutions. Unlike in previous years, there is little expectation of significant incremental federal aid.

Pension expenses remain a major part of the Corporate Fund. Chicago's four pension systems had $35.9 billion in unfunded liabilities as of 2024, with low funded ratios. In FY2022, the City reversed its trend of underfunding pensions and began to make supplemental contributions in excess of its required annual contribution. In FY2025, the budgeted Corporate Fund pension expense is $943.4 million, which both meets the state-mandated requirement for pension funding and includes an additional advanced pension payment. The Advanced Pension Payment Policy supports the making of supplemental payments, which enables the City to reduce the liabilities and compound interest over time. The Policy is projected to save the City $2.6 billion[8] over the next 30 years, slowing the growth of unfunded pension liabilities, demonstrating fiscal discipline and improving the City's creditworthiness.

Debt service obligations, while mostly outside the Corporate Fund, still have an impact on the Fund's flexibility because of the City's overall limited resources. In addition, settlements and judgments costs are substantial and unpredictable, making it difficult to accurately budget. Chicago's current general obligation credit rating reflects the Corporate Fund's persistent fiscal pressures, especially pension funding needs and ongoing structural gaps. In January 2025, S&P Global Ratings downgraded Chicago's general obligation credit rating one notch to BBB with a stable outlook, citing "a sizable structural budgetary imbalance."[9] A credit rating of BBB indicates that the City's credit is still considered investment grade, but nearing the lower end of that category.

Persistent budget deficits are a signal to credit rating agencies that a government may struggle to repay its long-term debt obligations. Lower bond ratings decrease investor confidence, which forces governments to offer high interest rates to entice investment. These higher interest rates increase the cost of borrowing over time.

In addition to the Corporate Fund, the City oversees several Special Revenue Funds, each with dedicated revenue sources for services like special events and emergency communications. From 2015 to 2024, related expenses rose from$502.6

[8] Center for Tax and Budget Accountability

[9] S&P Global

million to $791.8 million, but revenues have not kept pace, causing ongoing Special Revenue Fund deficits. The Corporate Fund routinely covers these shortfalls, increasing the City's overall budget imbalance. The City also operates Enterprise Funds – the Water Fund and Sewer Fund, and Aviation Funds for O'Hare and Midway. The Water Fund and Sewer Fund are performing in line with expectations and the Aviation Funds are self-supporting. Therefore, Enterprise Funds were not included in the analysis of this report.

In summary, the fiscal imbalance facing the Corporate Fund is chronic and severe and demonstrates the magnitude of Chicago's fiscal challenges and the urgent need for sustainable solutions. The projected FY2026 deficit stands out not only due to its magnitude, but also because it reflects years of accumulating underlying factors. If decisive action is not taken now to resolve this deficit, the consequences for City services—and for Chicago's overall civic health—could be profound. As the City struggles with limited resources, residents could face reductions in core public services such as policing, street maintenance, and public programming. For example, reductions in infrastructure investment may lead to deteriorating roads and facilities, while increasing costs could force difficult choices like layoffs. The City's ability to attract and retain a skilled workforce could be challenged, and Chicago's reputation as a place to live, work, and do business could suffer. Without immediate reforms, financial instability in the Corporate Fund risks becoming entrenched, threatening both the quality of life for residents and the City's long-term competitiveness. Addressing these issues requires decisive, forward-looking action to stabilize the Fund and continue providing core services to residents.

This interim report proposes practical, implementable strategies for cost savings, identifying revenues for the Corporate Fund, and aligning Chicago's fiscal practices with peer jurisdictions. At this critical juncture, it is essential to adopt innovative and responsible measures to uphold the stability of the Corporate Fund and to ensure the continued delivery of essential public services on which residents rely.

IV. Efficiencies

1. Context

As Chicago confronts a complex fiscal environment, this section turns to the vital task of streamlining and enhancing processes within City government. The goal is straightforward: to ensure every public dollar is put to good and efficient use, moving more smoothly through the system, so that essential City services reach residents with greater efficiency and impact. By identifying and implementing operational efficiencies, Chicago can reduce costs while delivering better outcomes for its residents and safeguarding the City's financial future. Throughout this review, the Task Force focused on eight key areas where meaningful improvements can be made:

1. Organizational Analysis: Better aligning resources throughout the City's departments
2. Employee Benefits Efficiency: Identifying potential cost savings within the City's employee benefits packages, while ensuring that City benefits remain competitive
3. Public Safety Services: Identifying opportunities for efficiency and cost savings across the City's public safety departments
4. Special Events Cost Recovery: Identifying opportunities to recover costs the City incurs for hosting private minor and major special events, including parades, music festivals, athletic events, and others
5. Fleet Services: Evaluating the efficiency and cost-effectiveness of the City's fleet lifecycle management
6. Pension Liabilities: Identifying financial and accounting-related measures to reduce pension-costs facing the City
7. Information Technology: Improving technology services, spending, and security to improve system-wide resilience and better enable the City to deliver critical services to residents
8. Procurement Process: Streamlining and reducing the cost of the City's process of acquiring goods and services

Each of these areas presents unique opportunities to streamline City operations, modernize systems, and ensure resources are used to their fullest potential. Whether it's refining performance improvements in public safety, finding new savings in employee benefits, or recouping costs for special events, every recommendation in this report is here for a reason.

The purpose of this effort is to maximize the impact of every taxpayer dollar. To that end, these proposals are not just theoretical; they're grounded in what's proven to work, drawing on best practices and benchmarks from peer jurisdictions facing similar circumstances. While the road ahead won't be easy, the opportunities outlined below offer a practical path to a more efficient, sustainable, and responsive City government.

In total, the Task Force has identified a range of $372.4 million - $455.5 million in cost saving opportunities for the City to explore. If the City wishes, many of these could be implemented immediately. Others require the collaboration and cooperation of various City departments, labor unions, sister agencies, vendors, employees, City Council, County, State and Federal bodies and other external stakeholders to execute; while this infers an extended implementation timeline, these are opportunities the City should begin exploring now so that it can realize cost savings in the future.

Efficiency Options by Category and Estimated Financial Impact			
		Total Estimated Savings ($ millions)	
Category	Number of Options	Low End of Range	High End of Range
Organizational Analysis	5	230.2	275.0
Employee Benefits Efficiency	5	81.0	103.0
Public Safety Services	16	23.7	25.6
Special Events Cost Recovery	7	21.0	21.0
Fleet Services	6	16.5	30.9
Pension Liabilities	3	N/A	N/A
Information Technology	1	N/A	N/A
Procurement Process	1	N/A	N/A
Other	1	N/A	N/A
Total	45	$372.4	$455.5

2. Organizational Analysis

A peer jurisdiction organizational analysis comparison[10] identifies opportunities to better align resources throughout the City's departments. The goals of the organizational analysis were to:

1. Assess the organizational structure to align with strategic goals and operational efficiencies
2. Identify opportunities for cost savings

The Task Force has recommended **five options** within Organizational Analysis, estimated to provide a range of **$230.2 million** to **$275 million** in cost saving opportunities. Additional recommendations came out of this analysis; however, they are longer term in nature and therefore will be considered for inclusion in the Final Report.

Organizational Analysis Options and Estimated Financial Impact		
	Total Estimated Savings ($ millions)	
Option	**Low End of Range**	**High End of Range**
Institute a Vacancy Freeze	143.7	161.7
Continue Overtime Reduction	52.1	69.5
Streamline Hiring	25.0	25.0
Implement Flexible Furlough Days	9.4	18.8
Improve Succession Planning	N/A	N/A
Total	$230.2	$275.0

INSTITUTE A VACANCY FREEZE

Estimated Savings Range: $143.7 - $161.7 million

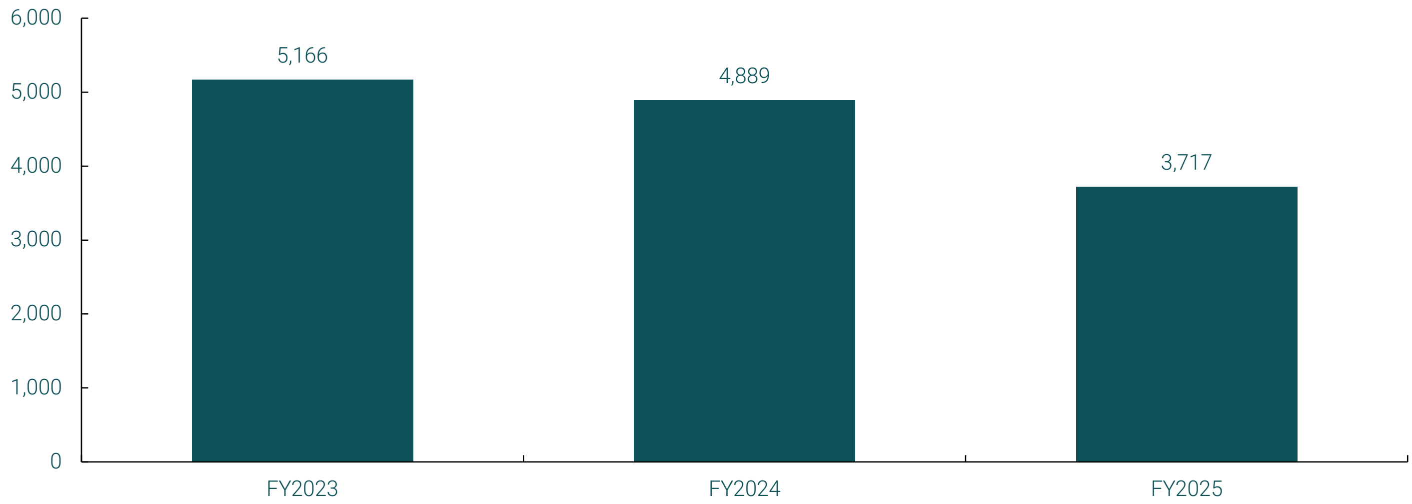
Jurisdiction: City

Context: The total number of workforce vacancies included in the City's budget has declined each year since 2023. In FY2025, there were 3,717 total workforce vacancies at the time the City budget was adopted.

As of August 1, 2025, the City has paused most new hiring under the Corporate Fund, with exceptions made for critical public safety, revenue-generating, legally mandated, and mission-essential positions. This action was taken on a deliberate and data-informed basis to contain personnel costs while continuing to support high-priority functions.

[10] Peer jurisdictions in this analysis were: Los Angeles, CA, Philadelphia, PA, Houston, TX, New York City, NY, and Seattle, WA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

Workforce Vacancies at Time of City's Budget Adoption[11]



Recommendation: We recommend the City consider freezing hiring for non-critical vacant positions in 2026, during which time the City could explore the efficiencies possible from implementing other organization analysis recommendations, e.g., duplication of tasks, inefficient processes. The City could determine on a case-by-case basis whether to refill incremental new vacancies created by attrition.

Assuming 10-20% of total vacancies are deemed critical, by freezing hiring for non-critical vacant positions in 2026, the City could realize $143.7-$161.7 million in estimated one-time cost savings.

The estimated low-end cost savings of $143.7 million assumes 20% of total vacancies are deemed critical.

The estimated high-end cost savings of $161.7 million assumes 10% of total vacancies are deemed critical.

Dissent A: While freezing hiring for non-critical vacant positions may seem like a way to contain personnel costs, it overlooks long-term consequences. Freezing hiring often leads to increased overtime expenses, employee burnout, and a heavier reliance on contractors to maintain service levels, which can drive costs up rather than down.

Dissent B: The proposal to freeze hiring for existing vacancies does not go far enough in terms of cost-savings that could be realized immediately. The Chicago Police Department (CPD) currently has 1,126 vacancies (with more than 1,200 vacancies in 2024 and 2023), as of the mid-year budget report (~30% of the vacancies across all city departments and 3x greater than the next highest department with vacancies). It is proposed that any officer (non-civilian) CPD vacancy older than two years be eliminated. Further efficiencies can be found by shifting the responsibility of the parking enforcement and ticketing to Department of Finance employees and by ending police engagement in mental health crises or social needs calls by having them directly transitioned and serviced by the Crisis Assistance Response and Engagement Program (CARE) team, and for the CARE team to then call for backup as needed.

[11] Source: "Mid-Year Report, City of Chicago, July 2025," Council Office of Financial Analysis, page 31

CONTINUE OVERTIME REDUCTION

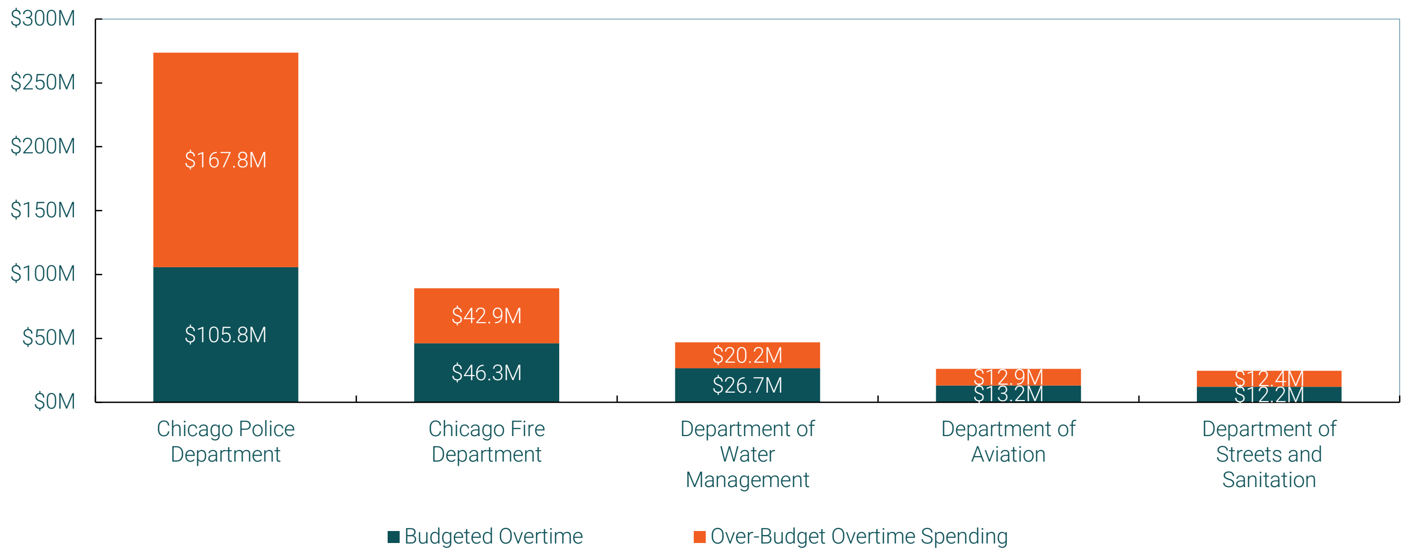
Timing of Savings: One-Time

Estimated Savings Range: $52.1 - $69.5 million

Jurisdiction: City

Context: The City reported that as of May 31, 2025, no departments have exceeded their overtime appropriations for 2025, and overall overtime spending is down approximately 22% compared to the same period last year.

Appropriated vs. Actual Overtime Spending, Top 5 Departments, FY2024[12]



Recommendation: We recommend the City consider further reducing annual overall overtime by 15-20%. The reduction should be achieved through continued better management of staff resources, rather than any reduction in essential City services.

While there are varying opinions about the appropriate level at which to reduce overtime, there was agreement by most that this is an option the City may seriously explore.

The estimated low-end cost savings of $52.1 million per year assumes a 15% reduction in overtime costs; the dollar figure is based on the actual cost figure from 2024.

The estimated high-end cost savings of $69.5 million per year assumes a 20% reduction in overtime costs; the dollar figure is based on the actual cost figure from 2024.

Dissent: The proposal does not go far enough to eliminate overtime in CPD which has gone over budget by more than 2x in recent years. In 2024, CPD went over budget for overtime by $170 million (greater than the Corporate Fund budget for the Chicago Department of Public Health (CDPH)). In 2023, CPD went over budget for overtime by $224 million (more than 3x their allocated overtime budget). In 2022, CPD went over budget for overtime by $138 million (more than 2x their budgeted allocation). CPD should enact a policy (with exemptions for special circumstances) that caps overtime for every officer so

[12] Source: "Mid-Year Report, City of Chicago, July 2025," Council Office of Financial Analysis, page 36

that no officer spends more than 5% of their allocated overtime. This will operate CPD in a fiscally responsible and predictable way, reduce overtime abuse, and decrease officer attrition by reducing forced overtime.

STREAMLINE HIRING

Timing of Savings: Annual

Estimated Savings: $25 million

Jurisdiction: City

Context: The City's hiring process operates under the requirements of the Shakman decrees[13] which are court-mandated orders designed to prevent political patronage and ensure fair, merit-based employment practices. While these constraints promote transparency and equity, they can also introduce procedural complexities that slow the hiring of qualified candidates for critical, revenue-generating positions.

Recommendation: We recommend the City consider pursuing any and all efficiencies in its hiring process consistent with the Shakman decrees to realize an incremental $25 million in estimated annual revenue by accelerating the hiring of revenue-generating roles (e.g., legal, parking enforcement). This could include working closely with relevant labor unions to identify / recruit for desired roles in parallel.

IMPLEMENT FLEXIBLE FURLOUGH DAYS

Timing of Savings: One-Time

Estimated Savings Range: $9.4 - $18.8 million

Jurisdiction: City

Context: A flexible furlough day refers to scheduled temporary unpaid leave taken by employees, typically as part of cost-saving measures. Unlike fixed furloughs, the City may arrange flexible furlough days to accommodate operational needs or negotiate with labor unions, allowing departments and staff some discretion in selecting the timing or scope of the unpaid days off. The intent is to reduce immediate expenditures without resorting to permanent layoffs, while distributing the financial impact across the workforce.

[13] *Michael Shakman et al. v. Democratic Organization of Cook County et al.*, Case No. 69 C 2145, in the U.S. District Court for the Northern District of Illinois

Recommendation: We recommend the City consider enacting 1-2 flexible furlough days for non-union employees and explore enacting 1-2 flexible furlough days for union employees. This will involve close cooperation and negotiation with labor unions.

Only the City can determine the appropriate number of furlough days needed to achieve substantial savings while not impairing services. However, for the purposes of this report the Task Force suggests a minimum of 1-2 flexible furlough days as a starting point. One non-union furlough day generates an incremental $0.7 million in estimated cost savings. One union furlough day generates an incremental $8.7 million in estimated cost savings.

The estimated low-end cost savings of $9.4 million assumes one flexible furlough day for union and non-union employees during FY2026.

The estimated high-end cost savings of $18.8 million assumes two flexible furlough days for union and non-union employees during FY2026.

Dissent: While flexible furlough days may appear to offer short-term cost savings, this approach is ultimately ineffective and counterproductive over the long run. Furloughs can significantly damage employee morale, leading to reduced productivity and higher turnover, which increases recruitment and training costs that offset any initial savings. Furlough days can also trigger increased overtime as departments struggle to maintain service levels with fewer staff hours, driving up labor expenses rather than reducing them. Instead of relying on furloughs, the City should pursue strategies that promote workforce stability to achieve sustainable savings without sacrificing employee wellbeing or service quality.

IMPROVE SUCCESSION PLANNING

Timing of Savings: Annual

Estimated Savings: Not available

Jurisdiction: City

Context: Currently, several City departments have limited formal succession planning, which poses risks to operational continuity and the ability to maintain institutional knowledge. Several departments[14] report high percentages of staff eligible to retire within 12-24 months, which increases this risk. While some departments have engaged in efforts to conduct succession planning and facilitate knowledge transfer, this has been inconsistent across departments.

Recommendation: We recommend the City consider centralizing succession planning and knowledge transfer efforts within HR. Centralizing this function in HR would help preserve institutional knowledge and reduce disruption from staff turnover ultimately providing residents and businesses with more efficient City services. While it is not possible to estimate the potential financial results from this recommendation, we do believe it would create efficiencies over time, supporting cost savings.

[14] The departments are CDPH, the Department of Family and Support Services (DFSS), and the Department of Planning and Development (DPD).

3. Employee Benefits Efficiency

The City employs over 30,000 individuals, providing them with a benefits package covering a variety of benefits. A review of the City's benefits package was conducted, leveraging a two-pronged approach comparing the City's benefits and costs to those of selected peer jurisdictions[15], and an analysis of the circumstances and policies unique to the City.

The Task Force has recommended **five options** within Employee Benefits, estimated to provide a range of **$81 million to $103 million** in cost saving opportunities.

Options for Employee Benefits Efficiency and Estimated Financial Impact		
	Total Estimated Savings ($ millions)	
Option	Low End of Range	High End of Range
Explore Cost Savings from Potential Employee Contribution Opportunities	41.6	52.2
Identify Cost-Saving Options Where CBA Talks are Unnecessary	17.3	25.3
Explore Healthcare Plan Design Opportunities	12.0	12.0
Explore Network/Pharmacy Benefit Managers (PBM) and Carrier Cost Saving Opportunities	10.1	13.5
Assess Cost Savings from Health Coverage Continuation on Extended Leave of Absence (LOA)	N/A	N/A
Total	$81.0	$103.0

EXPLORE COST SAVINGS FROM POTENTIAL EMPLOYEE CONTRIBUTION OPPORTUNITIES

Timing of Savings: Annual

Estimated Savings Range: $41.6 - $52.2 million

Jurisdiction: City

Context: It is important to note that, under Illinois Constitution Article XIII, Section 5, any changes to employee-required pension contributions may only apply to new hires after the change; current employees cannot be affected by such adjustments. Additionally, any increases must be considered carefully to ensure compliance with the Social Security safe harbor provisions—issues experienced with the Tier II system illustrate the potential for unintended costs to the City if these requirements are not met. As a best practice, any modifications to employee benefits packages should follow a comprehensive labor market analysis to determine the optimal compensation and benefits needed to attract and retain a skilled workforce.

[15] The peer jurisdictions included: the State of Illinois, Cook County, IL, Houston, TX, Los Angeles, CA and New York City, NY. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

Recommendation: We recommend the City consider exploring cost saving opportunities associated with various employee contributions. These may include but are not limited to reducing or increasing employee contributions on plans, discussing salary caps to contributions, or surcharges.

Exploring these ideas would involve close cooperation and negotiation with the relevant labor unions to ensure a mutually agreeable outcome.

Implementing a range of these savings opportunities could generate the City an incremental $41.6-$52.2 million in estimated cost savings annually based on several underlying assumptions.

Dissent: Increasing employee healthcare costs through premium and coverage changes will make healthcare less affordable and degrade the overall benefits package of the city, making recruitment and retention more difficult. For example, in the construction trades, comparable private sector jobs include healthcare and a pension on top of the wage. The City already requires a high contribution for both. Rather than shifting healthcare costs, the City should explore real reforms to control costs.

IDENTIFY COST-SAVING OPTIONS NOT COVERED BY CBAS

Timing of Savings: Annual

Estimated Savings Range: $17.3 - $25.3 million

Jurisdiction: City

Recommendation: We recommend the City consider exploring cost saving opportunities where negotiation is not required within a CBA. For example, the City is midway through adjusting non-union healthcare contributions to union percentages and in 2026 the non-union contribution rates will be the same or greater than the union workforce as the City is not establishing a salary cap on non-union contributions.

The City could consider examining elimination of the City's Health Maintenance Organization (HMO) stop-loss coverage, engaging a service provider for a claims and fee integrity study to control medical expenditures and administrative costs, enhancing Consolidated Omnibus Budget Reconciliation Act (COBRA) communications to educate former employees about lower cost options on an exchange rather than paying a costly COBRA fee, and implementing a worker's compensation return-to-work program.

Implementing these opportunities could yield the City an incremental $17.3-$25.3 million in estimated cost savings annually.

EXPLORE HEALTHCARE PLAN DESIGN OPPORTUNITIES

Timing of Savings: Annual

Estimated Savings: $12 million

Jurisdiction: City

Recommendation: We recommend the City consider exploring cost saving opportunities within healthcare plan design. Opportunities may include but are not limited to offering more plan options or aligning copayment or out-of-pocket maximums closer to Chicago's peer jurisdiction median[16].

Exploring these ideas would involve close cooperation and negotiation with the relevant labor unions to ensure a mutually agreeable outcome.

Implementing these could generate the City an incremental $12 million in estimated cost savings annually.

Dissent: Increasing employee healthcare costs through premium and coverage changes will make healthcare less affordable and degrade the overall benefits package of the city, making recruitment and retention more difficult. For example, in the construction trades, comparable private sector jobs include healthcare and a pension on top of the wage. The City already requires a high contribution for both. Rather than shifting healthcare costs, the City should explore real reforms to control costs.

EXPLORE NETWORK/PHARMACY BENEFIT MANAGERS (PBM) AND CARRIER COST SAVING OPPORTUNITIES

Timing of Savings: Annual

Estimated Savings Range: $10.1 - $13.5 million

Jurisdiction: City

Recommendation: We recommend the City consider exploring cost saving opportunities related to network/PBM and carrier networks. These may include but are not limited to narrowing carrier networks to only include the most efficient providers in the area, expanding Centers Of Excellence (COEs) usage to include cancer care, and refining PBM contracts to improve generic Average Wholesale Price (AWP) guarantees.

Exploring this idea would require close cooperation with the Labor Management Cooperative Committee (LMCC).

Implementing these opportunities could generate the City an incremental $10.1-$13.5 million in estimated cost savings annually based on several underlying assumptions.

ASSESS COST SAVINGS FROM HEALTH COVERAGE CONTINUATION ON EXTENDED LEAVE OF ABSENCE (LOA)

Timing of Savings: N/A

Estimated Savings: Not available

Jurisdiction: City

[16] Peer jurisdictions were State of Illinois, Cook County, IL, Houston, TX, Los Angeles, CA, and New York City, NY. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

Context: Under the City's existing health coverage, there is inconsistency between which individuals pay contributions toward their coverage while on extended LOA. Some individuals on leave are required to pay contributions toward their coverage, while others make no contributions. As such, the cost of those employees not contributing is borne by the City.

Recommendation: We recommend the City consider assessing health coverage continuation for employees on extended LOA, by exploring potential ways to help eligible employees qualify for Medicare or return to work with limited duties - only where benefits are not mandated.

Exploring this idea would involve close cooperation and negotiation with the relevant labor unions to ensure a mutually agreeable outcome.

Dissent: Most groups of City employees already pay 100% of the cost of their health insurance on LOA once their coverage under the Family and Medical Leave Act (FMLA) is exhausted. As most extended leaves are for health reasons, modifying current policy to further hinder access to healthcare is wrong. The City should, however, explore enhanced communication and assistance related to application for Social Security Disability Insurance and Medicare.

4. Public Safety Services

In FY2025, the Corporate Fund budgeted $3.5 billion in personnel costs from a total budget of approximately $5.8 billion. Of this, roughly $2.5 billion was allocated to Public Safety. The Task Force reviewed three of the City's Public Safety departments – Chicago Fire Department (CFD), CPD, and Office of Public Safety Administration (OPSA) – to identify opportunities for efficiency, cost savings, and performance improvements.

The Task Force has recommended **16 options** within Public Safety Services, estimated to provide a range of **$23.7 million** to **$25.6 million** in cost saving opportunities.

Public Safety Options and Estimated Financial Impact		
	Total Estimated Savings ($ millions)[17]	
Option	Low End of Range	High End of Range
Implement CFD Fire Alarm Inspection Fee, Hazmat Material Fee, High-Rise Fire Fees	6.2	6.2
Disband CPD Mounted Unit Division	5.9	5.9
Implement CFD False Fire Alarm Fee Cost Recovery	4.7	6.6
Implement CPD False Burglar Alarm Cost Recovery	2.8	2.8
Divert CFD 911 Calls to Hospital-Based Telehealth Service	2.5	2.5
Improve CFD Cost Recovery of Pyrotechnics, Sprinkler Plan Review	1.6	1.6
Increase CPD First Time Driving Under the Influence (DUI) Fee	1.1	1.1
Institute CFD Emergency Medical Service (EMS) Cost Recover - Treat-No-Transport (TNT)	0.9	0.9
Increase Use of Autonomous Drones at CPD	0.4	0.4
Institute CFD Cost Recovery for Non-Emergency Lift Assist	0.3	0.3
Increase CPD Cost Recovery for Squad Car Usage in Film Production	0.2	0.2
Maximize CPD Civilianization	N/A	N/A
Rent OPSA Regional Training Facility	(0.2)	(0.2)
Expand OPSA Utilization of Cameras in CFD Vehicles and Utilize Existing CPD Cameras	(0.5)	(0.5)
Introduce CFD Light-Duty Positions	(0.7)	(0.7)
Implement a CPD Early Warning System (EWS)	(1.5)	(1.5)
Total	$23.7	$25.6

[17] The dollar figures represent the estimated savings in only the first year in which each proposal would be implemented. For proposals with negative dollar balances, these values represent the upfront investment needed in Year One to implement the proposal, after which there are positive cost savings projected over a 10-year horizon.

IMPLEMENT CFD COST RECOVERY FOR FIRE ALARM INSPECTION, HAZMAT MATERIAL RESPONSE, HIGH-RISE FIRES

Timing of Savings: Annual

Estimated Savings: $6.2 million

Jurisdiction: City

Context: These services are already being performed by CFD. The City currently tracks fire alarm inspections (4,123 in 2023), hazmat material responses (365 in 2023), and high-rise fires (6,501 in 2024).

However, there is currently no fee associated with these services, thus no costs are recovered.

Recommendation: We recommend the City consider recovering costs incurred by CFD for fire alarm inspection, hazmat materials response, and high-rise fires through the introduction of fees. By implementing these fees, the City could recover an incremental $6.2 million in estimated costs in year 1, and $68.3 million over ten years.

This proposal estimates cost savings using the higher end of peer jurisdiction[18] benchmarked fees.

a. Fire alarm inspection: $498 / inspection
b. Hazmat material response: $1,800 / response
High-rise fire: $540 / response

DISBAND CPD MOUNTED UNIT DIVISION

Timing of Savings: Annual

Estimated Savings: $5.9 million

Jurisdiction: City

Context: CPD currently operates a mounted unit consisting of 25 horses, 17 police officers, four sergeants, and one lieutenant. Peer benchmarking[19] indicates that CPD maintains one horse per approximately 81,000 residents, about 60,000 fewer residents per horse compared to the peer average. This suggests a potential overallocation of equine resources. The mounted unit is primarily used for crowd control, however there are alternative crowd control options available, including physical barriers, bikes, and a volunteer-based mounted program.

[18] Peer jurisdictions used were Denver, CO, Los Angeles, CA, New York City, NY, San Antonio, TX, San Francisco, CA, Seattle, WA, and Tulsa, OK. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[19] Peer jurisdictions used were New York City, NY, Houston, TX, Los Angeles, CA, Columbus, OH, and Denver, CO. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

Recommendation: We recommend the City consider disbanding CPD's mounted units division, which will reduce operating and personnel costs annually, as well as provide a one-time revenue.

The disbanding of the mounted police unit may bring an estimated $5.9 million in net savings in FY2026, inclusive of $5.8 million in cost savings from reassigning personnel from the mounted unit to vacant positions within the CPD Patrol Services division, and a one-time revenue of $0.1 million from the sale of all 25 horses.

Dissent: Mounted horses are still an effective tool in crowd control maneuvers. They also play an important ceremonial role.

IMPLEMENT CFD FALSE FIRE ALARM COST RECOVERY

Timing of Savings: Annual

Estimated Savings Range: $4.7 - $6.6 million

Jurisdiction: City

Context: The City currently does not charge a fee for the cost associated with CFD responding to false fire alarms.

Recommendation: We recommend the City consider recovering the cost of CFD responding to false fire alarms for both commercial and personal properties through the implementation of a fee. By recovering costs incurred by false alarms, the City may recover an incremental $6.6 million in estimated costs in year 1, and $72 million over ten years.

This proposal conservatively assumes that false alarm instances tend to decrease after implementing a false alarm fee.

This proposal calculates cost savings using the higher end of peer jurisdiction[20] benchmarked fees.

- **[01]** 1st instance: $500
- **[02]** 2nd instance: $667
- **[03]** 3rd instance: $833
- **[04]** 4th instance: $1,000

If instead the first false alarm fee was waived, the year 1 estimated cost recovery would decrease to $4.7 million. Given the City's financial situation, the working group recommends the City implement the fee for the first offense. As the City's fiscal situation improves, a waiver of the first instance may be considered.

The estimated low-end savings rate of $4.7 million per year assumes that the City waives the false alarm fee for first-time offenders.

The estimated high-end savings rate of $6.6 million per year assumes that this first-time fee is not waived.

[20] Peer jurisdictions used were Columbus, OH, Houston, TX, Los Angeles, CA, Seattle, WA, San Diego, CA and New York City, NY. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

IMPLEMENT CPD FALSE BURGLAR ALARM COST RECOVERY

Timing of Savings: Annual

Estimated Savings: $2.8 million

Jurisdiction: City

Recommendation: We recommend the City consider recovering the cost of CPD services responding to false burglar alarms by introducing a fee. The City currently does not charge a fee for this service, but by doing so the City may recover an incremental $2.8 million in estimated costs in Year 1.

This proposal conservatively assumes that false burglar alarm instances tend to decrease after implementing a false burglar alarm fee, which, while decreasing the cost recovery opportunity also, equally, decreases costs incurred by officers responding to false calls. A reduction in false alarm attendance would also allow officers to redirect their time to other community safety efforts. This proposal calculates cost savings using the higher end of peer jurisdiction benchmarked fees[21]:

- **[01]** 1st instance: $0
- **[02]** 2nd instance: $0
- **[03]** 3rd instance: $115
- **[04]** 4th instance: $215

DIVERT CFD 911 CALLS TO HOSPITAL-BASED TELEHEALTH SERVICE

Timing of Savings: Annual

Estimated Savings: $2.5 million

Jurisdiction: City

Context: In 2024, the CFD had over 418,000 ambulance runs with an estimated minimum 8% which were non-emergency or related to chronic conditions that could be managed through alternative care options such as telehealth services.

[21] Peer jurisdictions used were Houston, TX, Seattle, WA, and San Diego, CA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

Recommendation: We recommend the City consider reducing unnecessary ambulance dispatches by partnering with hospitals to establish a hospital-based triage line and integrated telehealth services, allowing certain 911 calls to be clinically assessed and redirected without requiring response from Emergency Medical Services (EMS). Utilization of this hospital-based triage line is not designed to diminish or replace the work being done by the CDPH's Crisis Assistance Response & Engagement (CARE) teams or the City's other behavioral health initiatives.

The hospital triage line would be operated by a nurse practitioner/physician's assistant who determines appropriateness for telemedicine provider (usually a doctor). Many hospitals already have telehealth systems in place; implementation would primarily require integration with a 911 triage process.

Implementation of a hospital-based telehealth partnership could reduce ambulance dispatch volume and enable operations efficiency. This includes personnel efficiencies, which may result in an incremental $2.2 million in estimated cost savings annually, and 6-7 ambulances operating less frequently, which may yield an additional incremental $0.5 million in estimated cost savings annually.

Factoring in an upfront investment of $0.2 million to cover training costs, the net cost savings in year 1 are estimated to be $2.5 million.

Exploring this idea would involve close cooperation and negotiation with the relevant labor unions to ensure a mutually agreeable outcome.

IMPROVE CFD COST RECOVERY OF PYROTECHNICS, SPRINKLER PLAN REVIEW

Timing of Savings: Annual

Estimated Savings: $1.6 million

Jurisdiction: City

Context: The City already charges a fee for pyrotechnics and sprinkler plan review, but the current fee is below peer jurisdictions and does not cover the cost of services.

Recommendation: We recommend the City consider increasing cost recovery for CFD services incurred when performing pyrotechnics and sprinkler plan review fees; the City can do so by matching its peers[22]. Cost recovery estimates are estimated using the higher end of peer jurisdiction benchmarked fees and are as follows:

[01] Pyrotechnics: $600/permit

[02] Sprinkler plan review:

   a. First 100 sprinklers: $731

   b. Additional sprinkler heads: $5 / head

   c. Plan resubmittal: $200

Implementing these fees may allow the City to recover $1.6 million in incremental costs in FY2026.

[22] Peer jurisdictions included were Los Angeles, CA Columbus, OH, San Diego, CA, and Houston, TX. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

INCREASE CPD FIRST TIME DRIVING UNDER THE INFLUENCE (DUI) FEE

Timing of Savings: Annual

Estimated Savings: $1.1 million

Jurisdiction: City

Context: There is an opportunity to recover additional costs and further deter instances of impaired driving resulting from DUI. As a result, this deterrent would likely reduce injuries and deaths caused by impaired driving.

Recommendation: We recommend the City consider increasing its fee for a first DUI offense to match its peer maximum of $5,000 (Seattle, Philadelphia). The City currently charges these offenses at a range between $500-$2,500; this is below peer jurisdictions' fees.[23]

Increasing fees for first-time DUI offenses may allow the City to generate an incremental $1.1-$1.3 million in estimated revenue annually, with $1.1 million anticipated in Year 1. Fees for repeat offenses could also be increased, increasing the estimated cost savings further.

INSTITUTE CFD EMS COST RECOVERY - TREAT-NO-TRANSPORT (TNT)

Timing of Savings: Annual

Estimated Savings: $0.9 million

Jurisdiction: City

Recommendation: We recommend the City consider instituting a treat-no-transport (TNT) fee to recover operational costs incurred by CFD for providing treatment on-scene. TNTs are incidents in which CFD responds and provides treatment without transporting patients to the emergency department. Peer jurisdictions such as Houston, San Diego, and New York City currently bill $150-$1,050 for TNT. Medicare/Medicaid population would be exempt from this fee (~70% of all TNTs).

Implementing a $1,050 TNT peer maximum flat fee (comparable to that of New York City) could generate an incremental $0.9 million of estimated revenue in year 1. The City could also consider a range of fees up to $1,050 dependent on the circumstances of the treatment. This would reduce the overall estimated incremental annual revenue to the City.

Dissent: The proposal to charge those calling 911 a $1,000 fee if they are not transferred to a hospital will yield less than $1 million in revenue but could have negative financial consequences for those who are underinsured and may lead to people not calling for help when it is needed.

[23] Peer jurisdictions were New York City, NY (maximum), Philadelphia, PA, Columbus, OH, Denver, CO, and Seattle, WA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

INCREASE USE OF AUTONOMOUS DRONES AT CPD

Timing of Savings: Annual

Estimated Savings: $0.4 million

Jurisdiction: State[24]

Context: CPD currently operates four helicopters for aerial patrol, crime deterrence, surveillance, and emergency response. In 2024, helicopters assisted with ~1% of arrests and <10% of total activity was for pursuits and gun shots/violence. The majority (~72%) of helicopter hours were used for patrol. Drones are capable of providing most of the services currently provided by helicopters and the technology is rapidly developing new capabilities.

CPD currently has five unmanned aerial drones and is looking to expand its drone program.

Recommendation: We recommend the City consider replacing one Bell 206 helicopter unit with six autonomous aerial drones to improve cost efficiency.

The six autonomous drones to replace the helicopter will require a one-time investment cost of ~$0.1 million and could provide an incremental $0.5 million in estimated cost savings (personnel, fuel, maintenance etc.) in year 1, for a net impact of $0.4 million.

Dissent A: The expansion of the drone fleet and its increased usage introduces surveillance capabilities that may result in elevated monitoring and data collection. Technologies such as high-resolution cameras, thermal imaging, and advanced sensors can gather substantial information on individuals and communities, raising concerns about the potential for widespread tracking. In a city committed to inclusivity and safety, such surveillance practices and data retention may create unintended risks to residents' sense of security and belonging.

Dissent B: The policing drones in this proposal are not sufficient to replace a helicopter and therefore may not meet the needs of CPD.

INSTITUTE CFD COST RECOVERY FOR NON-EMERGENCY LIFT ASSIST

Timing of Savings: Annual

Estimated Savings: $0.3 million

Jurisdiction: City

Context: Billable lift assists are typically calls for service where elderly or disabled individuals need assistance to be moved but do not require medical transport; typically, these calls are non-emergency. In 2024, CFD performed 48,065 total lift assists. Of those ~48k, 567 lift assists were performed in assisted living facilities or nursing homes.

Many U.S. cities have started charging for these service calls as they place a heavy strain on time and resources of municipal fire departments. Some cities in Illinois have passed local ordinances to begin charging for these services. Springfield, IL amended its city code to charge long-term care facilities $350 per lift assist and Decatur, IL charges $500 per lift assist.

[24] Illinois State Law prohibits general surveillance of the public but allows police drone use in specific scenarios.

Recommendation: We recommend the City consider instituting a fee to recover costs incurred by CFD for Non-Emergency Lift Assistance solely at assisted living facilities / nursing homes. This fee would be charged to the assisted living facility or nursing home, not the individual.

This proposal recommends a $550 per lift charge based on the peer maximum (Bangor, ME)[25]. Applying these rates to CFD calls for lift assists in assisted living facilities / nursing homes could generate an incremental $0.3 million in estimated revenue in FY2026.

The City could also consider a phased approach to implementation, reducing estimated cost savings.

INCREASE CPD COST RECOVERY FOR SQUAD CAR USAGE IN FILM PRODUCTION

Timing of Savings: Annual

Estimated Savings: $0.2 million

Jurisdiction: City

Recommendation: We recommend the City consider increasing the amount of cost recovery that is incurred by squad car usage in film production; the City could do this by increasing the fee from $150 per squad car per day to $200 per squad car per day (peer maximum, Columbus). The City's current fee is below those of peer jurisdictions[26].

Increasing fees for squad car usage for film production may allow the City to recover costs for wear and tear of the cars, generating an incremental $0.2 million of estimated cost savings annually.

MAXIMIZE CPD CIVILIANIZATION

Timing of Savings: Annual

Estimated Savings: Not available

Jurisdiction: City

Context: Civilianization of police refers to the strategic replacement of sworn police officers with civilian personnel in roles that do not require law enforcement powers. Transitioning sworn officers out of administrative positions to resume their frontline duties could maximize the value of each sworn officer while also improving efficiency of resource utilization.

Recommendation: We recommend the City consider maximizing the use of civilian employees in CPD administrative positions but wait to develop the strategy for implementation until the CPD staffing study currently underway is released.

[25] Bangor, ME charges this rate based on the Medicare minimum charge.

[26] Peer jurisdictions were Minneapolis, MN and Columbus, OH, the latter of which was the peer maximum. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

RENT OPSA REGIONAL TRAINING FACILITY

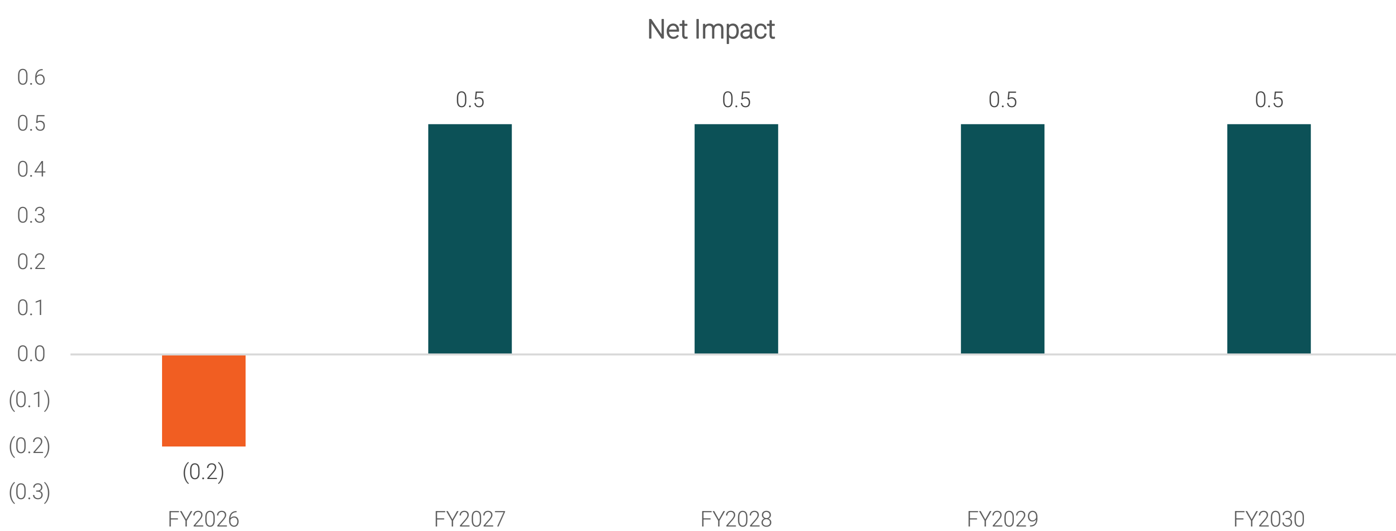
Timing of Savings: Annual

Estimated Savings: $(0.2) million

Jurisdiction: City

Recommendation: We recommend the City consider renting facility space and equipment to external public safety agencies at its new state-of-the-art Public Safety Training Center (PSTC). The PSTC offers advanced training simulations and high-grade equipment for first responder training. Renting PSTC training resources during periods of non-use by the City's public safety departments is assumed to require annual personnel costs. However, estimated revenues grow at a faster pace than the costs, providing for growing revenue over time, and by FY2027, should generate an incremental $0.5 million in estimated revenue.

Estimated Fiscal Impact ($ millions)



Dissent: Chicago's Police Department has a documented history of misconduct that has significantly impacted community trust. Community members have consistently expressed strong opposition to the PSTC, reflecting longstanding concerns.

If leased, the PSTC requires clear protocols to ensure that all individuals accessing the facility are appropriately identified and that their participation aligns with the principles and requirements of Chicago's Welcoming City Ordinance. Any use of PSTC should not compromise public confidence or regulatory compliance.

EXPAND OPSA UTILIZATION OF CAMERAS IN CFD VEHICLES AND UTILIZE EXISTING CPD CAMERAS

Timing of Savings: Annual

Estimated Savings: $(0.5) million

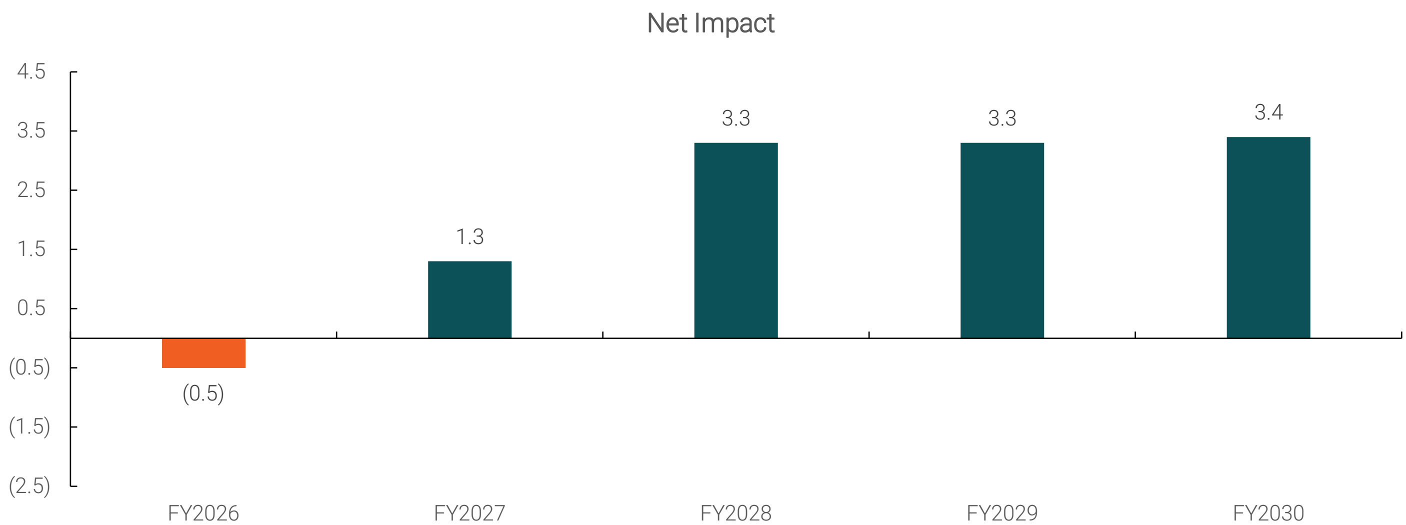
Jurisdiction: City

Context: CFD incurred $1.4 million and CPD incurred $3.8 million in vehicular repair costs due to accidents in 2024.

Recommendation: We recommend the City consider utilizing existing CPD cameras and adding cameras where absent in CFD vehicles to increase accountability, reduce vehicle abuse, and mitigate accidents.

After an initial $0.5 million investment in installing cameras inside CFD's ~250-unit fleet at a cost of $2,000/camera in FY2026, the program is anticipated to generate an estimated net cost recovery of $1.3 million in FY2027. This option assumes the City sees an overall 70% decrease in accident-related repair costs in the years following installation/utilization of cameras[27].

Estimated Fiscal Impact ($ millions)



Dissent: Increasing cameras in CFD vehicles is a punitive approach to reducing accidents and costs. Such measures may foster distrust, negatively impacting recruitment and retention in already demanding public safety roles. Rather than relying on surveillance we should encourage safe driving through alternatives such as enhanced driver training programs and consider investing in smart traffic control technologies, such as adaptive traffic signals that reduce accident risks by better managing vehicle flow.

[27] The 70% decrease in repair costs is based upon a similar action being taken by the city of Baltimore.

INTRODUCE CFD LIGHT-DUTY POSITIONS

Timing of Savings: Annual

Estimated Savings: $(0.7) million

Jurisdiction: City

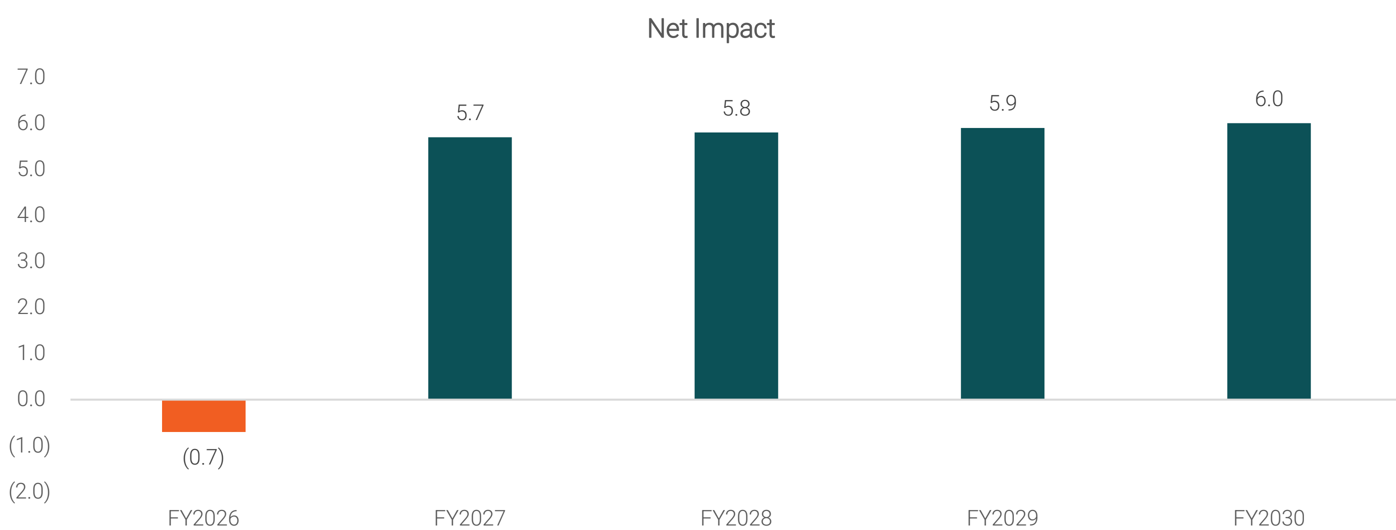
Context: Lay-ups are duty or non-duty injuries that temporarily remove sworn members from active duty. Inefficiencies in lay-up processing may extend absences, even those with minor injuries. These prolonged absences reduce available staffing and increase reliance on overtime. In 2024, CFD incurred an estimated total overtime cost of $36 million due to lay-ups.

Recommendation: We recommend the City consider introducing light-duty positions in CFD that will expedite CFD returns from lay-ups,

Improving lay-up management and streamlining lay-up processes may shorten recovery timelines by 20% and return employees back to work sooner. Implementing light duty may allow CFD personnel recovering from injuries, who are not yet cleared for frontline duties but are able to perform administrative tasks, to return to work. Light duty is not meant to be a permanent position, but rather a transition from medical leave to frontline duty.

This option assumes a 20% cost saving opportunity in overtime expenses attributed to lay-ups. Based on conversations with CFD regarding light duty implementation, an annual investment cost between $0.7-0.9 million to cover additional clinicians' salaries and benefits may be necessary for case review and streamlining overall processes. In FY2026, or Year 1 of implementation, this investment is anticipated to be $0.7 million. The introduction of light-duty positions and changes to lay-up protocol would need to be bargained per the CBA; as a result, potential cost savings may not be realized in FY2026 and are estimated to begin in FY2027. Therefore, in FY2027, or Year 2 of implementation, this initiative is expected to generate net cost savings of $5.7 million.

Estimated Fiscal Impact ($ millions)



IMPLEMENT A CPD EARLY WARNING SYSTEM (EWS)

Timing of Savings: Annual

Estimated Savings: $(1.5) million

Jurisdiction: City

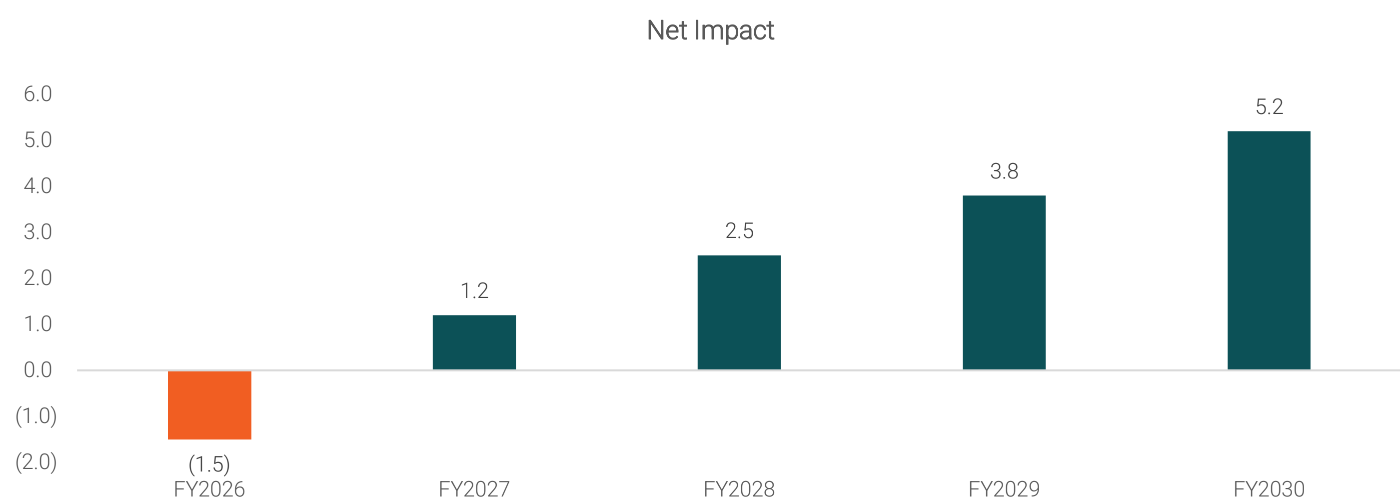
Context: CPD has incurred over $1.1 billion in verdict and settlement costs from 2008 to 2024. Excluding settlements and judgments related to reversed convictions, the City spent an average of $43 million on other settlements annually over the last four years.

An EWS is designed to flag officers who exhibit patterns of behavior that may indicate future risk. These behaviors often include excessive use-of-force incidents, frequent resident complaints, high speed pursuits or vehicular damage. The goal is to improve officer performance and reduce harm to the public and City with intervention and support.

Recommendation: We recommend the City consider implementing an EWS designed to provide a data-driven approach to performance management with the goal of improving all police performance across CPD to avoid costly settlements and judgments. If CPD could reduce its per officer cost to the average of its peer jurisdictions (an 11% reduction), it may realize an incremental $5.2 million of estimated cost savings annually byFY2030, and $1.2 million in FY2027.

CPD has a consent decree requiring the department to develop an EWS to flag officers who were named in lawsuits alleging police misconduct. CPD is currently contracting with two vendors at a cost of $1.5 million to utilize its technology, along with the data and algorithm support to implement the system. This cost is reflected in Year 1.

Estimated Fiscal Impact ($ millions)

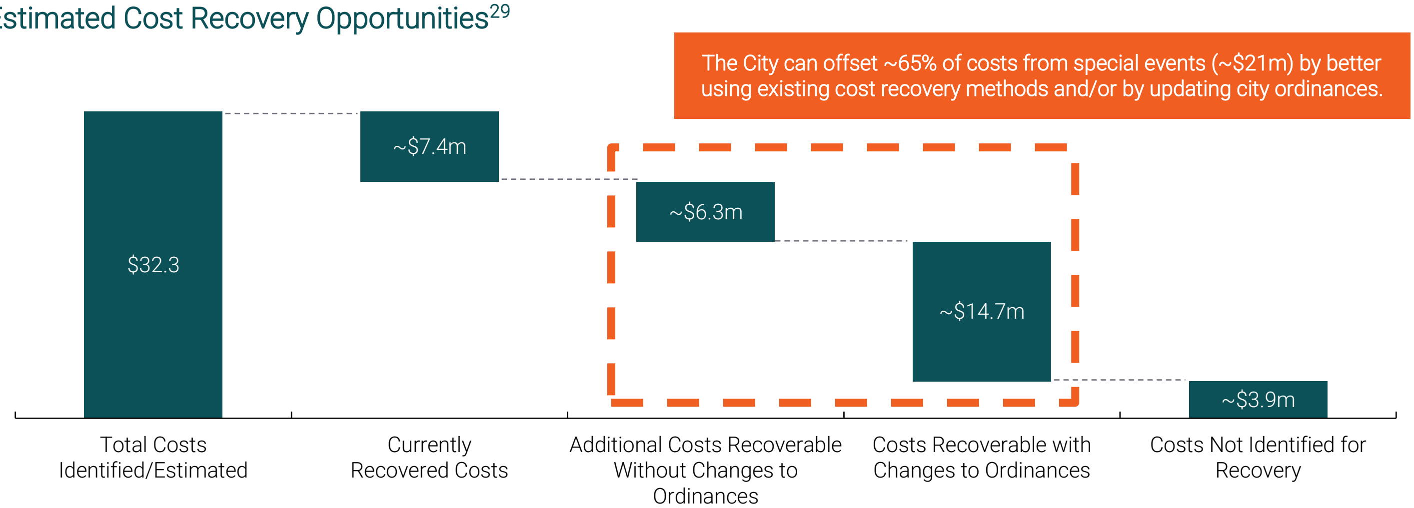


5. Special Events Cost Recovery

The City hosts both minor and major private events, the latter including the Chicago Marathon and Lollapalooza. These events help bring City residents together, foster community building, raise funds for important causes, and promote local business. Special events use a significant amount of City resources and require the involvement of numerous departments such as CPD, CFD, Department of Streets and Sanitation (DSS), Department of Transportation (CDOT), and others.

The Task Force compared the City's approach to hosting private events to the approaches of other US cities.[28] Learning from other cities' best practices in event management and event cost recovery, the Task Force provided opportunities the City could consider deploying to recuperate a larger share of the costs incurred from special events.

Estimated Cost Recovery Opportunities[29]



Below are **seven options** estimated to provide a total of **$21 million** in cost recovery.

Options for Special Events Cost Recovery and Estimated Financial Impact	
Option	**Total Estimated Savings ($ millions)**
Reclaim Costs for Non-City-Sponsored Parades	11.9
Maximize CPD Cost Recovery for Events	5.5
Reclaim Other Personnel Costs to Improve Special Event Cost Recovery	1.5
Reclaim Non-Personnel Costs to Improve Special Event Cost Recovery	1.3
Capture Non-Personnel Costs for Athletic Events to Improve Cost Recovery	0.6
Utilize Full Overtime Rate to Improve Cost Recovery	0.2
Improve Data Tracking and Collection	N/A
Total	$21.0

[28] Peer jurisdictions used were Los Angeles, CA, New York City, NY, Dallas, TX, Atlanta, GA, New Orleans, LA, and Seattle. WA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[29] "Currently recovered costs" is not inclusive of other fees collected (~$1 million) that are not associated with specific costs or Departments.

RECLAIM COSTS FOR NON-CITY-SPONSORED PARADES

Timing of Savings: Annual

Estimated Savings: $11.9 million

Jurisdiction: City

Recommendation: We recommend the City consider amending ordinances to allow for full cost recovery for private parades.

This initiative could generate an incremental $11.9 million in estimated cost recovery annually. This excludes costs incurred for City-sponsored parades (Memorial Day, Halloween etc.)

MAXIMIZE CPD COST RECOVERY FOR EVENTS

Timing of Savings: Annual

Estimated Savings: $5.5 million

Jurisdiction: City

Context: CPD is integral to regulating traffic around event sites during events, but at this time only CPD overtime costs are reimbursed by event hosts. Non-overtime CPD costs are borne fully by the City.

Recommendation: We recommend the City consider maximization of recoverable CPD non-overtime costs generated by private festivals, athletic events, and stadium-based events. This initiative could generate an incremental $5.5 million in estimated cost recovery annually.

RECLAIM OTHER PERSONNEL COSTS TO IMPROVE SPECIAL EVENT COST RECOVERY

Timing of Savings: Annual

Estimated Savings: $1.5 million

Jurisdiction: City

Context: Currently, City ordinances do not allow for full recovery of CFD/CDOT/DSS personnel costs at festivals and stadium events, but they do for athletic events. An amendment to these ordinances would allow the City to recoup CFD/CDOT/DSS personnel costs across festival and stadium events.

Recommendation: We recommend the City consider amending ordinances to allow recovery of personnel costs from CFD, DSS and CDOT for festivals and stadium events. This initiative could generate an incremental $1.5 million in estimated cost recovery annually.

RECLAIM NON-PERSONNEL COSTS TO IMPROVE SPECIAL EVENT COST RECOVERY

Timing of Savings: Annual

Estimated Savings: $1.3 million

Jurisdiction: City

Context: Currently, City ordinances allow for non-personnel cost recovery at athletic events only. An amendment to these ordinances would enable the City to recoup non-personnel costs across festival and stadium events as well.

Recommendation: We recommend the City consider amending ordinances to allow additional cost recovery for non-personnel expenditures (such as barriers, medical equipment, protective gear etc.) at festival and stadium events. This initiative could generate an incremental $1.3 million in estimated cost recovery annually.

CAPTURE NON-PERSONNEL COSTS FOR ATHLETIC EVENTS TO IMPROVE COST RECOVERY

Timing of Savings: Annual

Estimated Savings: $0.6 million

Jurisdiction: City

Context: City ordinances allow for non-personnel costs to be recoverable at the "commissioner's discretion," but this is not uniformly implemented. The City could apply this method of cost recovery more consistently across athletic events.

Recommendation: We recommend the City consider recovering other allowable (regular and overtime) non-CPD personnel and non-personnel costs for private athletic events. This initiative could generate an incremental $0.6 million in estimated cost recovery annually based solely on non-CPD personnel overtime.

UTILIZE FULL OVERTIME RATE TO IMPROVE COST RECOVERY

Timing of Savings: Annual

Estimated Savings: $0.2 million

Jurisdiction: City

Context: Currently the overtime rate is billed and recovered at a 1.4x regular wage rate (i.e., 140% of base wages). However, city ordinances for specific event types allow for full overtime cost recovery, allowing the City to collect incremental funds when its employees are deployed overtime at most private special events.

Recommendation: We recommend the City consider applying and recovering the full allowable rate (1.5x regular hourly rates) for overtime for City employees providing services to private special events (outside of stadium events). This initiative could generate an incremental $0.2 million in estimated cost recovery annually.

Dissent: Because smaller private events do not have the budget for covering policing costs, it is proposed that an alternative be offered which would be to provide free services from CARE Team Members and Violence Interrupters rather than having police at events.

IMPROVE DATA TRACKING AND COLLECTION

Timing of Savings: Annual

Estimated Savings: Not available

Jurisdiction: City

Recommendation: We recommend the City consider improving the consistency and structure of data collection across departments to better support analysis and enable greater cost recovery from Special Events.

This can be accomplished by assigning an automatically generated identification code to each event once the City issues a permit, which will serve as an event tracking mechanism throughout planning and execution process. The City can then track all personnel and non-personnel costs incurred against that ID code (currently the City only tracks overtime personnel costs, not regular time or other non-personnel costs). The sum of costs recorded per ID code could then be submitted for reimbursement from the event organizer.

ID codes should be consistent across all City departments, enabling alignment and transparency in reporting, auditing, and cost recovery. While a cost recovery estimate dollar amount cannot be directly tied to this initiative, using standardized IDs will likely have a multiplier effect on all the other cost savings generated by Special Event-focused recommendations.

6. Fleet Services

Fleet lifecycle management refers to the process of overseeing vehicles, from acquisition to disposal. This includes managing the acquisition, operation, maintenance, and final disposal of vehicles, with the goal of controlling costs and maintaining vehicle value over time.

The Task Force reviewed the City's fleet lifecycle management, which includes over 15,000 assets across 36 departments. From this review, the Task Force has recommended **six options** within Fleet Services, estimated to provide a range of **$16.5 million** to **$30.9 million** in cost saving opportunities.

Options for Fleet Services and Estimated Financial Impact		
	Total Estimated Savings ($ millions)	
Option	**Low End of Range**	**High End of Range**
Optimize Maintenance and Repair Unit (MRU)	5.1	10.2
Accelerate Disposition Process	4.4	6.4
Establish Fleet Utilization Metrics	2.9	5.8
Improve Lifecycle Modelling / Replacement Strategy	2.2	4.4
Expand Warranty Recovery	1.7	3.7
Improve Procurement Process	0.2	0.4
Total	$16.5	$30.9

OPTIMIZE MAINTENANCE AND REPAIR UNIT (MRU)

Timing of Savings: Annual

Estimated Savings Range: $5.1 - $10.2 million

Jurisdiction: City

Context: The MRU in the City is responsible for overseeing the repair and upkeep of the City's municipal vehicle fleet. The MRU manages staffing, schedules maintenance, and ensures vehicles are serviced efficiently to maximize fleet availability and minimize costly downtime.

Recommendation: We recommend the City consider enhancing labor efficiency used to repair and maintain the fleet on an ongoing basis. Several actions can be taken to optimize the MRU. The first involves analyzing staffing needs within the MRU and focusing on comparing the supply of labor (i.e., physical workforce distribution) versus the demand for labor (i.e., which fleet sites have the highest incidence of vehicle repairs/maintenance). With these findings, the second action could be the use of multi-shift and seasonal flex labor; making the MRU labor force more flexible could address shortages and seasonal demand for repairs, getting fleet vehicles back on the road faster with less costly downtime.

There are several underlying assumptions supporting the cost savings figures. 5-10% of the estimated savings are based on reduced overtime, outsourcing costs, and mechanics' productivity. Additionally, the fiscal impact assumes increased repair and maintenance expenditures in the first year of the initiative before the full extent of the estimated savings is realized; the bulk of the estimated cost savings are achieved in later years.

The estimated low-end cost savings of $5.1 million per year assumes 5% savings in repair and maintenance spending.

The estimated high-end cost savings of $10.2 million per year assumes 10% savings in repair and maintenance spending. Implementation of this recommendation would require close cooperation and negotiation with the relevant labor unions.

ACCELERATE DISPOSITION PROCESS

Timing of Savings: One-Time

Estimated Savings Range: $4.4 - $6.4 million

Jurisdiction: City

Context: The City has an above-average quantity of vehicles that can no longer be utilized; continuing to hold them is costly (storage costs, depreciation costs). Decommissioning them in an orderly fashion represents another cost-saving opportunity. The City can generate higher resale value by decommissioning its old vehicles in a more effective manner; this can likely be accomplished through outsourcing.

Recommendation: We recommend the City consider effectively disposing of vehicles managed by the Department of Fleet and Facility Management (2FM) that have reached the end of their useful life.

The low end of the estimated cost savings range is estimated based on ~2,600 vehicles that are either part of the current "long term hold" inventory or are flagged for disposition, and an average sales price of ~$1,800/vehicle based on prior DPS auctions.

The high end of the estimated cost savings range reflects increased resale value minus commissions and fees from expanded resale market utilizing third-party brokers.

While this is marked as a one-time revenue impact for the vehicles currently on hand, annual increased revenue could be achieved by utilizing a third-party broker to achieve more efficient decommissioning and higher resale values for future disposals.

ESTABLISH FLEET UTILIZATION METRICS

Timing of Savings: Annual

Estimated Savings Range: $2.9 - $5.8 million

Jurisdiction: City

Recommendation: We recommend the City consider developing and maintaining utilization targets, tracking metrics, and key performance indicators (KPIs) to deploy vehicles more efficiently. This could generate an incremental $2.9 - $5.8 million of estimated savings annually. This effort would include five underlying actions, the most immediate of which is setting fleet utilization targets.

Clearly articulated utilization targets can make sure a vehicle is being used with the optimal effectiveness throughout its lifecycle; KPIs would address all parts of the vehicle life cycle (new vehicle acquisition, efficient deployment of vehicles currently in the fleet, better timed repairs and maintenance, and effective disposal). The estimated savings figures are driven by peer benchmarking[30] which indicates the City has a lower-than-normal asset utilization rate.

The estimated low-end cost savings of $2.9 million per year assumes savings of 2% on addressable expenditures, and reflects fleet right-sizing opportunities, reduced repair and maintenance expenditures, expanding vehicle pooling, and reduced future expenditures.

The estimated high-end cost savings of $5.8 million per year assumes savings of 4% on addressable spending and assumes that the City assigns incremental human resources (~5 vehicle coordinators) to achieve further savings.

The City should explore how improved systems and leveraging technology could further enhance these savings.

IMPROVE LIFECYCLE MODELLING / REPLACEMENT STRATEGY

Timing of Savings: Annual

Estimated Savings Range: $2.2 - $4.4 million

Jurisdiction: City

Context: The Optimum Vehicle Replacement Lifecycle (OVRC) reviews how much it costs to own a vehicle over its entire lifetime. By looking at purchase price, maintenance, fuel, and other related expenses, this method helps the City decide when to replace vehicles so that overall costs are kept as low as possible.

Recommendation: We recommend the City consider improving vehicle procurement policies and procedures by incorporating a new data-driven approach. This will support more efficient acquisitions of vehicles from vendors.

The estimated cost savings assumptions are based on the fleet's OVRC which could inform the City when to replace vehicles to minimize costs.

[30] Benchmarking compared the City against both public-sector and industry-wide standards.

EXPAND WARRANTY RECOVERY

Timing of Savings: Annual

Estimated Savings Range: $1.7 - $3.7 million

Jurisdiction: City

Recommendation: We recommend the City consider enhancing vehicle warranty management to maximize utilization of available coverage. For example, when a police vehicle breaks down while still under warranty, the City should take advantage of the contractually obligated warranty services. Estimated savings represent 2-4% of overall parts and labor expenditure.

There are several underlying assumptions for this improved cost recovery fully utilizing existing warranty coverage more systematically. The estimated savings would likely require assigning incremental human resources; an estimated two additional full-time employees (FTEs) are needed to track warranties and execute upon this cost recovery initiative. The City should explore how improved systems and leveraging technology could further enhance these savings.

The estimated low-end cost savings of $1.7 million per year assumes 2% savings in overall parts and labor spend; these spend categories are based on expanded warranty recovery team, engaging third-party support minus commissions and fees, and expanded repair and maintenance warranty certifications.

The estimated high-end cost savings of $3.7 million per year assumes 4% savings in overall parts and labor spend.

IMPROVE PROCUREMENT PROCESS

Timing of Savings: Annual

Estimated Savings Range: $0.2 - $0.4 million

Jurisdiction: City

Recommendation: We recommend the City consider improving upon existing controls and allowances for exceptions made during the vehicle procurement process. Exceptions to existing purchasing requirements should be transparent and standardized. Implementing a standardized exception management process could generate an incremental $0.2 - $0.4 million in estimated cost savings annually based on several underlying assumptions.

7. Pension Liabilities

The Task Force reviewed the City's pension plans to identify potential immediate measures that the City could take to reduce its pension costs. From this review, the Task Force has recommended three short-term options and will focus on longer-term options in the final report.

Options for Pension Liabilities and Estimated Financial Impact		
	Total Estimated Savings ($ millions)	
Option	Low End of Range	High End of Range
Extend Advanced Pension Policy Beyond 2028	N/A	N/A
Consider Feasibility of Instruments Available to Reduce Pension Costs and Liabilities	N/A	N/A
Shift Timing of Pension Contributions	N/A	N/A
Total	N/A	N/A

EXTEND ADVANCED PENSION POLICY BEYOND 2028

Timing of Savings: Annual

Estimated Savings: Not available

Jurisdiction: City

Context: The Advanced Pension Policy began in 2023 and outlines the contribution of funds contributed beyond the statutorily required amount to the City's four pension funds. This approach is proactive and fiscally responsible. By making advanced payments to the pension funds prior to when they are legally required, the overall pension liability is reduced, thus reducing future contribution needs.

Recommendation: We recommend the City consider extending its Advanced Pension Policy beyond its current expiration date of 2028. If the policy is extended through 2055, the current Policy forecasts savings for the City of approximately $2.6 billion[31] as a result of continued advance pension payments.

[31] Center of Tax and Budget Accountability

CONSIDER FEASIBILITY OF INSTRUMENTS AVAILABLE TO REDUCE PENSION COSTS AND LIABILITIES

Timing of Savings: Annual

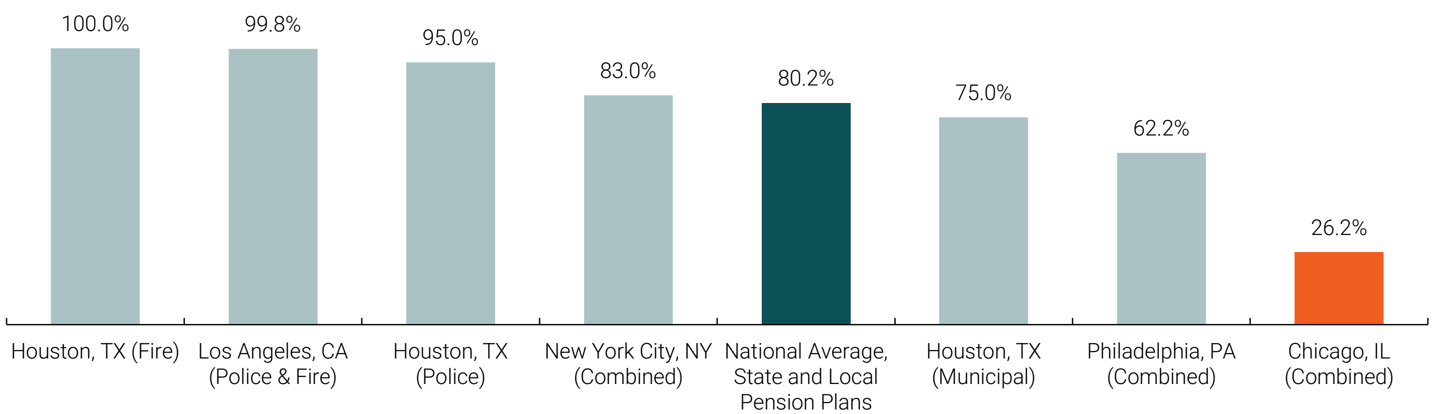
Estimated Savings: Not available

Jurisdiction: City

A funded ratio is used to measure the financial health of a pension system, and it is equal to the value of the assets in the pension fund divided by the pension funds liabilities. In a pension plan, assets are usually investments (stocks, bonds, real estate) and cash reserves; liabilities are the promised future benefits that the plan must pay out.

Funded Ratio = (Assets / Liabilities) * 100%

Funded Ratios for Selected Peer Jurisdictions' Pension Plans, FY2024[32]



According to the Government Accountability Office, a public pension system should have a funded ratio of at least 80%. In 2024, the City's public pension system had a funded ratio around 26%. Re-amortization would help the City reverse the decline in the combined funding ratio of its four pension systems. In FY2025, $671 million or 12% of the Corporate Fund budget was allocated to combined pension expenses. In addition, the Corporate Fund made a $272 million advanced pension payment in FY2025[33], making the total $943 million, or 16% of the Corporate Fund budget.

Recommendation: We recommend the City consider studying the feasibility of re-amortizing and reducing pension debt with a view to achieving cost savings. Potential instruments to be explored include the issuance of Pension Obligation Bonds (POB) and pension buyouts. Before pursuing any specific pension proposal, the City should perform actuarial analyses of the affected pension systems and make the results public.

[32] Source: Houston, TX – "City of Houston Annual Pension 2024," Los Angeles, CA – "Los Angeles Fire and Police Pensions 2024 Annual Report" and "CalPERS Announces Preliminary 11.6% Return for 2024-25 Fiscal Year" (CalPERS Office of Public Affairs), New York City, NY – "New York City Pension Funds' Returns for Fiscal Year 2024" (The Office of the New York City Comptroller), National Average – "The State of Pensions 2024, Year End Update" (Equable Institute), Philadelphia, PA – "Press Releases: City Pension Fund on Track to be Fully Funded by 2033" (Office of the City Controller), Chicago, IL – "2024 Annual Comprehensive Financial Report" (Department of Finance)

[33] "2026 Budget Forecast," pg. 22

SHIFT TIMING OF PENSION CONTRIBUTIONS

Timing of Savings: Annual

Estimated Savings: Not available

Jurisdiction: City

Recommendation: We recommend the City consider shifting the timing of its pension contributions to the beginning of the fiscal year. Deploying capital into the markets earlier may give assets more time to grow, and compounding will further increase pension asset values. This change would help improve the funded status of the pension systems, moving them closer to the desired funding target. Note: There is always a risk of a negative return in the market.

8. Information Technology

Information Technology (IT) plays a critical role in supporting the City's operations, service delivery, and ability to adapt to emerging challenges. Recognizing the rapid pace of technological change and the need for robust digital infrastructure, the Task Force briefly explored the City's IT landscape. The high-level review focused on opportunities to streamline processes, modernize outdated systems, building secure resilience and trusted government operations, all with the goal of creating greater efficiencies and safeguarding the City's digital assets for the future.

The Task Force has provided its initial, high-level IT recommendations; however, more in-depth analysis and detailed recommendations will be provided in the final report.

MODERNIZE TECHNOLOGY SYSTEMS

Timing of Savings: Annual

Estimated Savings: Not available

Jurisdiction: City

Recommendation: We recommend the City consider a system-wide modernization of its technology platforms to bring them up to current standards. This effort should focus on identifying and eliminating duplicative software, updating legacy systems, and strengthening cybersecurity. These improvements will enhance operational efficiency and reduce long-term costs.

To generate cost savings from an IT modernization effort, we recommend that the City consider focusing on the following themes:

- **[01]** Optimizing technology operations
- **[02]** Redundant technology expenditures analysis
- **[03]** Unlocking impact through data driven governance
- **[04]** Building secure resilience and trusted government operations
- **[05]** Improving government responsiveness through AI and workforce empowerment
- **[06]** Workforce training and skilling

9. Procurement Process

The City of Chicago spends approximately $4.6 billion annually on goods and services, roughly 27% of the City's total annual budget. The Task Force discussed the City's procurement process to identify opportunities for cost savings and improved efficiency in its practices.

IMPLEMENT CATEGORY MANAGEMENT (CM) SYSTEM

Timing of Savings: Annual

Estimated Savings: Not available

Jurisdiction: City

Context: CM is a strategic approach that organizes procurement activities around specific categories of goods and services. CM is a cross-functional and collaborative approach that moves procurement away from traditional, transactional procurement activities and into strategic decision-making. It emphasizes the importance of procurement planning, forecasting, demand management, vendor management, performance management and other strategic levers to support streamlined and cost-effective operations.

Recommendation: We recommend the City consider implementing CM to reduce duplicative procurement efforts across departments, reduce non-contract spending, optimize the City's vendor relationships, and enhance procurement management for the City.

Although not likely to produce immediate cost recovery, CM adoption would require a significant level of effort and strategic planning over a 3–5-year period. However, its implementation could save the City an estimated $55-$111 million across all the expenditure categories once fully implemented.

In the short term, the City can take immediate steps to address duplicative procurements across multiple departments, non-contracting spending and supplier concentration to achieve savings.

10. Other

IMPROVE FINANCIAL DEPOSIT MANAGEMENT

Timing of Savings: Annual

Estimated Savings: Not available

Jurisdiction: City

Context: The City's municipal code states that the City Treasurer is required to produce a monthly report outlining all interest-bearing deposits, the bank/fiduciary, and the interest rates on those pools.

Recommendation: We recommend the City consider enacting a program to systematically monitor its financial deposit accounts and review the potential transfer of funds to accounts with more advantageous terms. As we exit a non-zero interest rate environment, more proactive management of these funds may unlock incremental interest income and enable cost recovery.

While it is not possible to estimate the potential financial results from this recommendation, we suggest the City establish a regular cadence for reviewing and monitoring these accounts, as well as action steps for updating custodians if more advantageous deposit terms present themselves.

V. Revenues

1. Context

Expenditures are rising at a faster pace than revenues in the City. Implementing efficiencies alone would not close the budget deficit. The City must also review incremental revenue opportunities. The Task Force members are aware of the tax burden on Chicago's residents and businesses alike. No one wishes for the City to become the most heavily taxed city in the United States, and the Task Force acknowledges that the vast majority of revenue sources available to the City – or any local government – are regressive. However, the nominal cost of paying the proposed revenue increases is much less economically harmful than the associated loss or underfunding of core services – the potential result of not resolving the deficit. Additionally, the Task Force agrees that economic growth is crucial to the City's future and will focus on economic development in the final report. However, the City cannot grow its way out of current fiscal challenges. The City should enable its main revenue sources to at least match inflation over time. Otherwise, there may be a structural imbalance between revenue and expenditure growth.

Therefore, the Task Force has provided a menu of potential opportunities the City could explore. Many of the existing fees, fines, and taxes have not kept in line with inflation (the Consumer Price Index, or CPI) or Chicago's peer jurisdictions. Still more simply do not cover the cost of providing the service for which they are charged. In addition, the Task Force identified new, forward-looking opportunities that may help the City continue to generate sustainable revenues in 2026 and beyond.

In total, the Task Force has identified between $630 million and $1.65 billion in potential revenue-related opportunities for the City to explore.

Revenue opportunities include fees, fines, taxes, and asset monetization:

1. A fee is a payment charged by the City for a specific service or benefit provided directly to an individual, business, or organization—such as a permit or license—intended to cover the cost of delivering that service.
2. A fine is a monetary penalty imposed for violating a municipal rule, ordinance, or law. Fines serve both to enforce compliance and to discourage unwanted behavior and are typically assessed after a violation has occurred.
3. A tax is compulsory payment levied by the City on residents, businesses, or property to raise general revenue for public purposes. Unlike fees or fines, taxes are not usually directly tied to a specific benefit or infraction but rather fund a wide range of municipal activities and services that benefit the community as a whole.
4. Asset monetization refers to strategies by which the City generates revenue from its existing assets—such as selling, leasing, or otherwise leveraging public property, infrastructure, or other intangibles. This is often pursued as a one-time alternative to raising taxes or fees.

Many of these revenues fall under the City's home rule authority, allowing the City to implement or modify revenue proposals by amending City ordinance or municipal code. Some revenues, however, may require collaboration with the State for implementation or adjustment.

A summary table of revenue opportunities for the City to explore can be found below:

Revenue Options by Category and Estimated Financial Impact			
		Total Estimated Incremental Revenues ($ millions)	
Category	**Number of Options**	**Low End of Range**	**High End of Range**
Fees	21	65.5	471.7
Fines	2	1.1	3.5
Existing Taxes	9	367.2	905.4
New Taxes	3	18.7	94.6
Asset Monetization	1	29.5	29.5
Tax Increment Financing (TIF) Districts	3	148.0	148.0
Total	39	$630.0	$1,652.7

2. Fees

The Task Force has included recommendations for 21 fees for the City to explore adjusting, included in the table below. For the full text of each recommendation, please see the Appendix , Section 1.

Options for Fees and Estimated Financial Impact		
	Total Estimated Incremental Revenues ($ millions)	
Option	**Low End of Range**	**High End of Range**
Expand Congestion Surcharge (Rideshare)	26.0	103.0
Increase Garbage Fee to Improve Cost Recovery	19.6	296.9
Revisit Retail Delivery Fees	6.1	30.4
Consider Advertising on Light Poles	4.3	4.3
Adjust Fees for Sidewalk Café Permit	3.1	3.1
Adjust Certification of Zoning Compliance Fee	1.0	2.6
Adjust Limited Business License Fees	0.9	3.1
Adjust Driveway Permit Fee	0.8	9.3
Explore a Road Usage Charge	0.6	0.6
Develop an Intellectual Property (IP) Licensing Program	0.6	0.6
Adjust Canopy Permit Fees	0.5	1.8

Options for Fees and Estimated Financial Impact		
	Total Estimated Incremental Revenues ($ millions)	
Option	Low End of Range	High End of Range
Adjust Zoning Permit Review Fees for Renovations and Alterations	0.5	4.2
Adjust Fees for Food Violation Citations	0.4	1.8
Adjust Annual Food Inspection Fees	0.3	0.8
Adjust Zoning Permit Review Fees (New Construction)	0.2	2.7
Expanding Digital Outdoor Advertising	0.2	0.3
Adjust Barricade Permit	0.1	3.3
Adjust Dumpster Permit Fees	0.1	1.8
Adjust Parking Vehicle Fees	0.1	0.8
Adjust Sign Permit Fees	0.1	0.3
Index Fees and Fines to Inflation Annually	N/A	N/A
Total:	$65.5	$471.7

3. Fines

The Task Force has included recommendations for the City to explore by adjusting two fines, included in the table below. For the full text of each recommendation, please see the Appendix, Section 2.

Options for Fines and Estimated Financial Impact		
	Total Estimated Incremental Revenues ($ millions)	
Option	Low End of Range	High End of Range
Adjust Code Enforcement Fines	0.6	1.4
Adjust Recycling Fines	0.5	2.1
Total:	$1.1	$3.5

4. Taxes

4.1. EXISTING TAXES

The Task Force reviewed the City's existing taxes to determine if there were any opportunities to generate additional revenues for the City. From this review, the Task Force has recommended **nine options** within Existing Taxes, estimated to provide a range of **$367.2 million** to **$905.4 million** in revenue generating opportunities.

Options for Existing Taxes and Estimated Financial Impact		
	Total Estimated Incremental Revenues ($ millions)	
Option	Low End of Range	High End of Range
Maintain Grocery Tax	80.0	83.0
Expand Sales Tax on Services	78.0	305.0
Adjust Liquor Tax	60.0	120.0
Adjust the City's Property Tax	56.0	56.0
Increase Share of Local Government Distributive Fund (LGDF)	35.0	250.0
Update Amusement Tax (Resellers)	35.0	38.0
Apply 911 Surcharge to Digital Prepaid Wireless Services	12.5	12.5
Adjust Bottled Water Tax	8.4	27.9
Increase Plastic Checkout Bag Tax	2.3	13.0
Total	$367.2	$905.4

MAINTAIN GROCERY TAX

Estimated Range of Incremental Revenues: $80 - $83 million

Jurisdiction: City

Context: Chicago's grocery tax, which was previously managed and distributed by the State of Illinois, is entering a period of transition. The State has set an October 1, 2025, deadline for municipalities to consider passing a local ordinance to continue collecting the 1% grocery tax. Should the City Council choose not to act, the ability for the City to receive these important funds would come to an end.

Recommendation: We recommend the City consider maintaining the 1% grocery tax previously levied and distributed by the State of Illinois, including the policy exempting Supplemental Nutrition Assistance Program (SNAP) benefits to reduce the regressivity of the tax. We understand the City should enact a local ordinance by the deadline established by the State to maintain the grocery tax which would continue to be distributed by the State to the City.

Using standard industrial classification (SIC) codes from the Illinois Department of Revenue and retail data from grocery stores, Chicago generated an estimated $77 million in 2024 from the grocery tax. Applying a conservative 2% inflationary estimate for 2025 and 2026, Chicago is forecasted to generate $80 million in revenue from the grocery tax.

Verifying this estimate under a different approach, when considering the reported $360 million loss from the tax suspension in 2022 and Chicago's 20% distributive share of the total, the 2026 inflation-adjusted grocery tax revenue estimate would be $83 million.

EXPAND SALES TAX ON SERVICES

Estimated Range of Incremental Revenues: $78 - $305 million

Jurisdiction: State

Recommendation: We recommend the City consider requesting State lawmakers expand the sales tax to broadly encompass all consumer services, including beauty salons, tattoo parlors, warehousing and storage services, insurance services, and others.

Two studies, including one by the Center for Tax and Budget Accountability, have assessed the estimated incremental annual revenue generated from this tax expansion. The $78-305 million range reflects both conservative and optimistic modeling scenarios.

The studies assume that by expanding the sales tax to more broadly cover services, the State would generate $2 billion in incremental revenues annually; of this $2 billion, $78 million is assumed to be collected by the City.

ADJUST LIQUOR TAX

Estimated Range of Incremental Revenues: $60 - $120 million

Jurisdiction: City

A unit-based tax is a tax in which a fixed amount is charged per unit of a good sold, regardless of its value or price. A percentage-based tax is calculated as a specific percentage of the price of the good.

Context: Currently, the City's Liquor Tax is unit-based and has not been updated since 2008. Therefore, it has failed to capture incremental revenue despite alcohol prices increasing nearly 40% since 2008.

Recommendation: We recommend the City consider adjusting its Liquor Tax from a unit-based tax to a percentage of value-based tax. We suggest the City consider assessing the City tax liquor at 3% of the retail value, the same rate at which it currently taxes soft drinks. Implementing a Liquor Tax increase may also encourage positive shifts in consumer behavior, ultimately advancing public health objectives.

The low end of the estimated range ($60 million in annual revenues) assumes a 3% value-based tax on liquor is implemented, and that consumer behavior (consumption) remains the same.

The high end of the estimated range ($120 million in annual revenues) assumes a 6% value-based tax on liquor is implemented, and that consumer behavior (consumption) remains the same.

ADJUST THE CITY'S PROPERTY TAX

Estimated Incremental Revenues: $56 million

Jurisdiction: City

Context: While Chicago's effective property tax rates are relatively high compared to other major U.S. cities, the overall tax burden on homeowners is often lower because property values in Chicago for comparable homes are often higher in cities like New York or San Francisco. For example, a homeowner in Chicago might pay less in taxes on a $300,000 home than someone in LA or NYC, where similar homes cost significantly more. So, the higher rate is offset by the lower property value, resulting in a more manageable tax burden as a result of the City's more affordable real estate market.

The City needs its largest revenue sources to keep pace with inflation over time, or it will have a structural imbalance between revenues and service cost growth, which will require cutting services or raising other revenues. Many fast-growing communities have property tax rates that grow annually at least with the CPI[34].

Recommendation: We recommend the City consider resuming annual adjustments to its Property Tax levy by CPI in 2026; this practice was suspended in 2023. If the City resumes the CPI increase in 2026, the City's revenues are expected to increase by $56 million in 2026.

We also recommend the City consider implementing a rebate to exempt certain homeowners or a property tax relief program to promote equity.

Dissent: We see development and economic growth as the most important lever for solving Chicago's budget problems. While this Task Force has supported indexing certain fees and fines to inflation, that principle should not extend to property taxes. Chicago now competes with Detroit annually to impose the highest commercial property tax in the country, both in rate and in actual cost, as documented by the Lincoln Institute of Land Policy. Since 2015, ambiguity and sharply rising property taxes have discouraged investment in the city's real estate sector. Office building sales, for example, dropped to a quarter of their 2015 peak even before the pandemic. Today, real estate investors increasingly refuse to consider Chicago, citing property taxes as a top concern. The commercial real estate sector pays much higher rates and subsidizes residential property taxes, so lost commercial investment has the compounding effect of increasing the residential tax burden. The loss of commercial investment also means fewer union jobs, a restricted tax base, less housing, reduced affordability, and diminished neighborhood amenities. Chicago's over-reliance on property taxes is a structural problem that should be solved, not automated. The City should focus on pro-growth policies.

[34] The peer jurisdictions include the State of Florida, certain municipalities within Denver, CO, and certain metropolitan areas in Portland, OR. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

INCREASE SHARE OF LOCAL GOVERNMENT DISTRIBUTIVE FUND (LGDF)

Estimated Range of Incremental Revenues: $35 - $250 million

Jurisdiction: State

Context: The State of Illinois reduced the municipalities' percentage share of State income tax to 6% following the enactment of the temporary income tax increase in 2011. Since 2017 the State has provided fractional percentage point increases to the local share, but the rate has not been fully restored. Currently, local governments receive 6.47% of the net collections of the individual income tax and 6.85% of the net collections of all income tax received from corporations.

Recommendation: We strongly recommend the City consider requesting the State revert to the 2011 percentage share of state income tax revenue distributed from LGDF, which was 10%.

The low end of the estimated range ($35 million in annual revenues) assumes a 0.5% share increase.

The high end of the estimated range ($250 million in annual revenues) assumes returning to 10% per share.

UPDATE AMUSEMENT TAX (TICKET RESELLERS)

Estimated Range of Incremental Revenues: $35 - $38 million

Jurisdiction: State

Recommendation: We recommend the City consider requesting the State of Illinois to update its definition of ticket "broker" to include online-only ticket intermediaries, and for the City consistently to impose its full 9% amusement tax to markup amounts and service fees related to online-only ticket resale companies as well as traditional registered brokers (as defined in State law: current law defines a ticket "broker" as an entity that engages in the resale of tickets on a regular and ongoing basis from one or more permanent or fixed locations located in Illinois).

The range of $35 million to $38 million in estimated incremental annual revenue assumes the City applies the full 9% amusement tax rate to markup amounts and service fees related to online-only ticker resale companies in addition to traditional registered brokers.

Alternatively, the same estimated annual incremental revenue of $35 million to $38 million applies if the State law changes to include online intermediaries within the definition of "broker" and the City applies its current 3% amusement tax to the total resale ticker price for both online intermediaries and registered brokers.

APPLY 911 SURCHARGE TO DIGITAL PREPAID WIRELESS SERVICES

Estimated Incremental Revenues: $12.5 million

Jurisdiction: State

Context: All major telecommunications companies offer digital prepaid plans that offer largely the same services as "post-paid" plans but are currently only taxed at a 1.25% sales tax and 9% 911 surcharge rate. When conceived, the existing tax law was written to preclude true prepaid services (e.g., prepaid calling cards) so as to not negatively impact low-income users; major telecommunications companies now offer digital prepaid plans (vs. calling cards) to receive this tax advantage.

Recommendation: We recommend the City consider requesting State lawmakers close a loophole in monthly wireless plan charges that currently precludes digital "prepaid" services from paying the $5.00 emergency telephone system (911) surcharge per wireless telephone number located inside the City, and the City's 7% telecommunications retailer tax. Note that true pre-paid services (e.g., pre-paid calling cards) would remain at these lower rates. This recommendation would not impact equity negatively.

By including prepaid plans at the post-paid rates ($5 911 surcharge and 7% telecommunications retailer tax), the City would receive an incremental $12.5 million of estimated revenue annually to the Corporate Fund, and an incremental $27.5 million of estimated revenue annually to the Emergency Communication Fund.

ADJUST BOTTLED WATER TAX

Estimated Range of Incremental Revenues: $8.4 - $27.9 million

Jurisdiction: City

Context: The City first implemented the Bottled Water Tax in 2008 at $0.05 per bottle, with the purpose of discouraging the use of plastic bottles. Since then, the $0.05-per-bottle rate has not been adjusted.

Recommendation: We recommend the City consider increasing the current bottled water tax rate of $0.05 per bottle (last adjusted in 2008) to $0.15 per bottle, which would generate an incremental $27.9 million in estimated revenue annually. This action would not only have the estimated revenue impact but also continue to discourage the use of plastic bottles benefiting the environment.

The low end of the estimated range ($8.4 million in annual revenues) assumes a $0.03 increase to a $0.08 per bottle tax; this reflects the incremental revenue generated if the Bottled Water Tax were adjusted only for inflation (2008-2025).

The high end of the estimated range ($27.9 million in annual revenues) assumes a $0.10 increase to $0.15 per bottle tax.

INCREASE PLASTIC CHECKOUT BAG TAX

Estimated Range of Incremental Revenues: $2.3 - $13 million

Jurisdiction: City

Recommendation: We recommend the City consider increasing the plastic checkout bag tax from $0.10 to $0.15 to align with other peer jurisdictions[35]. In addition to incremental revenue for the City, the tax incentivizes consumers to reduce plastic bag usage and instead rely on reusable bags that are better for the environment.

Currently the City retains $0.09 of the $0.10 tax for the Corporate Fund while returning $0.01 to retailers for assistance with administering changes to the fee.

The low end of the estimated range ($2.3 million in annual revenues) assumes the City sunsets this revenue share and retains the full $0.10 tax per bag.

The high end of the estimated range ($13 million) assumes an increase in tax from $0.10 to $0.15 per bag and removes retail revenue share.

[35] The peer jurisdiction in this case is Philadelphia, PA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

4.2. NEW TAXES

The Task Force generated ideas about new taxes that the City could potentially deploy to generate additional revenue. From this review, the Task Force has recommended **three options**, estimated to provide a range of **$18.7 million** to **$94.6 million** in revenue generating opportunities.

Options for New Taxes and Estimated Financial Impact		
	Total Estimated Incremental Revenues ($ millions)	
Option	**Low End of Range**	**High End of Range**
Reinstitute the Head Tax	10.2	25.6
Initiate Internet Gaming Tax	8.5	17.0
Pursue Payments in Lieu of Taxes (PILOT) Program	0.0	52.0
Total	$18.7	$94.6

REINSTITUTE THE HEAD TAX

Estimated Range of Incremental Revenues: $10.2 - $25.6 million

Jurisdiction: City

Context: The City's previous head tax, $4 per employee for businesses with more than 50 employees that performed 50 or more percent of their work service per calendar quarter in the City with certain exceptions, was repealed in 2013 and generated approximately $20 million in revenue from over 2000 taxpayers.

Recommendation: We recommend the City consider reinstituting an employer's head tax, however we urge the City to first consider whether there was any related increase in business registrations within the City as a result of the repeal in order to understand any potential impact on attracting businesses to the City.

Dissent: As a tax on employment, head taxes disincentivize employers from creating jobs and hiring workers. The impact is particularly burdensome for medium-sized businesses. This type of tax can lead to avoidance behavior, in which businesses would decide to halt expansion in Chicago or move to different jurisdictions to avoid paying the tax, leaving the city with fewer jobs and less economic growth than it would have otherwise. This also serves as a discouragement of office tenancy in Chicago, where office vacancy is already at record highs and devalued buildings are triggering job losses and shifting tax burden to the neighborhoods. Head taxes are not very common and, in some places, have been tried and failed. For example, Amazon cited the proposed Seattle head tax as a reason to pause its headquarters construction plans. Rather than creating disincentives to employment in Chicago, the City should focus on pro-growth policies.

INITIATE INTERNET GAMING TAX

Estimated Range of Incremental Revenues: $8.5 - $17 million

Jurisdiction: City

Context: Currently, the City taxes sports wagering at physical sports wagering facilities where only 2% of all sport betting occurs. The remaining 98% of sport betting occurs online and remains untaxed.

Recommendation: We recommend the City consider placing a $0.50 tax on all wagers placed via online betting in the City of Chicago. This would generate an incremental $17 million in estimated revenue annually.

The low end of the estimated range ($8.5 million in annual revenues) assumes a tax of $0.25 per wager is applied.

The high end of the estimated range ($17 million in annual revenues) assumes a tax of $0.50 per wager is applied.

Both ends of the estimated range assume that at least 20% of all bets in the State are placed in the City and assume a 10% loss rate due to some individuals avoiding the tax by placing bets outside of the City.

PURSUE PAYMENTS IN LIEU OF TAXES (PILOT) PROGRAM

Estimated Range of Incremental Revenues: $0 - $52 million

Jurisdiction: City

Recommendation: We recommend the City consider pursuing a PILOT program to collect voluntary payments from tax-exempt institutions to offset revenue losses from property tax and other tax exemptions. Other peer jurisdictions are currently implementing a PILOT program including Boston, Baltimore, and Providence.

The low end of the estimated range ($0 of annual revenue) assumes that no tax-exempt institutions make voluntary payments.

The high end of the estimate range ($52 million of annual revenue) assumes the following:

- **[01]** Medical institutions (four total) contribute $30.4 million.
- **[02]** Educational institutions (four total) contribute $20.2 million.
- **[03]** Cultural institutions (one total) contribute $1.6 million.

Dissent: All 50 states have property tax exemptions for nonprofits. PILOTs attempt to go around existing law by asking nonprofits to make payments to offset the tax breaks they are entitled to in recognition of the enormous community benefit they provide. This violates the spirit of the nonprofit tax exemption. In addition, the process for negotiating PILOTs is ad hoc, is not transparent, and often is viewed as coercive by affected institutions rather than truly voluntary.

5. Asset Monetization

OPTIMIZE THE CITY'S REAL ESTATE PORTFOLIO

Estimated Incremental Revenues: $29.5 million

Jurisdiction: City

Recommendation: We recommend the City consider optimizing its real estate portfolio through strategic consolidation, disposition, and redevelopment of underutilized assets. This option could generate an estimated $29.5 million revenue in Year 1. A review of over 500 buildings and 10,400 vacant land parcels identified opportunities to consolidate occupancy, sell properties, exit leases and renegotiate revenue generating leases. To maximize value, the City should consider centralizing real estate governance, improving data systems, and standardizing leasing practices to reduce inefficiencies and support long-term portfolio management.

Dissent: Selling vacant office buildings may bring one-time income but lose future revenue potential. A better alternative is to give these assets more time to be reactivated for better use. No objection to selling vacant lots.

6. Tax Increment Financing (TIF) Districts

Tax Increment Financing (TIF) districts are special zones established by the City of Chicago to stimulate economic development in targeted areas by investing property tax revenues generated from rising property values back into the same districts. While TIFs can drive revitalization and infrastructure improvements, their widespread use has drawn criticism for diverting significant tax revenue away from the City's Corporate Fund and public services, such as schools and parks. As these funds are earmarked for development projects within TIF boundaries, the City's overall budget can face greater strain, effectively reducing resources available to address its broader deficit challenges.

Options for TIF Districts and Estimated Financial Impact

Option	Total Estimated Revenues ($ millions)
Declare Maximum TIF Surplus	137.0
Favor Allowing Natural Expiration of TIFs	11.0
Explore Early Termination of TIFs	N/A
Total	**$148.0**

DECLARE MAXIMUM TIF SURPLUS

Estimated Incremental Revenues: $137 million

Jurisdiction: City

Recommendation: We recommend the City consider continuing to declare the maximum TIF surplus as a one-time measure to close the FY2026 budget gap, while acknowledging the limitations of continuing to rely on this unpredictable revenue source over time. Based on current estimates, if the City declares the same size surplus as it did in FY2025—$570 million—the City could receive $137 million based on the way these funds are required to be distributed by state law. While some TIF surplus is already incorporated into the FY2026 forecast, any remaining TIF surplus available to the City and not already allocated in FY2026 estimates should be used to reduce the projected deficit.

The working group also recommends that the City consider continuing to use its current TIF surplus policy to identify the final TIF surplus amount. The policy sweeps 100% of funds from expired or frozen districts and applies a tiered approach to active ones. In active districts, all funds above $2.5 million, 75% of funds between $1.5 million and $2.5 million, and 25% of funds between $750,000 and $1.5 million are swept as surplus. This method allows the City to sweep unused revenue from TIFs that take in more money than they spend, without emptying the TIF funds to the point of instability wherein they may be unable to fund existing projects.

Dissent: While using TIF surplus to close the FY2026 budget gap may provide short-term relief, it risks long-term consequences. TIF funds were created to support capital projects and infrastructure in our communities. Diverting surplus will undermine capital projects for the CTA as well as public bodies like schools, parks, and libraries that depend on these investments. These funds often take a decade or more to accumulate, yet they get swept all in a single year. TIF should be reserved for long-term capital assets that will serve communities for decades, not used to plug immediate budget holes. Even under a tiered policy, sweeping funds from active TIFs can stall or cancel neighborhood improvements needed. Utilizing TIF surplus as a recurring fix encourages dependence on unstable, one-time revenue.

FAVOR ALLOWING NATURAL EXPIRATION OF TIFS

Estimated Incremental Revenues: $11 million

Jurisdiction: City

Recommendation: We recommend the City consider revising its TIF extension policy to favor allowing more TIFs to naturally expire. The City of Chicago currently has nine TIF districts set to expire in 2025 (one is expected to be extended) and 13 set to expire in 2026. Of the 13 TIFs expiring in 2026, nine have been identified by DPD as candidates for extension. If all 13 TIFs expired in 2026 without extensions and were brought back into the City of Chicago's tax base, this could yield $11 million in additional property tax revenue—$1.5 million from the four already flagged for expiration and another $9.5 million from the nine districts flagged for extensions.

Currently, TIF extension recommendations are made without any evaluation of the efficacy of the TIF district. DPD's extension framework explicitly aims to renew as many TIFs as possible while funding the Housing and Economic Development bond, which is paid for by the City's levy for returning Equalized Assessed Value (EAV) from expiring TIFs.

The Task Force recommends that the City consider establishing transparent metrics for evaluating the efficacy of a TIF district. The Task Force further recommends that absent evidence that a given TIF is having a positive impact on local economic growth, the City should allow the TIF to expire rather than renew it. Doing so will allow the City to gain additional revenue by levying for returning EAV from expiring TIF districts.

Dissent: Currently, the City must secure approval from the General Assembly for any TIF extension and make a case for its necessity—a layer of scrutiny that already involves multiple public bodies. Rather than prioritizing expiration, the City should focus on working collaboratively with local alders and legislators to ensure that important infrastructure projects—like those for schools, parks, the CTA, and libraries—are fast-tracked and not stalled by overly rigid metrics.

EXPLORE EARLY TERMINATION OF TIFS

Estimated Incremental Revenues: Not available

Jurisdiction: City

Recommendation: We recommend the City consider exploring the feasibility of early termination for select TIF districts to accelerate revenue recapture. This includes assessing legal and financial requirements, such as early bond retirement, and identifying districts nearing expiration that may be practical candidates. While complex, early closures could return property value to the tax base sooner and support long-term fiscal planning.

Dissent: Terminating TIF districts early may provide short-term revenue gains, but it undermines the long-term purpose of TIFs. Premature TIF closures risks scuddling investment in communities, including funding for ongoing or future capital projects that schools, parks, and neighborhoods rely on.

VI. Other

1. Introduction

In addition to exploring traditional cost savings and revenue enhancements generated by the two Subgroups, the Task Force also identified and assessed a range of strategies that do not fit neatly within either of these categories. By considering these cross-cutting and sometimes unconventional measures, the Task Force sought to ensure a comprehensive fiscal strategy that reflects both the complexity of municipal finance and the unique challenges facing Chicago.

2. Chicago Public Schools (CPS) Reimbursement

A notable financial issue concerns the $175 million pension payment the City of Chicago made to the Municipal Employees' Annuity and Benefit Fund (MEABF) on behalf of Chicago Public Schools (CPS). This payment was intended to fulfill CPS's pension obligations but has not yet been reimbursed to the City. As a result, the City currently carries an additional unfunded liability. The absence of reimbursement adds to the City's fiscal burden, highlights complexities in long-term financial planning, and emphasizes the need for clear delineation of fiscal responsibilities between the City and its sister agencies.

CLARIFY AND DOCUMENT CPS MEABF PENSION PAYMENTS

Estimated Incremental Revenues: Not available

Jurisdiction: City

Recommendation: We recommend the City consider that given changes in the governance of CPS, the City and CPS should reach an agreement on which entity will be assuming the MBEAF pension payment going forward, and the State should facilitate the making of that payment and make any necessary legislative changes.

3. Outcome-Based Budgeting

Outcome-based budgeting shifts the focus from simply allocating funds to specific departments or programs, as seen in traditional budgeting, to tying expenditures directly to measurable results and public priorities. This approach encourages government agencies to define clear objectives, track performance, and allocate resources toward initiatives that deliver tangible benefits to the community. By fostering greater transparency and accountability, outcome-based budgeting helps ensure taxpayer dollars are spent more efficiently and effectively, supporting programs that achieve desired outcomes and discontinuing those that do not. In contrast, traditional budgeting may perpetuate historical spending patterns without adequately evaluating their impact, making it harder to align resources with evolving public needs and strategic goals.

It should be noted that any transition to outcome-based budgeting has to account for the fiscal capacity needed to generate the desired outcomes. That is the only way to avoid creating false negatives—e.g.: deeming a program or service area is poorly designed or operated because it fails to generate desired outcomes when in fact it lacks the fiscal capacity to do so. Inadequate funding on the front-end always generates inadequate outcomes on the back end.

SHIFT TO OUTCOME-BASED BUDGETING

Estimated Savings Range: Not available

Jurisdiction: City

Recommendation: We recommend the City consider pursuing a shift from traditional budgeting to an outcome-based budgeting approach. The City currently builds its budget based on prior-year spending, potentially hindering the strategic alignment of resources with City-wide goals and community priorities. A transition towards outcome-based budgeting would introduce a forward-thinking, KPI-driven mindset that can enhance accountability and transparency, optimize the use of limited financial resources, and demonstrate the impact of its investments to the community. This methodology would help prevent fiscal leakages and enable more efficient resource allocation; these two results would help reduce the budget deficit, though we are not able to estimate the future cost savings.

Dissent: While it is important for city investments to demonstrate results, tying continued funding to specific outcome measures can have unintended consequences such as setting unrealistic standards which can lead to a lack of access to services for those with the most barriers. A purely outcomes-based budgeting program without significant guardrails is opposed.

4. Forward-Looking Revenue Proposals

The Task Force also dedicated significant attention to developing forward-looking revenue proposals designed to position the City for long-term fiscal health. Many of these recommendations focus on emerging technologies, such as autonomous vehicles and drones, recognizing the rapid pace at which these industries are evolving. By proactively establishing a comprehensive licensing and permitting framework before such activities begin full-scale operations in Chicago, the City can ensure it is equipped with effective tools to capture new revenue streams. This strategic approach empowers Chicago to set the terms of engagement, rather than reacting after the fact when operators may advocate for more advantageous regulatory conditions. In doing so, the City lays the groundwork for sustainable growth and robust revenue generation as technology continues to reshape urban landscapes.

Options for Fines and Estimated Financial Impact		
	Total Estimated Incremental Revenues ($ millions)	
Option	**Low End of Range**	**High End of Range**
Establish Autonomous Taxi Framework	34.5	36.3
Establish Autonomous Water Taxis and Freight Framework	0.9	0.9
Establish Autonomous Freight Drone Framework	N/A	N/A
Total:	$35.4	$37.2

ESTABLISH AUTONOMOUS TAXI FRAMEWORK

Estimated Range of Revenues in Year 1: $34.5 - $36.3 million

Jurisdiction: City/State

Recommendation: We recommend the City consider establishing a permitting framework for autonomous taxis to prepare for future deployment and generate non-tax revenue. While no autonomous taxis currently operate in Chicago, proactive regulation can ensure the City is well prepared for the growth of this form of transportation, encouraging qualified operators and allowing for potential advertising revenue.

Assuming autonomous taxis begin operating in Chicago next year, an incremental $34.5 - $36.3 million in estimated net revenue would be generated during the first year that autonomous taxis are deployed. Autonomous taxis would likely reduce ground transportation tax collections.

The low end of the estimated range ($34.5 million in annual revenues) assumes a lower, more aggressive figure for the cost associated with traditional ground transportation being cannibalized by autonomous taxis.

The high end of the estimated range ($36.3 million in annual revenues) assumes a higher, more conservative figure for the cost associated with traditional ground transportation being cannibalized by autonomous taxis

Dissent: Extreme consideration should be taken with this recommendation in order to ensure that the permitting framework does not drastically stifle innovation or investment within the Chicago market. Innovation and associated investment are typically associated with positive resident experience, which we want to ensure we don't limit.

ESTABLISH AUTONOMOUS WATER TAXIS AND FREIGHT FRAMEWORK

Estimated Incremental Revenues: $0.9 million

Jurisdiction: City/State/Federal[36]

Recommendation: We recommend the City consider establishing a permitting framework for autonomous water taxis and freight vessels to prepare for future deployment and generate non-tax revenue associated with this emerging activity. By licensing qualified operators and charging for docking and advertising, the City can support innovation while offsetting potential revenue displacement.

This proposal assumes 12 autonomous water taxis displace charter passenger vessel revenues by year 1 and that by year 10, there will be a fleet of 24 autonomous water taxis. The autonomous water taxis will be charged $10,000/year for vessel licenses, and $5,000/year for docking permits. All autonomous water taxis can also pay these fees up front for 10 years at a 50% discount. This proposal assumes that all water taxis take advantage of this discount.

Assuming autonomous water taxis begin operating next year, the proposal generates an incremental $0.89 million in estimated net revenue in year 1.

ESTABLISH AUTONOMOUS FREIGHT DRONE FRAMEWORK

Estimated Incremental Revenues: Not available

Jurisdiction: City/Federal[37]

Recommendation: We recommend the City consider creating a permitting framework for autonomous freight drones to prepare for future deployment and generate modest non-tax revenue. While drone operations are federally regulated, the City can authorize qualified operators and monetize local activities through advertising and licensing. A 10-year license model offers flexible payment options, with estimated revenue ranging from $0.10 to $0.29 million depending on the payment structure.

The low end of the estimated incremental range ($0.01 million in Year 1 revenue) assumes a 10-year payment horizon in which drone licensees pay annually; the annual license fee is modelled to increase 10% per year.

The high end of the estimated incremental range ($0.03 million in Year 1 revenues) assumes that licensees pay an upfront lump sum for the 10-year period, but at a 50% discount.

Dissent: Extreme consideration should be taken with this recommendation in order to ensure that the permitting framework does not drastically stifle innovation or investment within the Chicago market. Innovation and associated investment are typically associated with positive resident experience, which we want to ensure we don't limit.

[36] The City would need to align and develop a licensing structure for boat operators with existing US Coast Guard and IL Department of Natural Resources regulations.
[37] The Federal Aviation Authority (FAA) acts as the federal regulatory body, so any City activity in the drone space would need to comply with federal regulation.

VII. Conclusion

1. Summary

The Task Force reviewed Chicago's budget, highlighting various cost-saving and revenue options for City leaders. Intentionally presented as a flexible menu rather than a fixed plan, these recommendations let the City choose what fits its priorities while addressing the deficit. The report focuses primarily on quick, practical initiatives for short-term fiscal relief and lays the groundwork for future analysis of long-term fiscal reforms.

Chicago is facing a serious budget crisis that requires both creative solutions and honest recognition of the tough choices required. The Task Force's proposals call for shared responsibility from employees, residents, and businesses to protect essential services. Only by working together can Chicago build a sustainable future and maintain its reputation as one of the greatest cities in the United States.

2. Next Steps

With the completion of this interim assessment, the Task Force will now transition its focus toward the preparation of a comprehensive long-term report, due to the Mayor on May 31, 2026. This forthcoming document will address a range of complex and interconnected fiscal issues that warrant a more in-depth examination than was possible within the interim timeframe. In particular, the long-term report will present recommendations on challenges such as settlements and judgments, liability management, and initiatives to improve efficiency through process enhancements and evaluation of city and county redundancies. The Task Force will explore revenue strategies that require detailed analysis, robust modeling, and thorough stakeholder engagement to ensure both equity and viability. The group will also conduct a further review of pension-related strategies beyond those previously considered, with the goal of strengthening the City's long-term financial stability.

The formation of additional subgroups—focused on community engagement, economic development, long-term liabilities, and revenue/efficiency opportunities—will facilitate a deeper and more targeted examination of these critical areas. This next phase aims to aid the City not only to stabilize its fiscal position but also to establish a framework for enduring financial sustainability. The introduction of new subgroups will enable a systematic and deliberate approach to issues central to Chicago's financial future. This collaborative and inclusive approach is intended to identify and address existing disparities and promote more equitable policy solutions. Ultimately, the prioritization of community engagement and equitable outcomes affirms the Task Force's dedication to adopting fiscal strategies that benefit all Chicagoans.

The Task Force recognizes the significant responsibility and complexity involved in addressing the City's fiscal challenges and values the opportunity to contribute meaningfully to this critical work. The group looks forward to continuing its efforts and partnering with stakeholders to develop solutions that secure Chicago's long-term financial well-being.

VIII. Appendix

1. Fees

EXPAND CONGESTION SURCHARGE (RIDESHARE)

Estimated Range of Incremental Revenues: $26 - $103 million

Jurisdiction: City

Recommendation: We recommend the City consider extending the Congestion Surcharge imposed on transportation network providers (TNP) providing ride-hail services in Chicago (excluding taxis). Currently the City charges within the Downtown Zone and at O'Hare International Airport, Midway International Airport, Navy Pier and McCormick Place.

By extending the Congestion Surcharge to eight other highly congested census tracts the City could expect to collect the low range of $26 million estimated incremental revenue each year. These combined 13 areas make up nearly 25% of total congestion activity in the City.

The high end of the estimated range ($103 million) assumes that surcharges are extended across the across the entire city. However, it is difficult to justify a congestion surcharge for all areas of the City, especially in areas that do not suffer from congestion.

Dissent: The proposed Congestion Tax increase lacks clarity in terms of both purpose and effectiveness. It is unclear whether it is meant to reduce congestion, address environmental concerns, or simply raise revenue, as its scope is arbitrarily limited to rideshare trips and select geographies. No data has been provided on the existing tax's impact on downtown congestion, and the additional areas for expansion are based on their total share of rideshare trips rather than actual vehicle congestion. Rideshare travel is not the primary contributor to such congestion, and the tax's stated goals are undermined by exempting taxis, commercial vehicles, and private vehicles. This lack of purpose undermines its effectiveness as a policy and as a revenue generator. At a time when downtown office occupancy remains at only 60% pre-pandemic levels and retail vacancies hover around 25%, policies should encourage activity in the central area, not add unreasoned new access fees that disincentivize visits. The City's focus should be on revitalizing public transit and supporting downtown vitality.

INCREASE GARBAGE FEE TO IMPROVE COST RECOVERY

Estimated Range of Incremental Revenue: $19.6 - $296.9 million

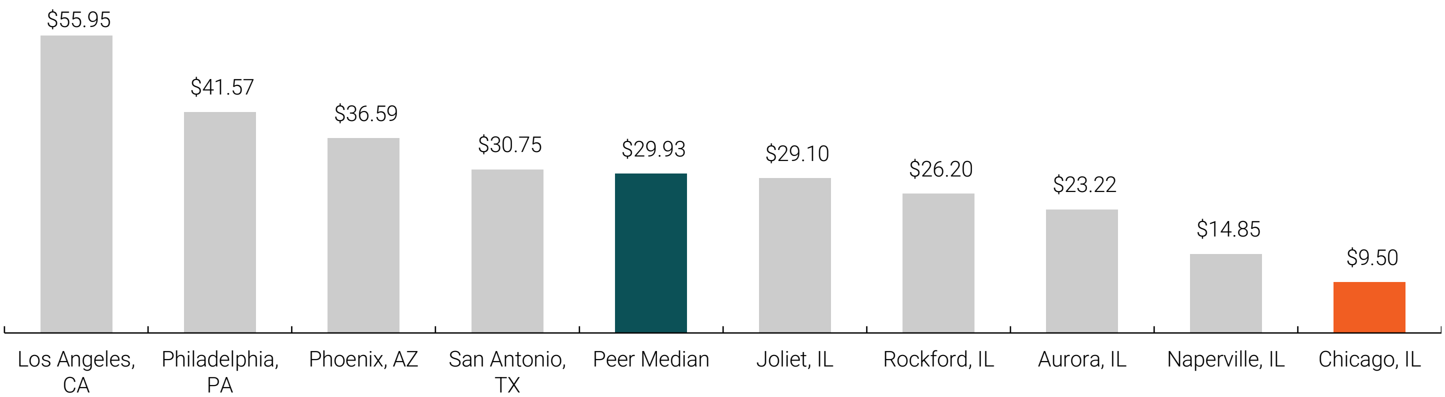
Jurisdiction: City

Context: Currently, the City charges a monthly garbage fee of $9.50[38], but this amount falls far short of covering DSS' costs for providing the service. The fee generates about $60 million in revenue each year, while the true operating costs of DSS (including personnel, fuel, and vehicle maintenance) total $320 million annually.

[38] Eligible seniors receive a 50% discounted rate of $4.75 per month

The City garbage fee has not been adjusted for inflation since 2016, and it is one of the lowest garbage fees compared to the largest peer jurisdictions in Illinois and across the country. Given the serious fiscal situation facing the City, it can no longer afford to subsidize garbage collection.

Monthly Garbage Collection Fees Among Major US Cities and Largest IL Cities *(per household per month)*

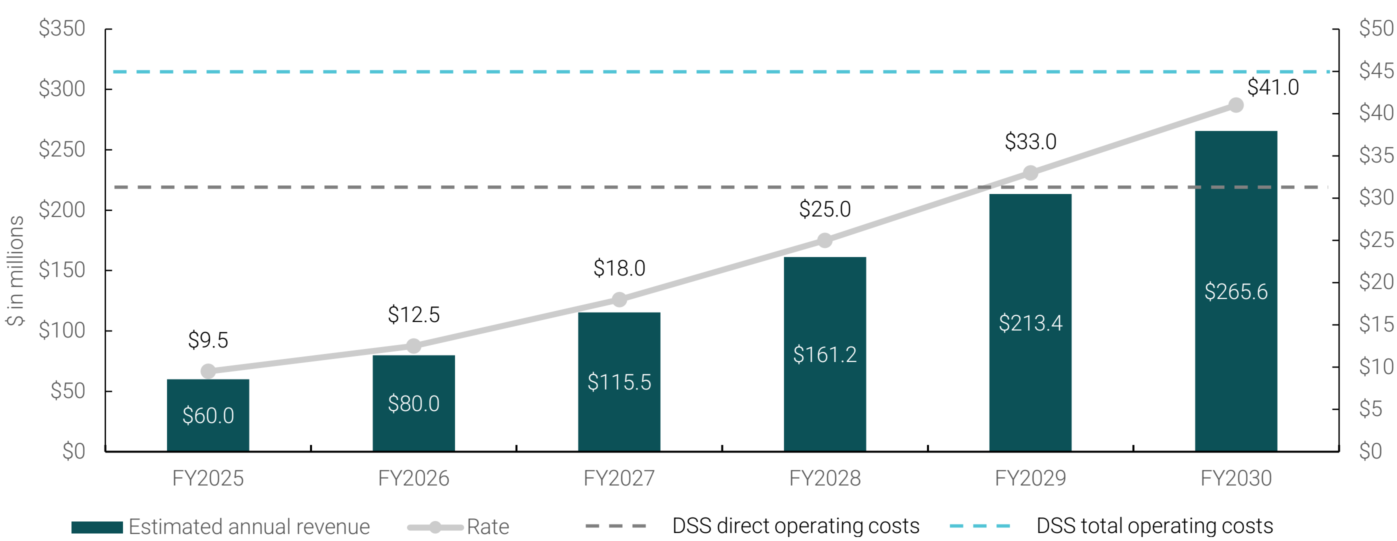


Recommendation: We strongly recommend the City consider increasing the garbage collection fee to cover a more substantial portion of the city's total cost. The City can take multiple approaches, including phasing in fee increases over a number of years. The Task Force has illustrated three approaches; each maintains a 50% discount to eligible seniors.

We also recommend that the City apply eligibility for utility relief to garbage collection to promote further equity.

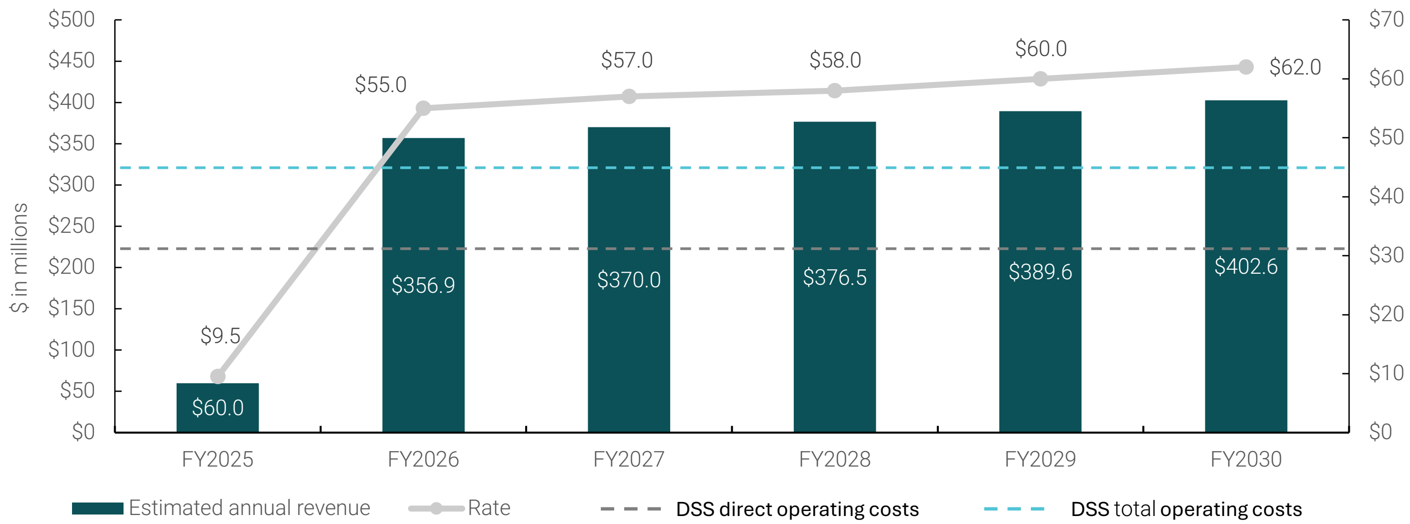
"Option A" illustrates a phased increase of the monthly garbage fee (represented by the grey line) over a five-year period, eventually generating enough annual revenue (green bars) to cover only DSS direct operating costs (black dashed line) in FY2030. In FY2026, the monthly fee increases from $9.50 to $12.50 ($6.25 for eligible seniors) to generate an incremental ~$20 million in estimated revenue. Note that DSS operating costs were held constant.

Option A: Phased Fee Increase to Cover Only DSS Direct Operating Costs by FY2030



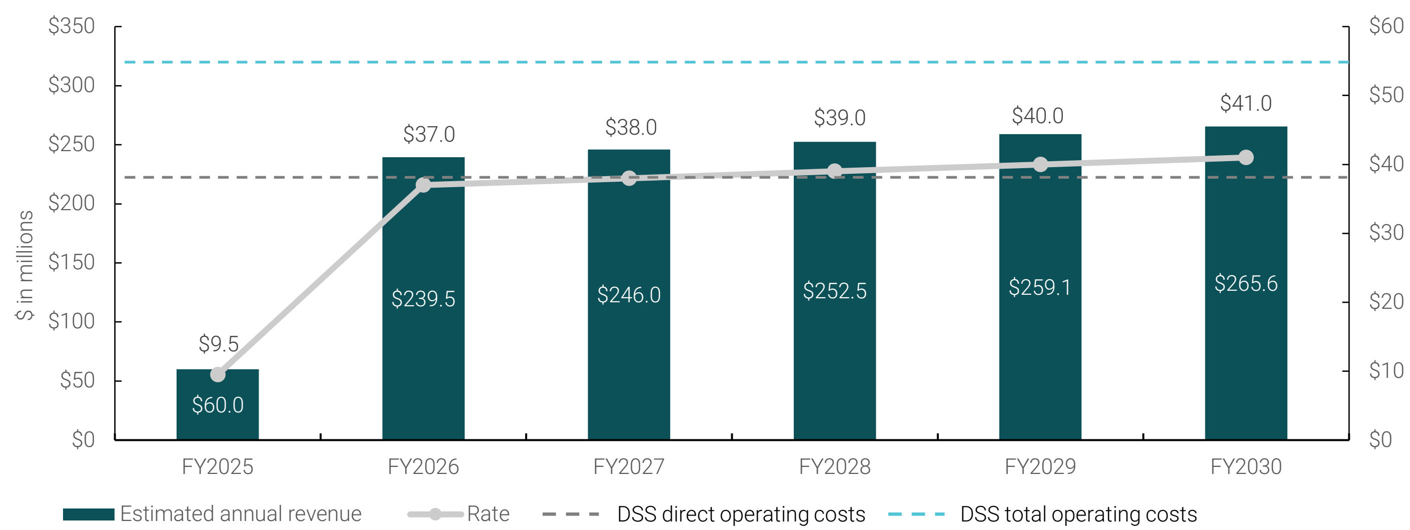
“Option B” illustrates an immediate increase of the monthly garbage fee (represented by the grey line) in FY2026, generating enough annual revenue (green bars) to cover total DSS operating costs (blue dashed line). The fee would then increase in line with projected inflation through FY2030. In FY2026, the monthly fee increases from $9.50 to $55 ($27.50 for eligible seniors) to generate an incremental ~$296.9 million in estimated revenue. Note that DSS operating costs were held constant.

Option B: Immediate Increase of Garbage Fee to Cover Total DSS Operating Costs in FY2026



“Option C” illustrates an immediate increase of the monthly garbage fee (represented by the grey line) in FY2026, generating enough annual revenue (green bars) to cover only DSS direct operating costs (black dashed line). The fee would then increase in line with projected inflation through FY2030. In FY2026, the monthly fee increases from $9.50 to $37 ($18.50 for eligible seniors) to generate an incremental ~$179.5 million in estimated revenue. Note that DSS operating costs were held constant.

Option C: Immediate Increase of Garbage Fee to Cover Only DSS Direct Operating Costs in FY2026



Dissent: Chicago's lower income homeowners are already struggling to make ends meet with rising utility costs, property taxes, and high interest rates on mortgages. The City should not be continuing to raise revenue by adding to the cost of living for Chicago homeowners. We should be looking to progressive sources of revenue that tax those most able to pay – wealthy Chicagoans and corporations. That way, garbage collection can be a service Chicago offers to its residents without a fee, like New York.

REVISIT RETAIL DELIVERY FEES

Estimated Range of Incremental Revenues: $6.1 - $30.4 million

Jurisdiction: State

Recommendation: We recommend the City consider working with the State to revisit State legislation that would allow the City to implement fees for food / package deliveries made by traditional delivery operators. If enacted, it could generate an incremental $6.1 - $30.4 million in estimated revenue annually for the City.

The low end of the estimated range ($6.1 million in annual revenues) assumes that an incremental $0.10 is charged per delivery, and that each household receives 53 deliveries per year[39].

The high end of the estimated range ($30.4 million in annual revenues) assumes that an incremental $0.50 is charged per delivery, and that each household receives 53 deliveries per year.

CONSIDER ADVERTISING ON LIGHT POLES

Estimated Incremental Revenues: $4.3 million

Jurisdiction: City

Recommendation: We recommend the City consider a new revenue stream through a streetlight banner advertising program that charges advertisers a monthly program fee that encompasses all associated costs (city permit fees, printing, installation, removal, etc.). The City does not currently utilize its light pole infrastructure for paid opportunities.

The incremental $4.3 million in estimated revenue is based on 1% of the City's light poles carrying two banners each.

ADJUST FEES FOR SIDEWALK CAFÉ PERMITS

Estimated Incremental Revenues: $3.1 million

Jurisdiction: City

Context: The City's current tiered sidewalk café permit rates—unchanged since 2000—have not kept pace with inflation or the evolving commercial activity in different areas of the City.

[39] Summary of Travel Trends: 2022 National Household Travel Survey

Recommendation: We recommend the City consider adjusting the current sidewalk café permit fee of $600 to account for cumulative inflation since the last adjustment in 2000.

We also recommend the City consider adjusting the sidewalk cafe permit structure to reflect current property values. This would require a real estate assessment. Proposed rates of $25/sq ft in high-demand areas, $12/sq ft in mid-tier neighborhoods, and $5/sq ft in low-demand zones could increase revenue by ~$3.1 million in year 1. To preserve revenue value over time, rates should be adjusted biennially based on the Chicago Metropolitan Statistical Area Consumer Price Index (MSA CPI).

In aggregate, these proposals could generate an incremental $3.1 million in estimated revenue annually, and assume the tiered structure is adjusted next year following a real estate assessment.

ADJUST CERTIFICATION OF ZONING COMPLIANCE FEE

Estimated Range of Incremental Revenues: $1 - $2.6 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting certification of zoning compliance fees to account for cumulative inflation since the fee was updated in 2007. The current fee falls far below the peer average of $180[40]. An adjustment based on cumulative inflation would result in an increase from the current $120 fee to $179. This would generate an incremental $1 million in estimated revenue annually.

The low estimate of $1 million incremental revenue assumes the fee is increased by cumulative inflation.

The high estimate of $2.6 million incremental revenue assumes the fee is increased to match its peer maximum ($282 - Dallas).

ADJUST LIMITED BUSINESS LICENSE FEES

Estimated Range of Incremental Revenues: $0.9 – $3.1 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting limited business license fees to account for cumulative inflation since the fee was put in place in 2012. The fee currently falls below the peer average of $373[41]. An adjustment based on cumulative inflation would result in an increase from the current $250 fee to $340 and estimated incremental revenue of $0.9 million.

The low estimate of $0.9 million incremental revenue assumes the fee is increased by cumulative inflation.

The high estimate of $3.1 million incremental revenue assumes the fee is increased to match its peer maximum ($568 - Minneapolis).

[40] Peer jurisdictions are Dallas, TX, Miami, FL, Philadelphia, PA, and Atlanta, GA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[41] Peer jurisdictions were Minneapolis, MN, New York City, NY, and Philadelphia, PA, For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

ADJUST DRIVEWAY PERMIT FEE

Estimated Range of Incremental Revenues: $0.8 – $9.3 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting the driveway permit fee to account for inflation since 2015, given the fee has been unchanged since then. We estimate the increase would be from the current fee of $120 to $158. This would create an additional $0.8 million in annual incremental revenue. The fee currently falls well below the peer average of $265[42]. If the City raised the driveway permit fee to the peer average, it would generate an additional $2.2 million.

The low estimate of $0.8 million incremental annual revenue assumes the fee is $158, adjusted for inflation since 2015.

The high estimate of $9.3 million incremental annual revenues assumes the fee is adjusted to the peer maximum ($560 - Cincinnati).

EXPLORE A ROAD USAGE CHARGE

Estimated Incremental Revenues: $0.6 million

Jurisdiction: State

Recommendation: We recommend the City consider beginning a dialogue with the State to assess the implementation of a Road Usage Charge. This discussion should include enabling this Charge to act as a source of revenue replacement to the Motor Fuel Tax in the future, as vehicle preferences shift to more fuel efficient / electric vehicles.

DEVELOP AN INTELLECTUAL PROPERTY (IP) LICENSING PROGRAM

Estimated Incremental Revenues: $0.6 million

Jurisdiction: City

Context: Some major US cities, such as New York and Los Angeles, license their trademarked assets to third parties. Chicago, though it has trademarked assets like department logos, currently lacks a policy for charging usage fees. Expanding trademark coverage and licensing assets like the municipal "Y," CPD and CFD logos, and stylized versions of "Chicago" or "Windy City" could help the city generate revenue and maintain brand consistency.

Recommendation: We recommend the City consider developing a formal IP licensing policy to generate non-tax revenue and strengthen brand management for the City of Chicago. The estimated net revenue is ~$0.6 million generated during Year 1. Net revenue assumptions include provision for licensing agent fees and hiring two FTEs to conduct enforcement.

[42] Peer jurisdictions were Cincinnati, OH, Milwaukee, WI, Houston, TX, and Atlanta, GA, For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

ADJUST CANOPY PERMIT FEES

Estimated Range of Incremental Revenues: $0.5 – $1.8 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting canopy permit fees to account for cumulative inflation since the last adjustment to the fee in 2019. For the purpose of this recommendation it is assumed the cost is for a 40-foot partial closure canopy in a street containing parking spaces inside the CBD. This would result in an increase from the current $855 fee to $1,057. The fee currently falls below the peer average of $1,255[43].

The low estimate of $0.5 million incremental revenue assumes the fee is adjusted for cumulative inflation since 2019.

The high estimate of $1.8 million incremental revenue assumes the fee is increased to match its peer maximum ($1,646 - San Diego).

ADJUST ZONING PERMIT REVIEW FEES FOR RENOVATIONS AND ALTERATIONS

Estimated Range of Incremental Revenues: $0.5 – $4.2 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting zoning permit review fees for renovations and alterations to account for cumulative inflation since the fee was last changed in 2013. The current fee falls below the peer average of $159[44]. An adjustment for cumulative inflation would result in an increase from the current $75 fee to $101. This would generate an incremental $0.5 million in estimated revenue annually.

The low estimate of $0.5 million incremental revenue assumes the fee is increased to account for inflation.

The high estimate of $4.2 million incremental revenue assumes the fee is increased to match its peer maximum ($300 - Charlotte).

[43] Peer jurisdictions were San Diego, CA, Houston, TX, and Philadelphia, PA, For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[44] Peer jurisdictions include, Charlotte, NC, Philadelphia, PA, and Minneapolis, MN. For a comprehensive list of all jurisdictions, please refer to Appendix, Section 3.

ADJUST FEES FOR FOOD VIOLATION CITATIONS

Estimated Range of Incremental Revenues: $0.4 – $1.8 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting food violation citation fees to account for cumulative inflation since the last change in 2018. An adjustment for inflation would result in an increase from the current $500 fee to $631. This would generate an incremental $0.7 million in estimated revenue annually.

The low estimate of $0.4 million incremental revenue assumes the fee is increased to its peer average of $572.[45]

The high estimate of $1.8 million incremental revenue assumes the fee is increased to match its peer maximum ($1,000 - Washington DC).

ADJUST ANNUAL FOOD INSPECTION FEES

Estimated Range of Incremental Revenues: $0.3 – $0.8 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting the City's annual food inspection fees to account for cumulative inflation since its last adjustment in 2005. An adjustment for inflation to the range of fees based on square footage of an establishment would result in increases from $100-$550 to $157-$864. This would generate an incremental $0.3 million in estimated revenue annually.

The low estimate of $0.3 million incremental revenue assumes the fee is adjusted for inflation since 2005.

The high estimate of $0.8 million incremental revenue assumes the fee is increased to match its peer maximum (Dallas - $616)[46].

[45] Peer jurisdictions were Washington, DC, New York City, NY, Houston, TX, Milwaukee, WI, and Philadelphia, PA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[46] Peer jurisdictions were Dallas, TX and Boston, MA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

ADJUST ZONING PERMIT REVIEW FEES (NEW CONSTRUCTION)

Estimated Range of Incremental Revenues: $0.2 – $2.7 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting zoning permit review fees for new construction to account for cumulative inflation since the fees were last updated in 2013. An adjustment for inflation would result in an increase from the current $75 fee to $101. The fee currently falls below the peer average of $261[47]. This would generate an incremental $0.2 million in estimated revenue annually.

The low estimate of $0.2 million incremental annual revenue assumes the fee is increased by cumulative inflation as outlined above.

The high estimate of $2.7 million incremental revenue assumes the fee is increased to match its peer maximum ($419 - Charlotte).

EXPANDING DIGITAL OUTDOOR ADVERTISING

Estimated Range of Incremental Revenues: $0.2 - $0.3 million

Jurisdiction: City

Context: Many major cities across the United States have created new revenue opportunities through outdoor digital advertising fees. This typically entails the city entering into an agreement with a private media company to install and operate digital signage on public property in iconic, high-traffic locations. The media company places digital advertisements on the signage, and the advertising revenue generated is shared between the media company and the city.

Recommendation: We recommend the City consider expanding its digital advertising program to include public infrastructure along the Chicago Riverwalk or private infrastructure in high-traffic areas as a means of increasing revenue. Based on estimates from two national media companies, this program could generate ~$1-1.3 million in total annual digital advertising revenue, of which the City would receive ~$0.2-$0.3 incremental annual revenue, in addition to intangible benefits like improved neighborhood aesthetics and increased visitation.

The estimated range of incremental annual revenues is based upon the underlying revenue-sharing agreement. In preliminary estimates based on other peer jurisdictions[48], the City would receive 40% of the total revenues, with the media company receiving the remaining 60%.

[47] Peer jurisdictions were Charlotte, NC, Philadelphia, PA, Columbus, OH, Detroit, MI, Madison, WI, and Minneapolis, MN. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[48] The peer jurisdictions were Denver, CO, San Antonio, TX, and Atlanta, GA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

ADJUST BARRICADE PERMIT

Estimated Range of Incremental Revenues: $0.1 – $3.3 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting barricade permit fees to account for cumulative inflation since the fee was last increased in 2019. An adjustment for inflation would result in an increase from the current $550 to $683. This would generate an incremental $0.1 million in estimated revenue annually.

The low estimate of $0.1 million incremental revenue assumes the fee is increased to account for cumulative inflation since the last change in 2019.

The high estimate of $3.3 million incremental revenue assumes the fee is increased to match its peer maximum ($1,078 - Philadelphia)[49].

ADJUST DUMPSTER PERMIT FEES

Estimated Range of Incremental Revenues: $0.1 – $1.8 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting dumpster permit fees to account for cumulative inflation since the last increase in 2019. An adjustment for inflation would result in an increase from the current $290 fee to $341. This would generate an estimated annual revenue of $0.2 million.

The low estimate of $0.1 million incremental revenue assumes the dumpster permit fee is increased to its peer average of $334[50].

The high estimate of $1.8 million incremental revenue assumes the dumpster permit fee is increased to match its peer maximum ($500 - Milwaukee).

[49] Peer jurisdictions were Philadelphia, PA, Atlanta, GA, Houston, TX, and Dallas, TX. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[50] Peer jurisdictions were Milwaukee, WI, Seattle, WA, Atlanta, GA, New York City, NY, San Diego, CA, and Philadelphia, PA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

ADJUST PARKING VEHICLE FEES

Estimated Range of Incremental Revenues: $0.1 – $0.8 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting parking vehicle fees administered by CDOT to park or station vehicles and work equipment on the public right of way to account for cumulative inflation since its last adjustment in 2019. The fee currently falls below the peer average of $68[51]. An adjustment for inflation would generate an incremental $0.1 million in estimated revenue annually.

The low estimate of $0.1 million incremental revenue assumes the fee is increased to account for cumulative inflation.

The high estimate of $0.8 million incremental revenue assumes the fee is increased to its peer maximum ($120 - Miami).

ADJUST SIGN PERMIT FEES

Estimated Range of Incremental Revenues: $0.1 – $0.3 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting the City's sign permit fees to account for cumulative inflation since its last adjustment in 2007. An adjustment for inflation would result in an increase in the fee range from $200-$500 to $299-$748. This would generate an incremental $0.1 million in estimated revenue annually.

The low estimate of $0.1 million incremental revenue assumes the fee is adjusted to its peer maximum ($281- Dallas)[52].

The high estimate of $0.3 million incremental revenue assumes the fee is adjusted for inflation ($586 to $748).

INDEX FEES AND FINES TO INFLATION ANNUALLY

Estimated Incremental Revenues: Not available

Jurisdiction: City

Recommendation: We recommend the City consider indexing all value or unit-based fees and fines to the CPI to ensure that as the City's expenditures rise with inflation, these revenues also increase. This would not apply to percentage-based fees and fines and should be applied to the extent that individual increases align with peer jurisdictions.

Dissent: Towing, vehicle immobilization, storage fees, and city sticker fees should not be included in automatic CPI adjustments as increasing these fees will disproportionately affect lower income households negatively. Having a car can be a critical connection to employment particularly for households that live in areas of the city with poor transit access. Increasing fees and fines that make it more expensive to own a car or retrieve your car after it is towed can result in job loss, accumulation of increased debt and subsequent impact on mental health.

[51] Peer jurisdictions were Miami, FL, Philadelphia, PA, Houston, TX, Atlanta, GA, and Seattle, WA. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[52] Peer jurisdictions were Dallas, TX, Philadelphia, PA, San Francisco, CA, and Minneapolis, MN. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

2. Fines

ADJUST CODE ENFORCEMENT FINES

Estimated Range of Incremental Revenues: $0.6 – $1.4 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting code enforcement fines to its peer average of $2,189. Chicago's current code enforcement fines range from $500 to $10,000+. This would generate an incremental $0.6 million in estimated revenue annually.

The low estimate of $0.6 million incremental revenue assumes the fee is increased to match the peer average of $2,189[53].

The high estimate of $1.4 million incremental revenue assumes the fee is increased to match its peer maximum ($2,717 - Seattle).

ADJUST RECYCLING FINES

Estimated Range of Incremental Revenues: $0.5 – $2.1 million

Jurisdiction: City

Recommendation: We recommend the City consider adjusting recycling fines to account for cumulative inflation since the last fee change in 2000. An adjustment for inflation would result in an increase in the fine for a first violation from the current $300-$1,000 to $1,139. This would generate an incremental $0.6 million in estimated revenue annually.

The low estimate of $0.5 million incremental revenue assumes the fee is increased to its peer average of $1,081[54].

The high estimate of $2.1 million incremental revenue assumes the fee is increased to match its peer maximum ($2,500 - New York).

[53] Peer jurisdictions were Seattle, WA, Philadelphia, PA, Washington D.C., Harris County, TX, and New York, NY. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

[54] Peer jurisdictions were New York, NY, Los Angeles, LA, Washington, DC, and Dallas, TX. For a comprehensive list of all peer jurisdictions, please refer to Appendix, Section 3.

3. Map of Peer Jurisdictions

Peer jurisdictions were selected based on a combination of demographic and economic similarities to Chicago. Specific factors used for comparability included, but not limited to, population size, size of operating budget, city department structures / functions, and demographic trends.

Please see below for an aggregated list of the peer jurisdictions used across the various analyses[55]. Please note that not all peer jurisdictions were used in every benchmarking exercise.

[55] Not pictured: London, United Kingdom, Paris, France, and Vancouver, Canada. The following U.S. states were also used: Florida, Illinois, New York, and Oregon.

4. List of Acronyms Used

Acronym	Meaning
2FM	Department of Fleet and Facility Management
AFSCME	American Federation of State, County, and Municipal Employees
ARPA	American Rescue Plan Act
AWP	Average Wholesale Price
CARE	Crisis Assistance Response & Engagement
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBA	Collective Bargaining Agreement
CDOT	Department of Transportation
CDPH	Chicago Department of Public Health
CFD	Chicago Fire Department
CM	Category Management
COBRA	Consolidated Omnibus Budget Reconciliation Act
COE	Center of Excellence
CPD	Chicago Police Department
CPI	Consumer Price Index
CPS	Chicago Public Schools
DFSS	Department of Family and Support Services
DPD	Department of Planning and Development
DSS	Department of Streets and Sanitation
DUI	Driving Under the Influence
EAV	Equalized Assessed Value
EMS	Emergency Medical Services
EWS	Early Warning System
FAA	Federal Aviation Administration
FMLA	Family and Medical Leave Act
FTE	Full-Time Employee
FY	Fiscal Year
HMO	Health Maintenance Organization
IP	Intellectual Property
IT	Information Technology

Acronym	Meaning
KPI	Key Performance Indicator
LGDF	Local Government Distributive Fund
LMCC	Labor Management Cooperative Committee
MEABF	Municipal Employees' Annuity and Benefit Fund
MRU	Maintenance and Repair Unit
MSA CPI	Metropolitan Statistical Area Consumer Price Index (Chicago)
OPSA	Office of Public Safety Administration
OVRC	Optimum Vehicle Replacement Lifecycle
PBM	Pharmacy Benefit Manager
PILOT	Payment in Lieu of Taxes
POB	Pension Obligation Bond
PPRT	Personal Property Replacement Tax Revenue
PSTC	Public Safety Training Center
SIC	Standard Industrial Classification
SNAP	Supplemental Nutrition Assistance Program
TIF	Tax Increment Financing
TNP	Transportation Network Providers
TNT	Treat-No-Transport