

CITY OF CHICAGO

Financial and Strategic Reform
Options

OCTOBER 2025



Acronyms

2FM	Department of Fleet and Facility Management
CDOT	Department of Transportation
CDPH	Chicago Department of Public Health
CFD	Chicago Fire Department
CBA	Collective Bargaining Agreement
COBRA	Consolidated Omnibus Budget Reconciliation Act
COL	City Owned Land database
COEs	Centers of Excellence
CPL	Chicago Public Library
CPS	Chicago Public Schools
DFSS	Department of Family and Support Services
DHR	Department of Human Resources
DOL	Department of Law
DOF	Department of Finance
DPD	Department of Planning and Development
DPS	Department of Procurement Services
DSS	Department of Streets and Sanitation
ERP	Enterprise Resource Planning
FMPS	Financial Management Purchasing System
HMO	Health Maintenance Organization
LOA	Leave of Absence
MIH	Mobile Integrated Health
NIGP	National Institute of Government Purchasing
NPV	Net Present Value
OBM	Office of Budget and Management
OEMC	Office of Emergency Management & Communications
OIG	Office of Inspector General
OPSA	Office of Public Safety Administration
PBM	Pharmacy Benefit Manager
PPO	Preferred Provider Organization
PSTC	Public Safety Training Center
TNT	Treat-No-Transport

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Executive Summary

The City of Chicago (the “City”) is entering a pivotal period in its financial management, facing significant structural challenges that requires deliberate, long-term solutions. As of mid-2025, the City projects it will close the fiscal year with a deficit of approximately \$146 million. Critically, the 2026 budget forecast anticipates a Corporate Fund gap of roughly \$1.15 billion — a shortfall driven by the expiration of one-time revenues, continued growth in personnel and pension costs, and ongoing uncertainty around key intergovernmental reimbursements. This imbalance reflects deeper structural issues rather than temporary fluctuations, underscoring the importance of adopting recurring solutions rather than relying on short-term measures.

The underlying drivers of Chicago’s fiscal position are well-documented. Temporary federal relief funds and other one-time resources that helped stabilize budgets during and after the pandemic have been fully expended, removing a key source of budget flexibility. Personnel expenditures, including wages, healthcare, and overtime, continue to rise, and pension costs remain a substantial and growing obligation. Although the City has contributed more than \$820 million in supplemental pension payments since 2023 to help reduce long-term liabilities, recently enacted state benefit enhancements will add further cost pressures in future years. Compounding these challenges is the uncertainty surrounding reimbursement from Chicago Public Schools for its share of pension costs, which represents approximately \$175 million annually.

These pressures present clear fiscal risks if left unaddressed. Persistent structural deficits can negatively impact the City’s credit rating, increasing borrowing costs and further constraining financial flexibility. The lack of recurring revenue solutions also limits the City’s ability to invest in essential services and infrastructure while meeting long-term obligations. Moreover, the tactical tools used in recent years to help balance budgets — such as federal stimulus, reserve drawdowns, and temporary revenue measures — have already been deployed, narrowing the City’s options for closing the gap without substantive changes.

Given these conditions, the solution requires a balanced combination of expenditure controls, revenue enhancements, and structural reforms as well as collaboration between the City, City Council, labor partners, state and federal policymakers, and the civic community to build consensus around the difficult but essential choices ahead. The scale of the projected gap and the persistence of structural cost growth make clear that one-time solutions will no longer suffice. A credible, multi-year plan grounded in specific recurring measures, expenditure discipline, and intergovernmental coordination will be necessary to restore long-term balance, maintain service quality, and position Chicago for a more stable and sustainable fiscal future. Through disciplined decision-making and sustained policy focus, the City can confront its fiscal challenges directly and position itself for long-term financial sustainability and equitable growth.

It was in this context that the City selected nine areas for deeper analysis of potential reform opportunities. The analysis was designed to complement other reform initiatives already underway by the City and to focus on additional operational and financial options for potential cost reduction, revenue enhancement, and service delivery improvement. The options reflected in this document represent a summary of the analysis completed for each workstream. If implemented, these options are intended to provide financial alternatives for the City along its journey to safeguard its future and restore confidence in its financial stewardship. The breadth and depth of this analysis are meant to reflect the importance of this effort.

Summary of Effort: Over the past several months, each workstream combined stakeholder interviews, data collection, benchmarking, and scenario modeling to surface potential options in each of the areas selected by the City. Together, the effort was designed to provide a robust but targeted view of the City's financial and operational landscape — highlighting a set of practical opportunities for potential savings.

Focus Areas: The City selected **nine specific areas** for analysis, including special events, fleet services, real estate, fees and fines analysis, employee benefits, procurement strategy, organizational analysis, performance-based budgeting, and service optimization, for deeper review. These areas were selected as they complement other long-term reform options already being evaluated by the City.

Total Number of Options: Evaluated **over 100 actionable options** for the City's consideration — each one designed as a potential step to help close the deficit and build a more resilient City.

Number of City Agencies Engaged: Engaged **22 City departments and offices**, so that key findings were informed by insights from across Chicago's government as well as external, objective analysis.

Total Number of Meetings Held: The process was grounded in transparency and engagement, with **more than 75 meetings and interviews** conducted with stakeholders across the City and others. This enabled a process to vet and inform each option with practical realities and institutional knowledge.

Number of Cities Benchmarked: To ground Chicago's potential options such that they are both ambitious and realistic, the analysis benchmarked the analysis against **more than 40 peer jurisdictions** — including the cities of New York, Los Angeles, Philadelphia, and Houston. See the appendix for the full list of benchmark jurisdictions. This broader lens provided critical context for organizational structure, benefits, fees, and operational model design alternatives and options.

Key Findings:

The analysis includes multiple strategies in each of the nine selected focus areas designed to help strengthen the City's financial position and operational efficiency. Together, if implemented, these initiatives represent a set of transformative options for fiscal sustainability and service excellence.

Estimated Cost Savings and Revenue Generation Identified: In total, the options identified represent an estimated **\$530 million - \$1.396 billion** in potential cost savings and revenue generation. These figures include options for immediate relief and long-term structural reform.

Cost Reduction and Revenue Enhancement Opportunities: These workstreams focused on identifying potential areas for savings and efficiency gains, as well as certain opportunities for revenue generation:

1. **Special Events Cost Recovery:** Implementing actionable measures to recover millions in previously unreimbursed expenses related to special events could create a better balance so event organizers and City partners share financial responsibility.
2. **Fleet Services:** Modernizing fleet operations presents opportunities to potentially save between \$16.5 million and \$30.9 million through improvements in efficiency and cost management.
3. **Real Estate Strategy:** A 10-year plan for office consolidation, land sales, leased properties and leasing processes, and policy reforms could deliver up to \$202 million in financial impact.

4. **Fees and Fines Analysis:** An analysis of 35 categories of fees and fines led to potential options that could generate up to \$74 million in new annual revenue, while still promoting fairness.
5. **Employee Benefits Analysis:** Potential adjustments to health and OPEB benefits, including employee contributions, plan design, and pharmacy management could yield up to \$103 million in annual savings.
6. **Procurement:** Strategic sourcing and procurement reforms could yield up to \$111 million in savings by optimizing purchasing processes and leveraging leading practices.

Budgeting and Service Delivery Improvement Opportunities: These workstreams sought to identify options to improve service delivery and resource allocation while maintaining a focus on cost reduction:

7. **Organizational Analysis:** Eleven primary cost-saving opportunities were identified, including optimizing managerial spans of control, consolidating overlapping divisions, and centralizing back-office functions—potentially saving up to \$257 million annually.
8. **Performance-Based Budgeting:** Designing a path toward performance-based budgeting, with the goal for aligning resources with the City’s strategic priorities and enhancing transparency.
9. **Service Optimization:** Modernizing public safety operations through potential civilianization, reforms to fee structures, and the adoption of new technologies, could result in greater efficiency and cost savings for the City.

Focus Area	Total Cost Savings or Revenue Generation (low-high estimate) (\$M)
1. Special Events Cost Recovery	\$21
2. Fleet Services	\$17 - \$31
3. Real Estate	\$157 - \$202
4. Fees and Fines Analysis	\$20 - \$74
5. Employee Benefits Analysis	\$80 - \$103
6. Procurement	\$55 - \$111
7. Organizational Analysis	\$148 - \$257
8. Performance Budgeting	TBD
9. Service Optimization	\$33 - \$597
TOTAL	\$530 - \$1,396

The potential options identified reflect a targeted approach that recognizes the interconnected nature of Chicago’s operations, finances, and community needs. These options offer a range of coordinated strategies across departments and policy areas, empowering City leaders to select and sequence actions that best fit Chicago’s unique context and priorities. In this pivotal moment, these options are designed to support informed decision-making, foster collaboration, and enable the City to navigate fiscal challenges while laying the groundwork for a more resilient, efficient, and equitable future for all Chicagoans.

Workstream #1: Special Events Cost Recovery

The City hosts numerous “special events”, ranging from small events such as block parties, 5k runs, and farmer’s markets, to marquee events such as NASCAR, the Chicago Marathon, and Lollapalooza. These special events are central to the City’s cultural vibrancy and economic vitality, bringing the citizens of the City together, fostering community building, raising funds for important causes, and promoting local businesses. However, special events also utilize a significant amount of City resources. In 2024, the City incurred at least \$32.3 million in direct costs supporting special events, yet recovered only \$7.4 million, leaving a substantial gap between expenditures and cost recovery. Given the City’s \$1.15 billion preliminary fiscal deficit forecast for 2026, an assessment of the primary costs incurred by the City in support of special events was undertaken to help identify opportunities for the City to recover additional costs.

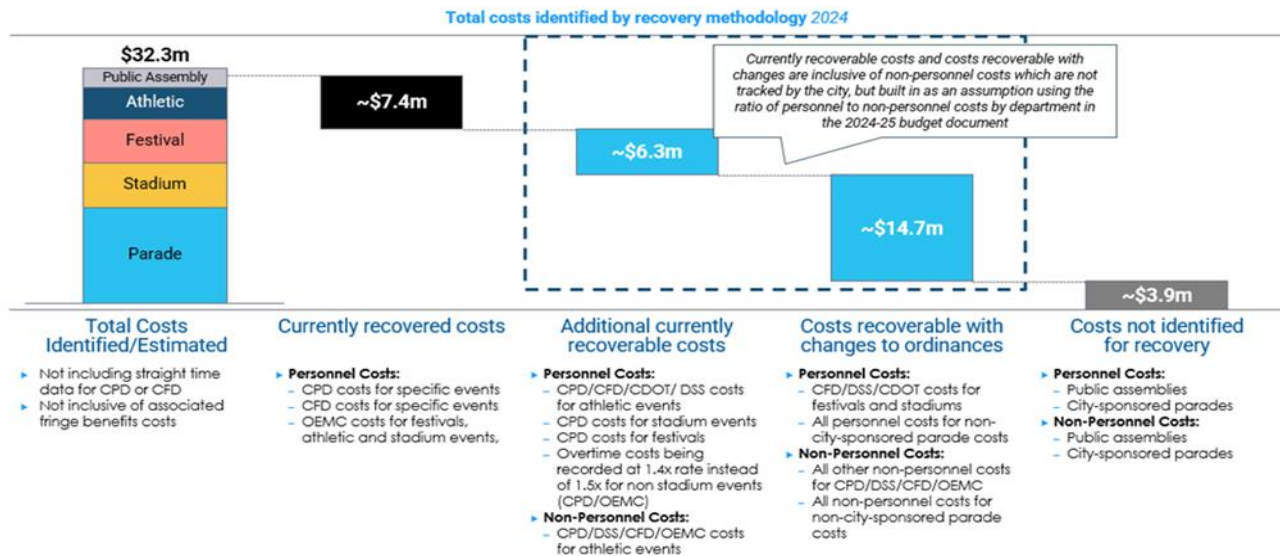
Special events require the involvement of numerous departments such as, the Department of Cultural Affairs and Special Events (“DCASE”), the Police Department (“CPD”), Fire Department (“CFD”), Department of Streets and Sanitation (“DSS”), Transportation Department (“CDOT”), and Office of Emergency Management and Communications (“OEMC”). These departments provide “Special City Services” as defined in the Municipal Code of Chicago (“MCC”), which are services related to street closures; provisions of barricades, garbage cans, stages or special no parking signs; special electrical services; or special police protection (“Special City Services”). They are also involved with reviewing the event plan, issuing the appropriate permits, providing fire suppression, and supplying emergency medical services. In addition, detailed interviews were also conducted with Public Safety Administration (“OPSA”), Finance (“DOF”), Law (“DOL”), and the Chicago Park District (“Parks”) to understand the end-to-end process overview.

The assessment of Chicago’s special events process revealed several opportunities to improve fiscal sustainability and operational efficiency. Benchmarking against peer cities such as Seattle, Dallas, Atlanta, New Orleans, New York, and Los Angeles (“Peer Cities”) highlighted that Chicago lags in areas like cost recovery for parades, permit timelines, fee structures, and the inclusion of Fire/EMS services in billing. The analysis identified that, even without changing current ordinances, the City could have recovered an additional \$6.3 million in 2024. With targeted ordinance updates and adoption of leading practices, cost recovery could increase by a further \$14.7 million.

Key recommendations include expanding personnel and non-personnel cost recovery, updating and tiering fee structures, harmonizing and simplifying ordinance language, digitizing and centralizing permitting processes, and enhancing interdepartmental data sharing and coordination. By implementing such reforms, Chicago should be able to better balance the benefits of its special events with the fiscal realities of city operations, enabling these community celebrations remain sustainable for years to come.

Summary Findings

Figure 1: Total Identified Costs by Recovery Methodology (2024)



In total, the City is estimated to have incurred at least ~\$32.3m¹ on special events in 2024 across CPD, CFD, DSS, CDOT, and OEMC, and recovered ~\$7.4m. It is estimated that the City could have recovered an additional ~\$6.3m of costs incurred in 2024, without having to change any City ordinances, and could recover a further ~\$14.7m with the expansion of City ordinances in line with some of its Peer Cities.

Table 1: Recovered and Incurred Costs by Event Type

	Parade	Independent Farmer's Market	Athletic Event	Public Assembly	Outdoor Special Event	Film Production	Qualifying Stadium
Current state							
# events ²	29	13	118	N/A	513	1,647	83
\$ incurred	\$13.2m	Untracked	\$4.5m	\$2.6m	\$6.0m	Untracked	\$6.0m
\$ recovered	\$0	Untracked	\$2.7m	\$0	\$2.4m	Untracked	\$2.3m
Potential additional cost recoveries							
\$ without ordinance change	\$0	Untracked	\$1.7m	\$0	\$2.1m	Untracked	\$2.5m
\$ with ordinance change	\$11.9m	Untracked	N/A	N/A	\$1.5m	Untracked	\$1.3m

¹ Estimate is believed to represent the low end of costs incurred as only overtime personnel costs are currently being tracked, and estimates do not consider regular personnel time or administrative efforts required to support the events.

² The # of Events includes venues such as Wrigley Field and United Center, each of which count as only one event for City's cost tracking purposes.

Source: City of Chicago; for all other sources, see Appendix.

Peer Cities were selected based on a combination of demographic, economic, and geographic similarities to Chicago, while also considering specific leading practices for cost recovery that a particular city may have as it relates to Special Events.

Overall, Chicago has improvement opportunities relative to many of the Peer Cities across a number of categories, including 1) Parades, 2) Permit Timelines, 3) Permit Fees, 4) Tiered Fee Structure, and 4) Street Closure Fees.

Figure 2: Peer Cities Cost Recovery Leading Practices

 Applies best practice  Not observed	Chicago	LA	NYC	Dallas	Atlanta	New Orleans	Seattle
Recover costs for parades							
60-day permit timeline							
Tiered processing fee based on attendance							
Tiered street closure fee							
Cost recovery language in ordinance for EMS & Fire							
Requires upfront payment							
Events on the public way can charge an entrance fee							

Source: City of Chicago; for all other sources, see Appendix.

Considerations regarding benchmarking conducted:

- Excludes parades designated as being protected under specific conditions or officially sponsored by the cities
- Permit timelines for Dallas range from 30-120 days based on street closures; Atlanta requires event planners to submit 90 days prior for Outdoor Special Events and Film; all other events are 30 days
- Street closure criteria amongst Peer Cities vary, but tiered criteria means any Peer City that takes into consideration footprint impact, expected # of attendees, or scale of city resources required

Cost Recovery Options

To close the cost recovery gap and align with national leading practices, the City could consider the following options:

- **Recover CPD personnel costs for festivals, athletic, and stadium events**

Under current MCC ordinance, CPD is allowed to recover costs for traffic management services in excess of 12 shifts for festivals, allowed to recover all costs related to athletic events in full, and allowed to bill stadium events at 140% of the regular rate.

Option: CPD could seek to recover these allowable costs as they are not currently doing so.

- **Recover full overtime rate (150% vs. 140%) rate where applicable**

Where overtime costs incurred are charged out, it is currently tracked and billed out at 140% the regular rate, even though this metric is defined only for Qualifying Stadium events. Overtime costs incurred by any department should be recovered at the full 150% rate typically incurred.

Option: Outside of stadium events, costs should be recovered at the appropriate overtime rate.

- **Recover personnel and non-personnel costs for athletic events**

Non-personnel costs for athletic events (such as barriers, gates, etc.) can be recoverable by Ordinance at the CDOT Commissioner's discretion. CDOT has indicated that while it is willing to pursue cost recovery it has been expecting that the individual departments that incur the cost would inform CDOT that it would like to bill for it. As the departments have not been doing so, CDOT has not been pursuing cost recovery.

Option: Departments that incur cost related to Athletic Events should compile their costs and formally submit to CDOT and DOF to pursue cost recovery.

- **Recover other personnel costs**

Peer Cities in general recover personnel costs across multiple special event categories and have wording in their respective ordinances that are more inclusive and cover a wider range of costs incurred. Given the amount of coordination required and cost incurred by various City departments in supporting special events, these costs could be billed and recovered. Cost recovery by the City currently focuses on traffic management costs for OEMC and CPD for stadium events, but not for other services CPD provides nor the services provided by the Department of Fleet and Facility Management ("2FM") or DSS. CFD also incurs significant costs across a variety of special event types but are notably excluded from specific cost recovery language.

Option: Amend Ordinances to allow for additional personnel cost recovery across CPD/CFD/DSS/CDOT.

- **Recover other non-personnel costs**

Cost recovery should also encompass the cost of equipment being utilized in providing services for special events. These costs could be recovered in line with language from Peer Cities.

Option: Amend Ordinances to allow for additional non-personnel cost recovery across all departments.

- **Recover costs for non-city-sponsored parades**

Parades are the single largest unrecovered cost category of special events for the City. Peer Cities such as New York, New Orleans, and Los Angeles have cost recovery language for certain types of parades and Chicago could potentially recover up to \$11.9m in costs based on a similar approach.

Option: Amend Ordinances to allow for cost recovery from parades that are not city-sponsored.

- **Fire/EMS services**

Fire/EMS services are not broadly included for cost recovery by the City (with the exception of Athletic events and Film permits, neither of which historically have been consistently billed for).

Option: Include Fire/EMS services as recoverable costs similar to the structure in Dallas, which invoices event organizers after the event for all on-duty fire-rescue personnel and vehicles; payment due within 15 business days.

- **Simplify, harmonize, and improve ordinance language**

Ordinances already in place are not widely understood and not always optimized – where recovery language is discretionary it appears that these costs typically do not get recovered.

Option: Harmonize and simplify language among current ordinances. Consider opportunities to centralize special event ordinances and prepare a concise fee schedule. Consider expanding up front cost recovery already in place for Outdoor Special Events, both in scope of events, and in recoverable costs (not just traffic). The City should utilize a cost calculator to estimate the appropriate amount of costs to be charged up front to an event organizer, with a post event true up for actual costs incurred. Consider removing “in excess of 12 shifts” language as it is subject to estimation.

Other Best Practice Options

Beyond cost recovery, several process enhancements can improve efficiency, transparency, and stakeholder experience:

- **Permit approval timing**

Lead times for permit review and approval in Chicago are inconsistent, with timelines ranging from as little as 5-7 business days to 45-60 days depending on the event type. Peer Cities are much more consistent with providing a range of 30, 60, or 90 days, ensuring each city has adequate lead time to evaluate the permit request and prepare for the event.

Option: Establish a consistent permitting timeline like most Peer Cities.

- **Fee schedule review**

Fees related to special events in general have not been updated for several years and lag Peer Cities in certain categories.

Option: Establish 5-year cadence for fee review and benchmarking against Peer Cities.

- **Fee structure**

Chicago's Special Events Fees are typically fixed and are not scaled based on expected impact on City services.

Option: Establish a tiered fee system like Atlanta and Dallas – which could be based on estimated attendees, stratifying the City map into low, medium, high density, etc.

Process Related Options

Several potential process improvements were identified that may provide benefits to various stakeholders in the special events process. The perceived monetary benefit of these process improvements has not been quantified nor estimated.

- **Aggregate bill collection**

If an event incurs multiple types of city services over an extended period of time, DOF sends out the bills as they are entered into the system, resulting in an event organizer potentially receiving many individual bills for the same event. Departments have reported this leading to some instances of confusion when the event planner receives a second bill and thinks that they have paid.

Option: One consolidated final bill should be sent by DOF to the event organizer.

- **Formal sign-off on stadium events**

According to MCC 4-156-480 (B), no later than 30 days before an event is to be held in a major stadium, conference or exhibition facility, the business entity benefiting from traffic management services shall notify the superintendent of police and the executive director of emergency management and communications of the date, time and nature of the event, and the teams or other entities participating in the event.

In practice, this is not formalized and not recorded, resulting in anecdotal reporting of instances where last minute changes to an event may conflict with other events occurring in the City.

Option: OEMC and CPD formalize stadium event practice sign-off and maintain a log of events once discussed to comply with current ordinance.

- **Provide DCASE with periodic reporting from Financial Management Purchasing System ("FMPS")**

DCASE does not have access to FMPS and cannot check whether an event organizer has unpaid fees. It relies on other departments to flag to DCASE that a new permit should not be issued until unpaid fees are cleared.

Option: Provide DCASE with specific reporting on unpaid event fees from FMPS on a regular schedule (e.g. weekly), so that the permitting process is an end-to-end closed loop. DCASE is the primary special event permit issuer and should be able to double-check for outstanding fees before issuing the permit.

- **Centralize data gathering function**

The City lacks a consistent data source or agreed upon attributes for special event costs incurred and recovered. Each individual department maintains its own log of costs incurred by event, but naming conventions may differ, leading to varying levels of accuracy and depth.

Option: a unique event ID # should be generated by DCASE at the time of permit issuance, so that each department knows exactly which event is which, and costs can be referenced and tracked to that specific event.

- **Digitize parade and public assembly permit application process**

DCASE currently has an online portal for its permitting process and permits all event types with the exception of parades and public assembly. Permits for those two event types are still done on a paper application basis through CDOT.

Option: Move permit process for parade and public assembly into the online DCASE portal.

- **Create shared master digital calendar and adjust “deconfliction” meetings**

Each permitting entity and/or event venue currently maintains its own calendar. There is no single shared master calendar to provide a clear overview of what events are happening at any given time.

The primary method for information sharing is a “deconfliction” meeting hosted by OEMC whereby representatives from each department, permitting entity and/or venue, share information on upcoming events. Calendars are individually maintained and as a result, there are sometimes instances where one party is not aware of another event happening at the same time.

Option: Build master calendar shared with all departments/permitting entities/venues that incur costs or approve event applications. Through the shared master calendar, there should be a process of collaborative checks and an affirmative approval button from all departments/permitting entities on the calendar to document stakeholder buy-in and decrease instances where a stakeholder is unaware of an event.

- **Formalize bill collection escalation process**

There currently is no process by which unpaid bills are referred to DOL for escalated collection procedures. DOL relies on other departments to flag to them when bills have been unpaid for an extended period of time and may require legal assistance in collection.

Option: Establishing a communication protocol between DOF and DOL to regularly escalate unpaid bills within FMPS for DOL to pursue, if necessary, may be beneficial.

- **Intergovernmental agreement with Parks and other “sister agencies”**

Parks and other “sister agencies” may host events which do not involve the City’s permitting process. This may lead to instances where the City is unaware of events happening in a timely manner, resulting in City resources being stretched to accommodate multiple overlapping events.

Option: Enter into intergovernmental agreements for intentionally structured communication, increasing lead time for police staffing and other planning activities. Additionally, if the creation of a unique ID for each special event could be harmonized across the City and its relevant sister agencies, this could further enhance cost tracking and recovery.

- **Move CDOT permit applications to DCASE's purview**

CDOT is currently responsible for permitting events that impact the public right of way, such as Parades, Public Assemblies, and Athletic Events. DCASE's permitting portal currently allows for DCASE to issue Athletic Event permits, even though it sits within the jurisdiction of CDOT. The permitting portal was initially created to be a one-stop shop for City permits.

Option: Allow for DCASE to additionally permit all Parades and Public Assemblies. An amendment to MCC would be required to facilitate this but based on preliminary discussions with DOL there are no obvious legal reasons this could not occur.

Special events are integral to Chicago's civic and cultural life, but they also represent a significant fiscal and operational commitment. By adopting leading practices from peer cities, modernizing ordinances, and investing in process improvements, Chicago can enhance cost recovery, improve service delivery, and support the long-term sustainability of its special events program. The path forward includes ordinance reform, technology upgrades, interdepartmental coordination, and a renewed focus on transparency and accountability. These steps should help the City continue to celebrate its vibrant community while safeguarding its financial future.

Relevant sections of MCC

Section #	Description
4-156-480	Traffic management for qualifying stadium events
10-8-330	Parade
10-8-331	Independent farmers markets
10-8-332	Athletic event
10-8-334	Public assembly
10-8-335	Outdoor special events
10-8-337	Film production permit
10-28-017	Public way use - fees

Source: City of Chicago; for all other sources, see Appendix.

Workstream #2: Fleet Services

The City of Chicago operates one of the largest municipal fleets in the country, with over 15,000 assets supporting 36 departments and a total FY25 fleet budget of approximately \$145 million. Recognizing the critical role that fleet services play in public safety, infrastructure, and daily operations, a fleet assessment was completed to evaluate the City's efficiency, cost-effectiveness, and lifecycle management of its fleet.

The assessment encompassed an analysis of the City's fleet management practices, including organizational structure, governance, maintenance and repair workflows, asset utilization, acquisition and replacement strategies, fuel management, vehicle disposal, commissioning, standards and specifications, performance management, technology, and parts management. The process involved interviews with more than 15 key stakeholders from 2FM, the OBM, and using departments, as well as the analysis of 92 fleet data files covering master data, operations, maintenance, and total cost of ownership.

A maturity capability assessment and peer benchmarking exercise were conducted to compare Chicago's fleet performance against public-sector and industry standards. The benchmarking focused on a subset of approximately 5,000 light and medium-duty vehicles, providing a clear view of performance gaps and areas for operational enhancement.

Summary Options

A detailed business case and implementation roadmap was developed with a focus on priority, high value opportunities projected to generate \$16.5 million to \$30.9 million worth of potential value to the City. Additional initiatives were also identified that, once implemented together with the high value opportunities, could realize even more significant improvement in the City's fleet management.

Priority improvement opportunities include:

- Establishing utilization targets and tracking mechanism by using departments to drive optimization of fleet composition, which may yield \$2.9 million to \$5.8 million of potential savings through fleet right sizing and expanded pooling.
- Accelerating the disposition process of inactive / long-hold vehicles and exploring managed service options to expand resale market reach, helping to unlock a one-time \$4.4 million to \$6.4 million benefit.
- Re-calibrating mechanic/vehicle staffing levels and assignments via Maintenance & Repair Units (MRU) analysis, expanding repairs and maintenance (R&M) shifts and seasonal flex working hours, developing more comprehensive mechanic productivity metrics, improving preventative maintenance compliance and establishing a more cohesive insource vs outsource R&M strategy, which may result in a \$5.1 million to \$10.2 million saving.
- Optimizing the warranty recovery process and expanding the warranty claims team to help unlock \$2.2 million to \$4.4 million in savings.
- Establishing a more data driven replacement / acquisition process to more strategically and proactively modernize the City's aging fleet, which may result in a \$2.2 million to \$4.4 million savings.

- Creating an exceptions management process for acquisitions with non-standard specifications can help unlock additional potential savings of \$0.2 million to \$0.4 million.

	Opportunity	Savings (Low)	Savings (High)
		\$M	\$M
1	Establish Fleet Utilization Metrics	\$2.9	\$5.8
2	Accelerate Disposition Process	\$4.4	\$6.4
3	Repair & Maintenance Optimization	\$5.1	\$10.2
4	Expanded Warranty Recovery	\$1.7	\$3.7
5	Lifecycle Modeling / Replacement Strategy	\$2.2	\$4.4
6	Improved Acquisition Standard Specifications	\$0.2	\$0.4
TOTAL		\$16.5	\$30.9

Scope & Approach

The current state assessment included stakeholder interviews and data analysis to create a foundational understanding of the City's current fleet operations, enabling the identification of preliminary improvement opportunities across fleet operational areas. This included evaluating:

- **Organizational Structure** - Evaluated governance, reporting lines, and functional alignment within fleet operations
- **Fleet Strategy** - Assessed the presence and execution of long-term strategic direction and planning for fleet lifecycle management
- **Maintenance & Repair** – Assessed maintenance workflows, preventive maintenance programs, and repair turnaround times
- **Fleet Utilization** - Analyzed vehicle usage data to identify underutilization and potential for rightsizing the fleet
- **Fleet Acquisition/Replacement** - Analyzed procurement processes, replacement planning, and alignment with operational needs
- **Fuel Management** - Assessed fuel tracking, consumption trends, and department cost controls
- **Disposal** - Evaluated end-of-life vehicle practices, including retirement timelines and resale values
- **Commissioning / In-service** - Assessed onboarding processes for new fleet assets and readiness for deployment
- **Standards & Specifications** - Analyzed consistency and appropriateness of vehicle specifications and procurement standards

- **Fleet Performance Management** - Evaluated the use of KPIs, dashboards, and reporting mechanisms to monitor fleet effectiveness
- **Fleet Technology** - Assessed the technology landscape supporting fleet operations, including telematics and fleet asset management systems
- **Parts Management** - Analyzed parts procurement, inventory management, and turnaround times affecting repair cycles

Fleet Benchmark Analysis

A benchmarking analysis of fleet key performance indicators (KPIs) was conducted, comparing the City's fleet performance against both public-sector and industry-wide standards. This evaluation identified performance gaps and areas for operational enhancement. Benchmarking was conducted for a subset of 2FM data (~5K light/medium duty vehicles, excluding heavy duty/specialized assets).

Miles Driven: Chicago's light/medium vehicles average only 7,000 miles per year, far below the government fleet average of 33,400 miles and the private sector average of 24,500 miles. This underutilization is compounded by the absence of robust utilization monitoring and department-level charge-back mechanisms. As a result, it likely limits effective tracking of vehicle usage, indicating excess vehicle capacity.

Cost per Mile (CPM): The City's reported CPM (total fixed + variable fleet cost / by miles driven) is **\$1.27**, significantly higher than the industry average of **\$0.24** and the government fleet average of **\$0.27**. This elevated CPM, paired with miles driven, indicates inefficiencies in both asset utilization and maintenance practices. It also indicates low vehicle utilization and potentially higher R&M costs.

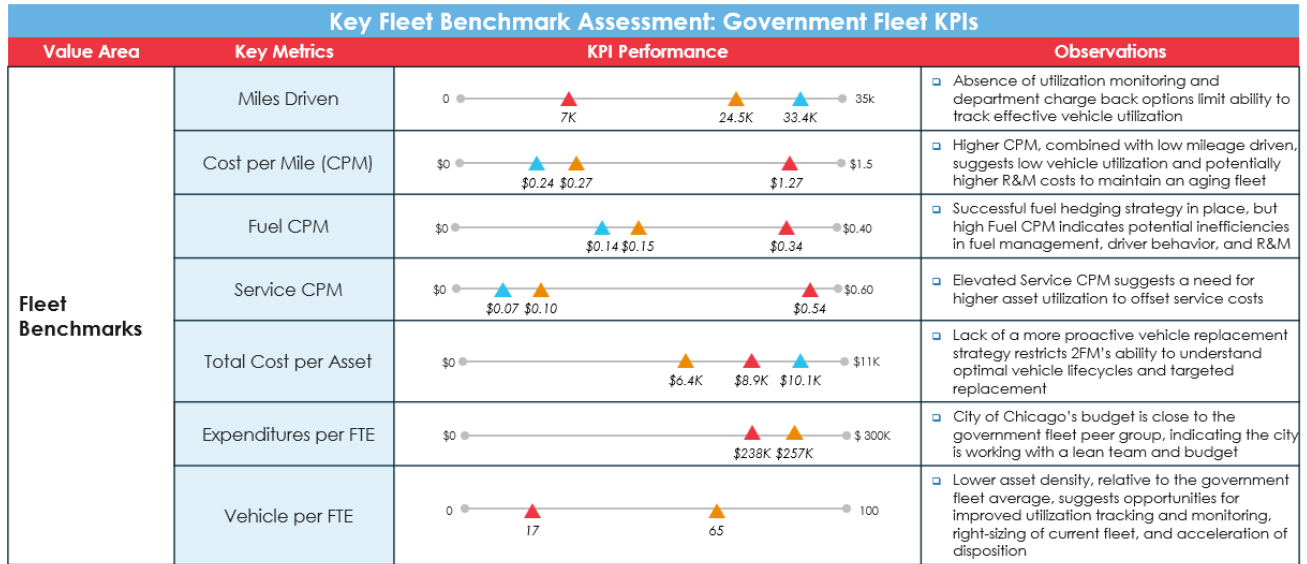
Fuel CPM: The City has a fuel CPM of **\$0.34**, significantly higher than the industry average of **\$0.14** and the government fleet average of **\$0.15** indicating potential inefficiencies in fuel management, driver behavior and route optimization, despite a successful fuel hedging process with third party Ameresco.

Service CPM: The City's service CPM is reported at **\$0.54**, which is much higher than the industry average of **\$0.07** and the government fleet average of **\$0.10**. This discrepancy points to a need for higher asset utilization relative to service costs.

Total Cost per Asset: The total cost per asset is **\$8.9K**, below the industry average of **\$10.1K** but higher than the government fleet average of **\$6.4K**. The absence of a proactive vehicle replacement strategy hinders the City's optimal vehicle lifecycle, suggesting a need for more timely replacements.

Expenditures per Full-Time Equivalent (FTE): The City's fleet expenditures per FTE are **\$238K**, aligning closely with the government fleet average of **\$256K**. This indicates a lean operation, but further analysis is necessary to help achieve optimal resource allocation.

Vehicles per FTE: The City operates **17 vehicles per FTE**, much lower than the industry average of **65 vehicles per FTE**, suggesting excess fleet capacity and opportunities for right-sizing. This asset density suggests opportunities for improved utilization tracking and monitoring, right-sizing of current fleet, and disposition acceleration.



1. Fleetio, 2025 Fleet Cost per Mile & TCO: Government Fleets
 2. Fleetio, 2025 Benchmarking Report
 3. APWA, Public Works Benchmark: Fleet
 4. CoFC Data: 7,030 5288 assets averaged. Subset of 2FM data, excluded outliers and certain types of nonmoving fleet



Priority Improvement Opportunities

Multiple initiatives were identified during the assessment, and a selection of high-impact initiatives were further analyzed with savings from the same quantified, hereafter named 'opportunities'. **It is vital to understand that all initiatives should be viewed as a cohesive package together, as the total estimated value can only be achieved through holistic implementation.** The interdependence of these initiatives means that the successful execution of some will enhance the effectiveness of others.

The following table identifies the opportunities based on the estimated benefit/level of effort grouped into 6 buckets for cost savings in fleet management. **The total estimated savings range is \$16.5M (low) to \$30.9M (high).** Detail relating to each 'Initiative ID' below can be found in the 'Identified Initiatives and Descriptions' section.

Opportunity	Initiative ID	Savings Potential	Assumptions
Establish Fleet Utilization Metrics - Develop utilization targets and tracking mechanisms. - Enable fleet right sizing and increased pooling / flex fleet	PM1 PM2 OT5 OS3 OT7	\$2.9M to \$5.8M	- Estimated savings represent 2% - 4% of addressable spend and reflect fleet right-sizing opportunities, reduced R&M spend, expanded vehicle pooling, and reduced future acquisitions - Projected savings range represents an estimate driven by peer benchmarks and data analysis indicating low levels of asset utilization

Opportunity	Initiative ID	Savings Potential	Assumptions
• Critical enabler for improved governance and lifecycle management			• High range savings dependent upon additional resources – estimated 5 vehicle coordinator FTEs
Accelerate Disposition Process • Outsource disposition to a managed service provider • Engage third-party brokerages • Streamline disposition for inactive vehicles	OT1	\$4.4M to \$6.4M	• Estimate based on ~700 long-hold vehicles (approx. 33% of current long-hold population) + 1,889 owned vehicles currently flagged for disposition multiplied by the weighted avg. sales proceeds from prior Department of Procurement Services “(DPS)” auctions (\$1,769 per vehicle) • Higher end (\$) reflects increased resale value minus commissions and fees from expanded resale market access through third-party brokers
Repair & Maintenance Optimization • Conduct MRU analysis • Implement mechanic productivity KPIs • Prioritize proactive and scheduled maintenance • Optimize service provider mix for cost-effectiveness • Develop overall strategy for R&M insource vs outsource	RM1 RM2 RM3 RM4 OT3	\$5.1M to \$10.2M	• Initial implementation costs may increase R&M spend in year 1 (i.e., increased mechanic hiring and projected operational hours, increased preventative maintenance, adjustments to garage / bay assignments) before realizing full recurring estimated saving • Sequencing and dependencies critical to unlocking the full estimated benefit: 1- MRU analysis, 2 – staggered shift, 3 – mechanic productivity KPIs, 4 – proactive PM scheduling, 5 – insource vs. outsource R&M strategy • 5% - 10% estimated saving in R&M spend based on reduced overtime, outsourcing costs, labor hours / mechanic productivity and unplanned maintenance
Expanded Warranty Recovery • Expand warranty recovery functions • Enhance warranty processes for all vehicle types	OS1	\$1.7M to \$3.7M	• Estimated savings represent 2% - 4% of overall parts and labor spend based on expanded warranty recovery team, engaging third-party support minus commissions and fees, and expanded R&M warranty certifications • Savings exclude the current warranty recovery of ~\$300k/yr.

Opportunity	Initiative ID	Savings Potential	Assumptions
• Broaden repair and maintenance certifications.			• Savings dependent upon additional resources – estimated 2 additional analyst FTEs needed
Lifecycle Modelling / Replacement Strategy • Optimize asset replacement schedules • Monitor fleet age and utilization. • Formalize asset class specifications.	OT4	\$2.2M to \$4.4M	• Proper lifecycle modelling could reduce overall costs and drive value recovery for all additional opportunities (reduce R&M costs, aid acquisition and disposition decisions, inform replacement strategy) • Estimated savings based on fleet total cost of ownership model and the results of modelling the optimal lifecycle of 3 asset sub-classes (largest current sub-classes by volume), which was then extrapolated across the entire fleet
Improved Acquisition Standard Specifications • Implement rigorous exceptions management processes. • Standardize asset class specifications.	OT6	\$0.2M to \$0.4M	• Projected savings resulting from analysis of acquisition cost disparities of identical vehicles (vehicles with the same make/model/model year, using department, function, and in-service date)
Total Estimated Savings		\$16.5M - \$30.9M	

Projected Costs to Implement

Implementation costs include additional FTE's, a technology system integration and external support at an estimated one-time cost of \$3.2 million to \$4.2 million and an annual recurring cost of \$1.05 million. These investments are expected to be offset by the substantial recurring and one-time savings identified.

Identified Initiatives and Descriptions

A total of 20 initiatives were identified for improvement categorized into four primary areas: **Fleet Organization & Strategy**, **Repairs & Maintenance**, **Fleet Operations & Technology**, and **Fleet Performance Maintenance**. 14 of these initiatives were discussed in the priority section above (and are indicated below with a red star ★). Each initiative is assigned a unique ID, a description, and a timeline indicating its priority or implementation phase.

1. Fleet Organization & Strategy

This section focuses on optimizing procurement, budgeting, and vendor/supplier base while enhancing operational models and sustainability strategies. Key opportunities include:

Initiative ID	Description	Timeline
OS1 ★	Warranty Recovery Improvement: Expanding warranty recovery capabilities by enhancing reporting and certifications.	NOW
OS2	Diversify Parts Suppliers: Expanding the parts supplier base to reduce costs and enhance supply chain resilience.	NOW
OS3 ★	Operating Model Enhancements: Optimizing roles and processes to improve efficiency and reduce downtime.	NEXT
OS4	Fleet Procurement Optimization: Streamlining the onboarding of contracted service providers to reduce bottlenecks; explore consolidating to an MSP	NEXT
OS5	Clearinghouse Budget: De-centralizing fleet-related expenses to using departments to improve transparency and accountability.	NEXT
OS6	Fleet Management Enhancement and EV Strategy: Developing a strategy to balance cost, environmental impact, and EV funding opportunities.	BEYOND

2. Repairs & Maintenance

This section addresses workforce strategies, labor allocation, and training to improve R&M operations. Key initiatives include:

Initiative ID	Description	Timeline
RM1 ★	Workforce Distribution (MRU) and Vehicle/Using Department Assignments: Analyzing staffing needs based on service demand to optimize mechanic labor distribution.	NOW
RM2 ★	Multi-Shift / Seasonal Flex Labor: Implementing flexible labor strategies to address shortages and seasonal demand.	NOW
RM3 ★	R&M Workforce Training & Upskilling: Providing certifications and mentorship to enhance workforce productivity.	NEXT
RM4 ★	Insource vs. Outsource Strategy: Balancing in-house and outsourced R&M for cost-effectiveness and service quality.	BEYOND

3. Fleet Operations & Technology

This section focuses on leveraging technology and data-driven strategies to improve fleet operations. Key initiatives include:

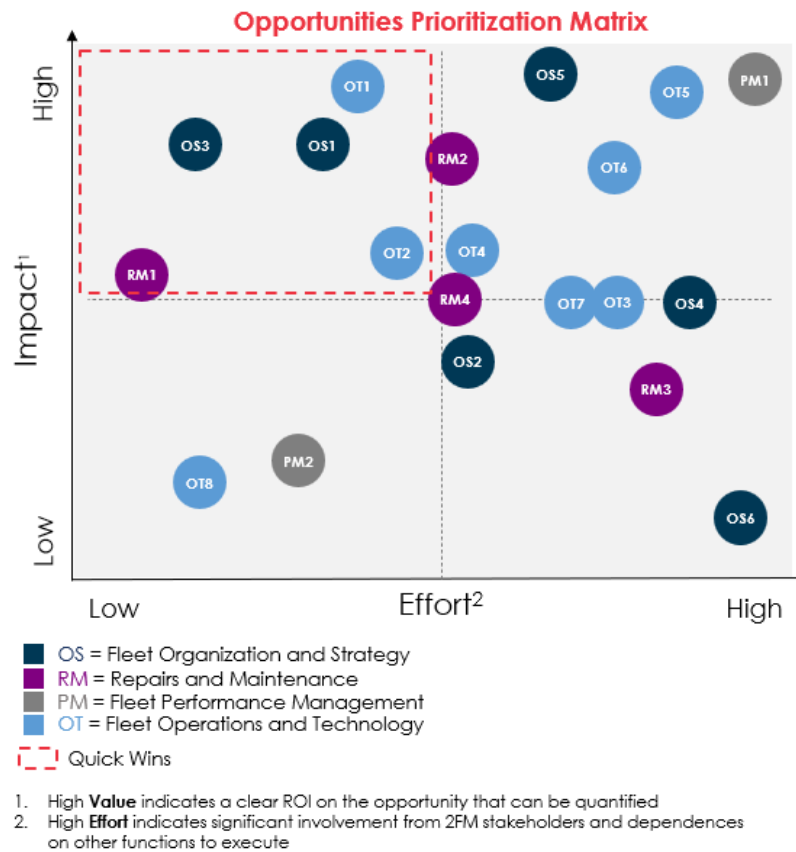
Initiative ID	Description	Timeline
OT1 ★	Vehicle Disposition Acceleration: Accelerating disposition process for assets currently flagged for disposal, potentially outsourcing the decommissioning and resale processes to third parties.	NOW
OT2	Detailed Disposition Framework and Metrics: Formalizing vehicle inspection processes to guide replacement decisions; establish forward-looking disposition targets using historical data.	NOW
OT3 ★	Mechanic Productivity KPIs & Reporting: Establishing KPIs for real-time insights into mechanic productivity and decision-making.	NEXT
OT4 ★	Acquisition/Replacement Strategy: Developing strategies for data-driven fleet acquisitions; explore potential cooperative purchasing agreements with other municipalities	NEXT
OT5 ★	Fleet Right-Sizing Strategy: Leveraging fleet utilization data to optimize existing fleet size, as well as future acquisitions.	NEXT
OT6 ★	Asset Standardization Initiative: Standardizing fleet acquisitions to reduce costs; introduce exception management process for non-standard specifications.	NEXT
OT7 ★	GPS/EAM Integration and LD Acquisition Process: Integrating GPS with asset management system to improve utilization monitoring; develop more automated acquisition process for light-duty fleet vehicles.	NEXT
OT8	Fuel Management Optimization: Implement automated fuel management process for fuel tankers	BEYOND

4. Fleet Performance Maintenance

This section emphasizes improving asset utilization and pooling strategies to enhance fleet performance. Key initiatives include:

Initiative ID	Description	Timeline
PM1 ★	Fleet Utilization: Setting utilization targets to guide acquisitions, fleet right-sizing, dispositions, and R&M scheduling.	NOW
PM2 ★	Vehicle Pooling Strategies: Implementing pooling policies to improve utilization and chargeback processes.	NEXT

Prioritized Opportunity Matrix



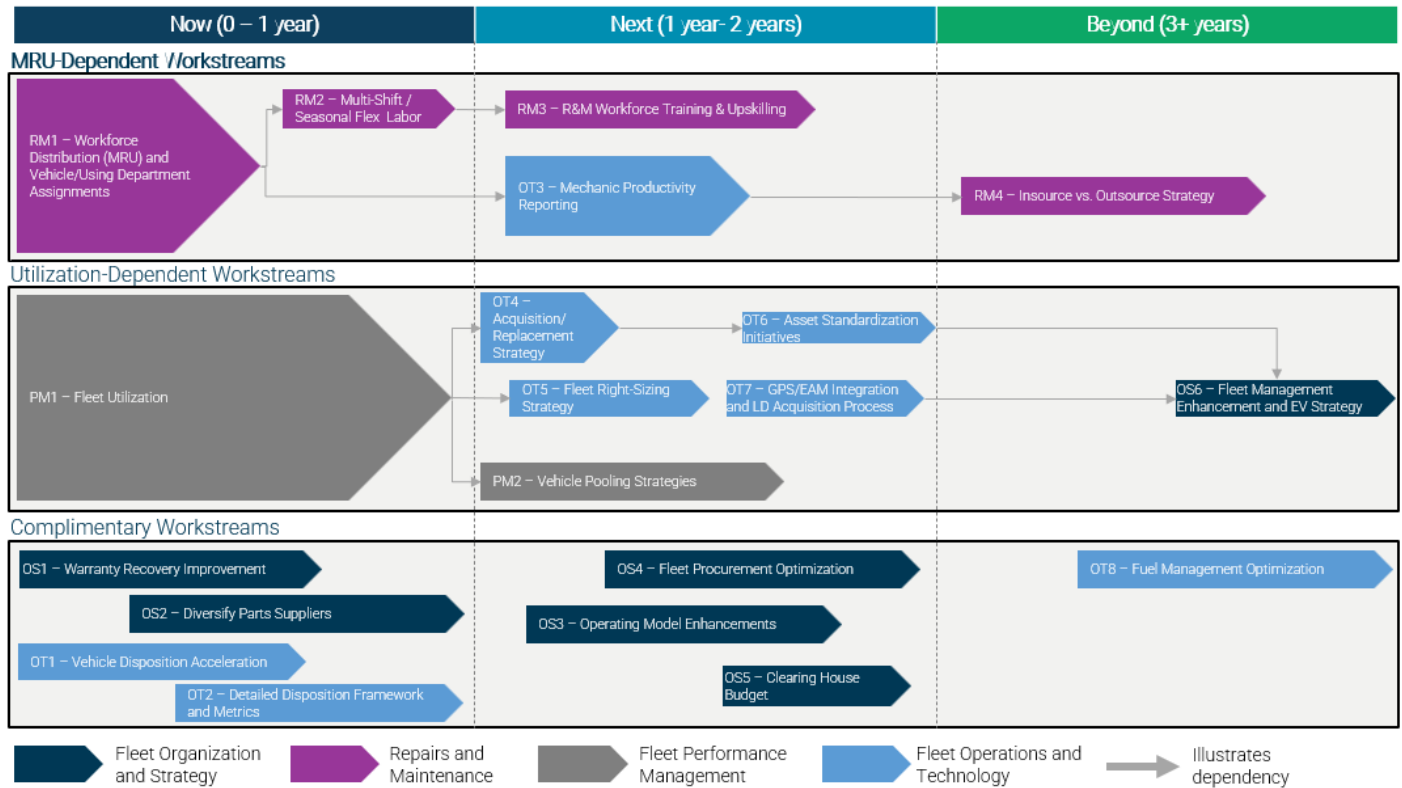
Prioritization Framework: Initiatives were evaluated using a matrix based on two dimensions:

- **Estimated Impact:** Factors such as cost savings, service improvement, and risk reduction.
- **Level of Effort / Investment:** Complexity, time, and resources required for implementation.

The matrix categorizes the **20 identified initiatives** based on their **impact** (vertical axis) and **effort** (horizontal axis), facilitating visual prioritization of high-value, actionable initiatives within the 2FM.

Strategic Roadmap for Fleet Management

The following roadmap includes considerations for timing, dependencies and sequencing in the implementation of the improvement initiatives.



Key enablers for successful implementation include:

Data-Driven Decision Making: Invest in telematics, fleet management systems, and analytics to support real-time monitoring, utilization tracking, and performance management.

Workforce Development: Upskill mechanics and fleet staff, implement flexible labor strategies, and align staffing with service demand.

Governance and Accountability: Decentralize certain fleet-related expenses to using departments, improve transparency, and establish clear roles and responsibilities.

Sustainability and Innovation: Develop a balanced strategy for electrification and alternative fuel vehicles, leveraging funding opportunities and aligning with the City's sustainability goals.

Chicago's fleet services are at a pivotal juncture. By embracing a holistic, data-driven approach to fleet lifecycle management, the City can potentially unlock significant cost savings, optimize asset utilization, and enhance service delivery across all departments. The successful execution of these initiatives will require strong leadership, cross-departmental collaboration, investment in technology and workforce development, and a commitment to continuous improvement. With a clear roadmap and a focus on high-impact opportunities, Chicago has the potential to transform its fleet operations into a model of efficiency, sustainability, and fiscal stewardship.

Workstream #3: Real Estate

Chicago's real estate, land, and lease portfolio represents both a significant opportunity and a substantial cost driver for the City. With over 500 owned and leased properties totaling more than 21 million square feet as well as 10,400 vacant parcels, the City's real estate footprint is among the largest in the region. However, a detailed analysis reveals that this portfolio is characterized by some degree of underutilization and inefficiency. The following section outlines a potential approach to optimize the City's real estate, land, and lease holdings, with the dual goals of reducing costs and increasing revenues through targeted reforms in buildings, land, and policy. The analysis focused on identifying practical reforms designed to drive greater efficiency and broad-based financial benefits to the City.

By seeking space efficiencies and dispositions of buildings and land, coupled with improvements to policies and procedures, the analysis identified a preliminary 10-year financial impact ranging from \$157 million to \$202 million, with approximately \$30 million potentially realized in the first year. The ultimate value depends on the City's willingness to pursue significant office consolidation, land sales, and policy reforms. The options are grounded in scenario modeling, benchmarking against peer cities, and an assessment of leading practices in public sector real estate management. Tables 1 and 2, below, further detail the total potential financial impact.

Table 1: Summary of Potential Financial Impact: Low Range

(based on office portfolio reduction consistent with current policy expectations of four-days-per-week in-office work; see discussion of "Scenario 1: Optimizing Within the Current 4-Day Policy" in this document)

Estimates	PV (10 Years @ 5%)	Year 1	Year 2	Years 3- 10
Buildings				
Office: Net cost savings from consolidated office space	\$23.5m	-\$1.6m	-\$1.4m	\$34.9m
Office: Net revenue from selling vacated office buildings	\$16.3m	\$16.3m	\$0.0m	\$0.0m
Sub-total: Office Optimization	\$39.8m	\$14.7m	-\$1.4m	\$34.9m
Industrial and Other Buildings: Net revenue from sale of additional buildings in high-value markets	\$57.9m	\$7.7m	\$16.2m	\$37.3m
Riverwalk: Revenue from increased Riverwalk gross revenue share fees	\$13.3m	\$1.5m	\$1.5m	\$13.5m
Sub-total: All Building Initiatives (Office Optimization, Industrial/Other Sales, Riverwalk Revenue Increase)	\$111.0m	\$23.9m	\$16.3m	\$85.7m
Land				
Land: Net revenue from accelerated sales of large land dispositions	\$45.8m	\$5.6m	\$5.6m	\$45.2m
Total Estimated Financial Impact	\$156.8m	\$29.5m	\$21.9m	\$130.9m

Table 2: Summary of Potential Financial Impact: High Range

(based on office portfolio reduction with a future policy change to three-days-per-week in-office work; see discussion of "Scenario 2: Transforming With a New 3-Day Policy" in this document)

Estimates	PV (10 Years @ 5%)	Year 1	Year 2	Years 3-10
Buildings				
Office: Net cost savings from consolidated office space and increased hybrid work	\$55.5m	-\$1.0m	\$2.4m	\$70.8m
Office: Net revenue from selling vacated office buildings	\$29.1m	\$16.3m	\$9.6m	\$3.9m
Sub-total: Office Optimization	\$84.6m	\$15.3m	\$12.0m	\$74.7m
Industrial and Other Buildings: Net revenue from sale of additional buildings in high-value markets	\$57.9m	\$7.7m	\$16.2m	\$37.3m
Riverwalk: Revenue from increased Riverwalk gross revenue share fees	\$13.2m	\$1.5m	\$1.5m	\$13.5m
Sub-total: All Building Initiatives (Office Optimization, Industrial/Other Sales, Riverwalk Revenue Increase)	\$155.8m	\$24.5m	\$29.7m	\$125.5m
Land				
Land: Net revenue from accelerated sales of large land dispositions	\$45.8m	\$5.6m	\$5.6m	\$45.2m
Total Estimated Financial Impact	\$201.6m	\$30.1m	\$35.3m	\$170.7m

There are three primary areas of analysis:

- **First - Buildings:** The City's administrative and operational real estate portfolio was analyzed using a tiered methodology that narrowed over 500 owned and leased properties, comprising 21 million square feet, to a core set of 10 office buildings comprising nearly 1.2 million square feet and 45 industrial facilities comprising over 4 million square feet. It also included concession agreements along the Riverwalk.
 - For the **10 office buildings**, the analysis assessed space utilization, modeled future-state scenarios under different workplace assumptions, and evaluated financial implications of consolidation and disposition.
 - For **industrial and other, non-office buildings** (including garages, warehouses, storage facilities, ward yards, and maintenance facilities), facilities were assessed primarily for their market potential rather than their operational necessity. The evaluation considered factors such as location, surrounding land use, and redevelopment prospects. While most of the 45 buildings are in major industrial corridors on the City's periphery, four are situated in neighborhoods with strong real estate markets and presented potential redevelopment opportunities. Although

these buildings were identified as potential candidates for sale, a decision to proceed with disposition would necessitate an additional operational assessment, including evaluating whether departments could consolidate their operations to allow these facilities to be vacated.

- For the **Riverwalk**, the analysis explored the current concession agreements and potential approaches the City could take to increase revenue, namely by exploring increases to the gross revenue share fees.
- **Second - Land:** The analysis assessed over 10,400 vacant parcels that the City owns and sought to identify larger, contiguous assemblages suitable for redevelopment. Parcels were prioritized based on contiguity, zoning compatibility, and minimum size thresholds. The analysis complements ongoing efforts by the Department of Planning and Development (“DPD”) and is intended to support an expedited disposition strategy.
- **Third – Policy and Procedures:** The analysis offers several policy and process improvements that may have longer-term impacts but will also be critical to affect the building and land strategies above. The City’s ability to strategically manage its real estate portfolio through 2FM is currently limited by decentralized decision-making, fragmented data systems, inconsistent leasing practices, and the absence of a comprehensive citywide workplace strategy. While 2FM has established certain policies, procedures, and internal expertise to support departmental space needs – typically aiming to accommodate those needs within existing footprints – departments do not consistently engage with 2FM. This is evident when departments independently pursue leases, modify spaces, or face unmet needs due to budget constraints.

As a result, the City experiences some degree of inefficient space utilization and incurs potentially unnecessary leasing costs. The analysis highlights these challenges and recommends targeted reforms, including centralizing governance, improving data quality, standardizing leasing practices, and introducing a chargeback system to encourage more efficient use of space at the department-level.

This analysis is intended as a directional planning tool to inform future decision-making. All findings are based on currently available data and preliminary assumptions, and further due diligence, stakeholder engagement, and operational planning will be required to move from strategy to execution.

Findings and Financial Results

Findings – Buildings

Office Portfolio Analysis and Consolidation Strategy

- The sample set of 10 office buildings reviewed in the analysis contain 4,917 **workpoints** (i.e., workstations/cubicles and offices) for 3,703 employees³ – a 33% over-allocation based on current data. Two scenarios were developed to assess consolidation opportunities:
 - **“Scenario 1: Optimizing within the Current Four-Day Policy”** suggests that by right-sizing the number of workstations and offices (“workpoints”) to match actual headcounts, the City could **reduce its office / administrative square footage by approximately 24%** (a reduction of approximately 206,000 square feet from the current 862,000 occupied square feet) and **reduce workpoints by 22%** (roughly 1,000 fewer workstations and offices). In this scenario, the **City may then be able to exit three buildings**: one owned building that can be sold, and two leases that can be terminated.

³ These 3,703 employees are a subset of the City’s total workforce of over 36,000. They are specifically assigned to work in the 10 buildings reviewed in the analysis. This also does not include approximately 4,000 vacant roles.

- **“Scenario 2: Transforming with a New 3-Day Policy”** could **reduce the office / administrative square footage by up to 35%** (a reduction of approximately 300,000 square feet) and **reduce workpoints by 40%** (about 2,000 fewer workstations or offices) by implementing a hybrid, three-day in office policy with increased desk sharing. In this scenario, **the City may then be able to exit seven buildings**: four owned buildings that can be sold and three leases that can be terminated, in addition to another lease that can potentially be downsized.
- Consideration of Scenario 2 must be evaluated carefully as it carries significant policy implications since the City is a major employer with a large concentration of employees working in the central business district. This raises the need to counterbalance potential impacts on foot traffic in a commercial corridor that has yet to fully recover from the COVID-19 pandemic. Moreover, implementing such a change would require a policy shift from Executive leadership, which could be interpreted in varying ways by the public, local businesses, and other external stakeholders. Operationally, it would also necessitate more extensive desk sharing and close coordination with certain unions, as elements of their collective bargaining agreements may mandate 1:1 assigned seating.

Additional Building Disposition Opportunities (industrial and other, non-office buildings)

- Five additional, non-office properties were identified as candidates for disposition based on their location in neighborhoods with recent real estate development activity.
- Market comparables suggest land values range from \$225 to \$450 per square foot, depending on location and zoning. These dynamics indicate redevelopment potential and significant upside for the City if these properties are brought to market strategically.
- To accomplish this, an operational review of departments occupying these buildings must be conducted. This review should assess how services are delivered across the City, identify potential redundancies, and surface opportunities to co-locate operations outside of facilities targeted for potential disposition. This review and consultation with City departments was not conducted as a part of this analysis.

Riverwalk

- The City licenses several locations along the Riverwalk to food and beverage vendors through concession agreements that include both fixed license fee and gross revenue share fee components. Riverwalk concessionaires include Community Marketplace vendors (i.e., emerging businesses) and more established businesses. The analysis below is solely focused on the more established businesses and excludes Community Marketplace vendors.
- In 2024, the City earned approximately \$2.5 million in gross revenue share fees.
- Benchmarking against peer cities and public agencies reveals that gross revenue share fees for comparable, high-traffic locations typically range from 11% to 17%. For example:
 - The City of Redmond, WA uses a 15% gross revenue share model.
 - The City of Houston applies an 11% fee for recreation and leisure concessions.
 - Federal agencies report an average return of 5.1%, but this includes a broader mix of asset types and locations.
 - Several states, including California, Maryland, Michigan, and Missouri, report fees between 11% and 17% for similar types of concession arrangements.

- This comparison suggests that Chicago may be undercharging for access to a premium public asset. A flat 15% gross revenue share fee would bring the City in-line with national benchmarks.
- Given the Riverwalk's popularity, strong vendor performance, and high visibility, most concessionaires may be well-positioned to absorb this increase. This analysis notes that vendors present since at least 2018 had their strongest or second-strongest performance year in 2024 from a revenue perspective (post-pandemic). A phased implementation or incentive-based structure could help ease the transition while maximizing long-term revenue potential to the City.

Findings – Land

- A portfolio of 50 prioritized land assemblages was identified, totaling 165 acres and an estimated present value of \$45.8 million after selling costs.
- These assemblages were selected based on contiguity, zoning compatibility, and a minimum size threshold of one acre to support market viability.
- Market dynamics influencing land sales generally include but are not limited to:
 - Rising demand for urban logistics and flex industrial space, particularly in South and West Side neighborhoods.
 - Strong growth in the data center sector, with Chicago emerging as one of the fastest-growing markets nationally.
 - Continued momentum in residential development, with citywide home values and rents increasing year-over-year.
 - Targeted public and private investments in neighborhoods such as Bronzeville, Englewood, and North Lawndale, which are increasing developer interest and land values.
- These trends suggest that the City's land portfolio is potentially well-positioned to attract institutional developers and support transformational redevelopment, particularly if disposition is phased and aligned with market readiness.

Findings – Policy and Procedures

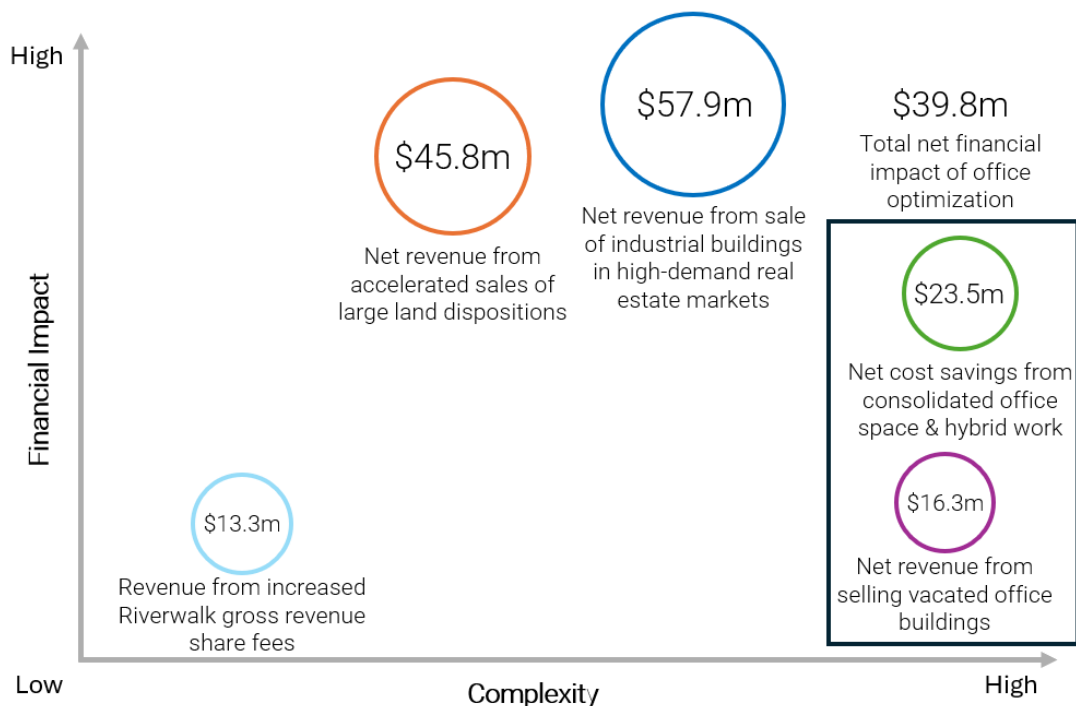
- Real estate planning appears to be somewhat decentralized, with departments sometimes making space-related decisions independently of 2FM. This is despite 2FM providing strategic guidance and sharing industry leading practices across government.
- Data appears to be fragmented across systems for both buildings and land, and while systems such as City Owned Land database ("COL") attempt to track this information, certain data points such as parcel size can be missing.
- Leasing practices can be inconsistent. Generally, leases negotiated by 2FM contain forgiving termination clauses and standard terms. However, there are exceptions. For example, one of the City's most expensive leases at 231 S LaSalle – where Office of Inspector General ("OIG") negotiated the lease directly and is the only tenant – also has an expensive and restrictive termination clause that limits the City's flexibility. Current data shows that OIG occupies 49,863 SF with 121 staff and 213 seats – nearly 80% more seats than headcount, and an average of 412 SF per person. Even without a hybrid work model, this is significantly above standard benchmarks.
- While standards exist for a workplace strategy, they appear to be applied inconsistently.

- The City does not appear to have a chargeback model to hold departments accountable for space usage and incentivize departments to proactively reduce their respective footprints.

Consolidated Financial Results

In summary, the following graphic depicts each initiative's estimated financial impact over a 10-year period (present value discounted at 5%) relative to complexity of implementation. The potential financial impact displayed on the graphic below follows the low-range estimate provided in **Table 1**. **This is based on Scenario 1: Optimizing within the Four-Day Policy** and does not require any policy changes to the City's in-office requirements.

Figure 1: Summary of Initiatives by Financial Impact and Complexity (Scenario 1: Optimizing Within the Current 4-Day Policy)



Financial Results – Buildings

Office Portfolio Analysis and Consolidation Strategy

This analysis considers the impacts if the City right-sizes the number of workpoints (cubicles and offices) to the number of assigned employees. To stay within the current policy expectations of four-days-per-week in-office work, this document explores **consolidating** administrative operations out of one City-owned building and two leased locations that have early termination provisions into City Hall, 2 N LaSalle and 231 S La Salle, with significant densification of leased space at 2 N LaSalle and 231 S LaSalle to maximize use of long-term lease obligations.

The estimated **net cost savings**—after accounting for reconfiguration, relocation, and implementation expenses—from these strategies total **\$23.5 million** over 10 years on a **net present value (“NPV”)** basis. In addition, the City could realize **net sales proceeds** of approximately **\$16.3 million**, after transaction and closing costs, from selling the City-owned building.

Alternatively, if “**Scenario 2: Transforming with a New Three-Day Policy**” was pursued, the City could potentially exit three additional City-owned buildings and another leased location with an early termination provision. In Scenario 2, the City could potentially achieve **total savings of \$55.5 million** and generate **sales proceeds of \$29.1 million** over 10 years (NPV basis).

Key actions may include the following:

- **Confirm which scenario** the City will pursue (i.e., Scenario 1 or 2)
- **Conduct departmental data gathering, interviews, onsite assessments and further analytics** (e.g., badge swipe data, time sheet / booking system data, headcount analysis, space needs analysis)
- **Develop a detailed proof of concept** with targeted departmental moves, adds, and changes
- **Perform comprehensive relocation planning** to minimize disruption and maintain operational continuity
- **Execute the office consolidation plan**

Additional Building Disposition Opportunities (industrial and other, non-office buildings)

This analysis further considers the impact of the City pursuing the sale of five non-office properties located in neighborhoods with robust economic activity and dynamic real estate markets. The estimated net sales proceeds (after transaction and closing costs) from these strategies totals **\$57.9 million over 10 years** on a present value basis.

Key actions may include the following:

- **Perform existing use and co-location analysis** to determine where operational functions can co-locate so that targeted facilities can be vacated
- **Perform comprehensive relocation planning** to minimize disruption and maintain operational continuity
- **Prepare for disposal transactions** by further assessing site-level redevelopment potential, conducting market outreach, and developing necessary RFPs / RFQs
- **Execute facility moves and associated disposals**

Riverwalk

This analysis considers the impact of the City **standardizing gross revenue share fees** for Riverwalk concessionaires at **15%**, aligning with national benchmarks and promoting equitable contributions from vendors operating in a premium public space.

Key actions may include the following:

- **Renegotiate concession agreements** to implement a flat 15% gross revenue share upon expiry of agreements throughout 2025-2028, as most agreements expire in 2027.
- **Phase-in the increases** to ease vendor transition and maintain business relationships.

- **Introduce performance-based incentives** and explore sponsorships, naming rights, and co-marketing opportunities.
- **Enhance vendor oversight** through performance dashboards and regular audits.

The estimated incremental revenue captured through these strategies totals **\$13.3 million over 10 years** on a present value basis.

Financial Results – Land

This analysis considers the impact of the City aggressively pursuing the **sale of 50 large, contiguous land assemblages** totaling 165 acres valued at \$45.8 million on a present value basis. These parcels were selected based on zoning compatibility, size (minimum 1 acre), and alignment with market demand.

Key actions may include the following:

- **Target industrial, residential, and commercial redevelopment** aligned with current market trends:
 - Industrial: Demand for **urban logistics and data centers** is rising.
 - Residential: Home values and rents are increasing citywide, with strong demand in South and West Side neighborhoods.
 - Commercial: Retail corridor revitalization is underway in Pilsen and North Lawndale.
- **Pilot a permit-first program** to reduce closing delays and attract shovel-ready developers.
- **Establish developer prequalification process** to streamline transactions and buyer readiness.
- **Phase sales over 10 years** to align with market absorption capacity and maximize value.

The estimated net sales proceeds (after transaction and closing costs) from these strategies totals **\$45.8 million over 10 years** on an NPV basis.

Results - Policy and Procedures

For long-term real estate optimization, the City should evaluate specific **governance, data, and leasing reforms** that enable strategic decision-making and operational efficiency.

Key actions may include the following:

- **Centralize real estate-related authority, responsibility and budget oversight** within 2FM.
- **Standardize lease templates**, centralize lease approvals, and conduct a full lease portfolio review.
- **Implement chargeback methodology** to hold departments financially accountable for space usage.
- **Launch a unified real estate data platform**, digitize floorplans, and standardize data collection across departments.
- **Adopt a citywide workplace strategy** with more flexible seating models, utilization tracking, and space efficiency scorecards.
- **Align real estate goals with capital planning** and publish annual performance reports to help drive transparency and accountability.

These reforms will enable the City to move from reactive space management to a **strategic, data-driven, and future-focused real estate function**.

Assumptions and Limiting Conditions

The analysis in this workstream presents a high-level, directional analysis of the City's real estate, land, and lease portfolio. It is intended to serve as a strategic planning approach to inform further exploration and decision-making. The findings and options herein are subject to the following assumptions and limitations:

- **Reliance Restricted:** This analysis is not a strategic plan, implementation roadmap, audit, valuation, or technical feasibility study. It does not contain the level of detail or validation required to support final decisions and/or execution. It is intended solely to inform next steps for developing a strategic plan and implementation roadmap. No party should rely on this analysis as the sole basis for any financial, operational, legal, or policy decisions.
- **Preliminary and Directional in Nature:** The analysis is conceptual. It is designed to surface near-term opportunities for consolidation, disposition, and policy reform, not to prescribe specific actions or outcomes.
- **Data Sources and Quality:** All estimates and conclusions are based on data provided by the 2FM, DPD, OBM, and other City departments. Where City-provided data was unavailable or incomplete, supplemental information was compiled through market research – primarily from CoStar – and other publicly available sources. The accuracy and completeness of this data has not been independently verified.
- **Assumptions and Estimates:** Financial models, scenario planning, and valuation estimates rely on key assumptions regarding occupancy, market conditions, lease terms, and operational costs. These assumptions are directional and do not reflect detailed engineering, legal, or financial due diligence.
- **Market and Operational Variability:** Actual outcomes may vary based on future due diligence, stakeholder engagement, operational constraints, legal and regulatory considerations, and evolving market dynamics. The timing and value of potential asset sales, lease renegotiations, or policy changes are inherently uncertain.

Workstream #4: Fees and Fines Analysis

The City, like many comparable jurisdictions, imposes more than 240 different fees and fines covering areas such as permitting, inspections, licensing, towing, booting, and more. From this broad portfolio of fees and fines, 35 were selected by the City for detailed analysis based on their financial significance and recent internal analysis. This section presents the key findings of that analysis, which sought to identify opportunities to adjust fees and fines to better align with peer benchmarks, reflect inflationary pressures, and, where feasible, recover associated service costs. These findings are provided to help determine where the City can responsibly increase fees while remaining competitive for residents, visitors, and businesses.

The selected fees and fines span multiple departments, including:

- Department of Buildings
- Department of Business Affairs and Consumer Protection
- Department of Finance
- Department of Housing
- Department of Planning and Development
- Department of Public Health
- Department of Streets and Sanitation
- Department of Transportation
- Chicago Fire Department
- Office of City Clerk

Summary of Key Findings

Excluding the Vehicle Sticker Tax, the 35 fees and fines that were included in this analysis generated \$103.1 million in revenue, of which \$91.4 million went to the Corporate Fund in FY24, representing 12% of all fee and fine revenue for the Corporate Fund.

Potential total revenue opportunities identified range from \$20m - \$74m annually. This is based on an analysis of the fees and fines charged by the City compared with peers and potentially adjusting fees and fines for inflation or full cost-recovery.

Fees/fines with the greatest potential include:

- >\$5m annual revenue increase: Vehicle immobilization (boot), Towing, Storage, Driveway permit
- \$2-\$5m annual revenue increase: Canopy permit, Regulated business license, Limited business license, Food violation citation, and Recycling Fines.
- <\$2m annual revenue increase: Parking vehicles permit, Annual inspection – food, and Sign permit review fees

The Vehicle Sticker Tax generated \$119m in revenue for the Vehicle Fund in FY24. The Vehicle Sticker Tax revenue covered approximately one-third of total road maintenance expenditure and increasing the fee from \$100 to \$259 would provide for full recovery of road maintenance costs.

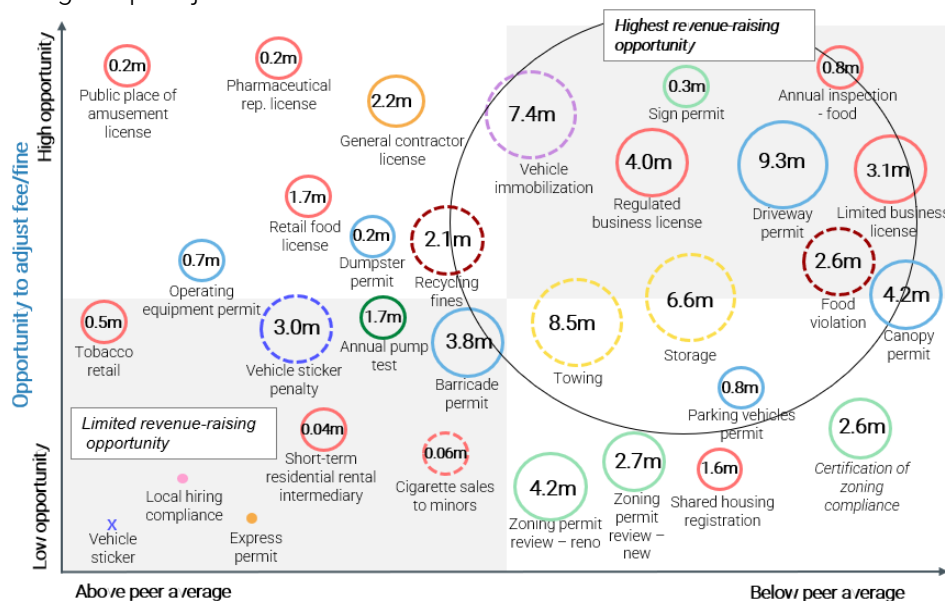
Some fees/fines include built-in mechanisms that allow for annual increases based on CPI, typically capped at a specific percentage (2.5% or 5%). These adjustments can be made administratively by the department commissioner and published in the City's fee schedule. Fees that can be adjusted by CPI include Building Permit fees (Express Permit, Standard Plan Review, Developer Services) and the application fee component of CDOT Fees (Barricade, Dumpster, Canopy, and Operating Equipment). The Vehicle Sticker Tax is also updated every 2 years.

Other fees/fines are fixed in the City's Municipal Code and changes require formal approval by City Council. This process can include introduction of an ordinance, committee review, and a full council vote before changes can take effect.

Revenue-Raising Opportunities

The figure below highlights fees and fines with the highest and lowest potential for adjustment. Each item was evaluated based on two dimensions: (1) the opportunity for adjustment, which considers how recently the fee or fine was updated and whether it includes mechanisms like inflation indexing; and (2) its position relative to peer jurisdictions, indicating whether Chicago's fees are above or below average.

- **High and Low Opportunity for Adjustment:** Indicates how recently the fee/fine has been updated and whether there is a built-in mechanism for adjustment (e.g., inflation adjustments)
- **Above and Below Peer Average:** Indicates whether Chicago's fees are higher or lower than the average of peer jurisdictions



x The Vehicle Sticker Tax could provide a significant source of revenue (\$207m) for the Vehicle Fund if increased to the level to fully offset costs

Totals may appear not to sum due to rounding

Legend

- Department of Transportation (DOT)
- Department of Planning and Development (D)
- Department of Finance (DOF)
- Department of Streets and Sanitation (DSS)
- Department of Business Affairs and Consumer Protection (BACP)
- Department of Buildings (DOB)
- Department of Housing (DOH)
- Department of Public Health (DOPH)
- Office of the City Clerk (OCC)
- Chicago Fire Department (CFD)
- Fees/fines with limited revenue opportunities
- Fines

Fees and fines with the most revenue-raising opportunity could provide \$8.6m-\$49.7m annually.

Fees and fines	Last updated	FY24 Revenue	Chicago current fee	Peer Average Fee	Incremental revenue lower bound	Incremental revenue upper bound
Driveway Permit ¹ - DOT	2015	\$2.5m	\$120	\$265	\$0.8m	\$9.3m
Towing* - DSS	Unknown	\$8.9m	\$150	\$186	\$2.2m	\$8.5m
Vehicle Immobilization Program (Boot)* - DOF	2016	\$4.9m	\$100	\$135	\$1.5m	\$7.4m
Storage* -DSS	Unknown	\$4.5m	\$25	\$31	\$1.0m	\$6.6m
Regulated Business License ² – BACP	Never been updated	\$1.2m	\$250	n/a	\$0.4m	\$4.0m
Recycling Fines – CDPH	2000	\$0.7m	\$300 - \$1000	\$1,081	\$0.5m	\$2.1m
Limited Business License ² – BACP	Never been updated	\$2.4m	\$250	n/a	\$0.9m	\$3.1m
Food violation citation* – CDPH	2018	\$2.6m	\$250 - \$500	\$572	\$0.4m	\$2.6m
Canopy Permit ¹ - DOT	2019	\$2.0m	\$421	\$977	\$0.4m	\$4.2m
Parking Vehicles Permit ¹ – DOT	2019	\$0.6m	\$50	\$68	\$0.1m	\$0.8m
Annual Inspection - Food – BACP	2005	\$0.6m	\$100-\$550	\$564	\$0.3m	\$0.8m
Sign Permit Fees - DOPD	2007	\$0.5m	\$200 - \$500	\$241 - \$586	\$0.1m	\$0.3m
Subtotal		\$31.4m			+\$8.6m	+\$49.7m

*Fine

¹Incremental revenue and peer averages are based on examples of one type of the fine or fee.

²Peers do not apply a flat fee. An apples-to-apples comparison was only possible for a handful of business categories. Therefore, providing a peer average without a caveat is not feasible.

Note: Totals may appear not to sum due to rounding. Some towing and storage fees are allocated to the Vehicle tax fund.

>50% below peers

Between -50% to -20%

<20% below peers

Additional Findings and Insights

During the analysis, a series of informational interviews with stakeholders was conducted. Additionally, research was performed on city websites and departmental webpages to gather the necessary information. Throughout this process, several qualitative insights were identified, which serve as the foundation for the findings highlighted below.

Finding 1: Establish a centralized and transparent platform to communicate fees and fines to citizens:

Currently, fees and fines are dispersed across various departmental websites, resulting in a lack of a unified system that offers comprehensive details on their purpose, up-to-date fee schedules, and fine structures. Although the municipal code outlines the mechanisms for fees and fines, it does not present this information in a format that is easily understandable for the average citizen.

Finding 2: Revamp the cost recovery analysis process employed by the City by coordinating among multiple departments to help achieve inclusion of all costs when evaluating fee rates:

Multiple departments are involved in the processing, enforcement, and collection of fees and fines (e.g., boot fees, permits, and inspection fees). This fragmentation complicates the tracking of true administrative costs when departments are viewed in isolation. Additionally, shared staff and resources across programs further complicate cost allocation, particularly in the absence of time tracking or activity-based accounting. To address these challenges, a detailed data call at the activity level and coordination among the relevant departments is essential for analyzing the costs associated with specific fees and fines collection.

Finding 3: Periodically update fees in accordance with applicable regulations:

Some fees and fines have not been updated in over a decade. Regular reviews and updates are essential to maintain that fees and fines remain fair, relevant and aligned with service delivery costs driven by inflation and broader economic conditions. Long-term forecasting should be used when possible to anticipate future costs associated with providing services.

Finding 4: If the city decides to increase a permit fee, a corresponding increase should be applied to the penalties (fines) specifically associated with those permits:

During discussions with departments, it was noted that residents often choose to pay penalties rather than apply for permits (e.g. driveway permit fees), as the penalties are not sufficiently high to deter non-compliance. To address this, departments recommended that any increase in permit fees be matched by a proportional increase in the related penalties—particularly in cases where the penalty is currently lower than the permit fee.

Finding 5: Fee increases for certain services should be balanced with broader city priorities:

Raising certain fees and fines should be balanced against the City's broader economic and policy goals, such as economic growth, business attraction and neighborhood revitalization. While fee increases can provide cost recovery and fiscal sustainability, fee structures should align with long-term City economic and development objectives.

Below is a summary of all 35 fees and fines analyzed in this report.

Table 1: Top 14 high-impact fees and fines with potential revenue raising opportunities of \$10m to \$55m

Fees and fines	Fee/Fine last updated	FY24 Revenue	Chicago current fee	Peer average fee	Peer maximum	Inflation-adjusted Chicago Fee	Incremental revenue (lower-upper bound)	Upper bound basis
Driveway Permit- DOT	2015	\$2.5m	\$120	\$265	\$560	\$158	\$0.8 - \$9.3m	PM
Towing* – DSS	Unknown	\$8.9m	\$150	\$186	\$293	N/A	\$2.2 - \$8.5m	PM
Vehicle Immobilization Program* (Boot) – DOF	2016	\$4.9m	\$100	\$135	\$250	\$131	\$1.5 - \$7.4m	PM
Storage* –DSS	Unknown	\$4.5m	\$25	\$31	\$62	N/A	\$1.0 - \$6.6m	PM
Zoning Permit Review Fees Renovations– DOPD	2013	\$1.4m	\$75	\$159	\$300	\$101	\$0.5 - \$4.2m	PM
Recycling Fines* – CDPH	2000	\$0.7m	\$300 - \$1,000	\$1,081	\$2,500	\$1,139	\$0.5 - \$2.1m	PM
Limited business license ¹ – BACP	Never been updated	\$2.4m	\$250	\$373	\$568	\$340	\$0.9 - \$3.1m	PM
Zoning Permit Review Fees New Construction – DOPD	2013	\$0.6m	\$75	\$261	\$419	\$101	\$0.2 - \$2.7m	PM
Certification of Zoning Compliance Fees – DOPD	2007	\$1.9m	\$120	\$180	\$282	\$179	\$1.0 - \$2.6m	PM
Food violation citation* – CDPH	2018	\$2.6m	\$250 - \$500	\$572	\$1,000	\$631	\$0.4 - \$2.6m	PM
Canopy Permit- DOT	2019	\$2.0m	\$421	\$977	\$1,324	\$502	\$0.4 - \$4.2m	PM
Parking Vehicles – DOT	2019	\$0.6m	\$50	\$68	\$120	\$63	\$0.1 - \$0.8m	PM
Annual inspection - food – BACP	2005	\$0.6m	\$100-\$550	\$564	\$616	\$157-\$864	\$0.3 - \$0.8m	PM
Sign Permit Fees – DOPD	2007	\$0.5m	\$200 - \$500	\$241 - \$586	\$281-\$703	\$299 - \$748	\$0.1 - \$0.3m	INF
Subtotal		\$34.1m					+\$9.9m to \$55.2m	

PM = Peer Maximum, INF = Inflation

*Fine

¹incremental revenue and peer average are based on examples of one type of the fine or fee

Totals may appear not to sum due to rounding.

Source: City of Chicago; for all other sources, see Appendix.

Table 2: List of fees and fines with potential revenue raising opportunities of \$10m to \$19m

Fees and fines	Fee/Fine last updated	FY24 Revenue	Chicago current fee	Peer average fee	Peer maximum	Inflation-adjusted Chicago Fee	Incremental revenue (lower-upper bound)	Upper bound basis
Vehicle Sticker – OCC	2024	\$118.6m	\$100	\$71	\$175	\$100	\$0-\$187.5m	n/a
Vehicle Sticker Penalty/ Late fee* - OCC	2012	\$8.6m	\$60	n/a	n/a	\$81	\$3.0m	INF
General Contractor License – DOB	2016	\$3.9m	\$300 - \$2,000	\$221	\$350	\$300 - \$3,497	\$2.2m	INF
Barricade Permit ¹ – DOT	2019	\$3.6m	\$573	\$416	\$1,188	\$639	\$0.4 - \$3.8m	PM
Operating Equipment Permit ¹ – DOT	2019	\$3.0m	\$1,310	\$431	\$736	\$1,634	\$0.7m	INF
Public Place of Amusement License – BACP	Never been updated	\$0.7m	\$110 - \$13,200	\$1,205	\$1,994	n/a	\$0.2m	PM
Retail Food License – BACP	2017	\$6.0m	\$660 - \$1,650	\$671	\$830	\$848 - \$2,120	\$1.7m	INF
Shared Housing Registration Fee – BACP	2023	\$0.5m	\$125	\$309	\$500	\$135	\$0.04 - \$1.6m	PM
Short-Term Residential Rental Intermediary – BACP	2023	\$0.5m	\$250-\$10,000 + \$60 per unit	\$8-324 + \$2/unit	\$1,071 - \$26,775	\$269-\$10,767 + \$65/unit (\$462,960)	\$0.04m	INF
Tobacco Retail Over the Counter – BACP	2019	\$2.0m	\$500+\$330/register	\$279	\$437	\$626+\$413/register	\$0.5m	INF
Cigarettes Sales to Minors* – BACP	2023	\$0.8m	\$2,000	\$833	\$1,000	\$2,153	\$0.06m	INF
Regulated Business License ¹ – BACP	Never been updated	\$1.2m	\$250	\$221	\$462	\$340	\$0.4 - \$4.0m	PM
Dumpster Permit – DOT	2019	\$1.0m	\$290	\$254	\$354	\$341	\$0.2m	PM
Pharmaceutical Representative License – BACP	Never been updated	\$0.6m	\$750	\$419	\$750	\$963	\$0.2m	INF
Filling Station – BACP	Never been updated	\$0.8m	\$220 +\$0.12/gallon of capacity + \$110/tank	\$901	\$1,200	n/a	n/a	n/a
Annual Pump Test – CFD	2020	\$2.4m	\$630	\$438	\$540	\$795	\$0.6m	PM
Subtotal		\$154.2m²					+ \$10.2m to \$18.8m³	

PM = Peer Maximum, INF = Inflation, * Fine

Source: City of Chicago; for all other sources, see Appendix.

¹Incremental revenue and peer average are based on examples of one type of the fine or fee²FY24 revenue excluding the Vehicle Sticker Tax is \$35.6m³Incremental revenue subtotal excludes vehicle sticker tax revenue, allocated to Vehicle Fund

Totals may appear not to sum due to rounding

Table 3: List of fees and fines with potential revenue raising opportunities of \$20m to \$74m

Fees and fines	Fee/Fine last updated	FY24 Revenue	Chicago current Fee	Incremental revenue (lower-upper bound)	Note
Local Hiring Compliance/Liquidation Damages - DOH	1994	\$1.3m	0.05% of assessed value	Unknown	Fee is difficult to compare with peers due to their varying methods for calculating penalties or damages
Express permit	2025	\$7.3m	Varies	Unknown	Fee increases annually based on CPI. Express permit program covers 26 different types of permits. There is not enough information to benchmark each permit type and conduct revenue analysis
Standard Plan Review permit	2025	\$20.6m	Varies	Unknown	Fee increases annually based on CPI. Permit cost varies based project characteristics thus difficult to benchmark against peer jurisdictions
Developer Services permit	2025	\$1.2m	Varies	Unknown	
Building permit (other)	2025	\$1.2m	Varies	Unknown	
Subtotal		\$30.3m		\$0.0	
Total Fees and Fines		\$218.6m		+\$20.1m to \$74.0m¹	

¹Incremental revenue subtotal excludes vehicle sticker tax revenue, as this revenue is allocated to a dedicated fund (Vehicle Fund).

Totals may appear not to sum due to rounding.

Source: City of Chicago; for all other sources, see Appendix.

Conclusion and Next Steps

With over 240 distinct fees and fines—spanning permitting, inspections, licensing, towing, and more—the City’s current structure generates substantial revenue, but also presents challenges related to keeping rates current and competitive with peer cities. The analysis of 35 high-impact fees and fines, which collectively generated \$103.1 million in FY24, demonstrates that rate adjustments—whether through inflation indexing, benchmarking against peer cities, or moving toward full cost recovery—could yield an additional \$20 million to \$74 million in annual revenue.

Regular, systematic updates to fees and fines are essential to keep pace with inflation and changing service delivery costs. Where possible, built-in mechanisms for annual adjustments—such as CPI indexing—should be considered. In cases where permit fees are increased, corresponding penalties should also be reviewed to maintain effective deterrence and compliance.

Finally, the City should balance revenue-raising objectives with broader policy goals, particularly in areas like development, where excessive fees could discourage investment and growth. Fee increases should continue to be informed by stakeholder input, long-term forecasting, and alignment with citywide priorities.

Assumptions and Limiting Conditions

The analysis in this workstream is subject to the following assumptions and limitations:

- **Behavioral response omission.** The analysis does not incorporate potential behavioral changes in response to increased fees and fines. Economic theory suggests that individuals may reduce usage of services or alter their behavior to avoid higher penalties. The economic literature shows a wide range of fees and fines elasticity, typically ranging from -0.1 to -0.5, meaning a 10% increase in fines could reduce violations by approximately 1–8%.
- **Comparability across jurisdictions.** Municipalities maintain distinct fee and fine structures, often shaped by local policy priorities and enforcement practices. As a result, direct comparisons are challenging. To enable cross-jurisdictional benchmarking, the analysis applied standardizing assumptions, which may oversimplify nuanced differences and affect the comparative insights.
- **Data limitation:** Certain fees could not be fully analyzed due to inadequate data. These include charges related to the Filling Station, which lacked complete data; Local Hiring Compliance and Liquidation Damages, which were difficult to benchmark against peer jurisdictions; and fees associated with Standard Plan Review, Code Enforcement Fines, and Developer Services Permits, all of which had insufficient or inconsistent data for meaningful comparison or evaluation.
- **Complexity of fee structures.** Certain fees and fines involve multi-tiered or conditional pricing mechanisms. In such cases, the analysis relied on average values or proportional increase assumptions (e.g., a uniform percentage increase in fees leading to a proportional revenue increase). These simplifications may not reflect real-world outcomes, particularly where tiered structures influence user behavior or compliance rates.

Workstream #5: Employee Benefits Analysis

The City of Chicago employs more than 30,000 individuals, offering a comprehensive benefits package that spans medical, dental, vision, disability, life and AD&D insurance, paid leave, and worker's compensation. Recognizing the importance of balancing fiscal responsibility with the need to attract and retain a talented workforce, the City undertook a thorough, data-driven assessment of its benefits programs. Ultimately, this analysis identified between \$80 million and \$103 million in potential annual savings—primarily concentrated within the health benefits program. **Virtually all savings opportunities will require considerable collaboration with the City's labor union partners before they can be implemented.**

To uncover these potential opportunities, the City used a two-pronged approach: first, by benchmarking its benefits and costs against those of six major comparator cities—including Houston, Los Angeles, New York City, Cook County, and the State of Illinois—and second, by analyzing the unique circumstances, policies, and workforce demographics specific to Chicago. The benchmarking process was structured by employee group, enabling targeted comparisons for firefighters, police officers, other union members, and non-represented ("non-union") employees.

The analysis revealed several areas with the greatest potential for impact. Notably, increasing the level of medical employee contributions could yield approximately \$33 million in savings, while raising medical copays and other out-of-pocket costs to employees could generate an additional \$10 million. Instituting a formal Return-to-Work program, paired with a strategic settlement effort in the City's Worker's Compensation arrangement, was identified as another potential high-impact opportunity, with estimated savings of \$10 million annually.

Beyond these headline opportunities, the assessment included an in-depth evaluation of plan design features, benefit costs, and funding strategies across all major benefit categories. The City's medical plans, for example, were found to be more comprehensive than those of peer cities, with higher actuarial value and lower employee contributions — especially for dependent coverage. Dental and vision offerings were competitive, though some gaps were noted in orthodontic coverage and plan design. Life and disability benefits were robust, but basic life amounts were lower than some comparators. The analysis also considered market-leading practices and emerging trends, such as the adoption of high-deductible health plans and the use of opt-out credits to encourage responsible coverage choices.

Interviews and discussions with City personnel and benefit consultants provided additional context, helping to clarify workforce needs, challenges with existing benefit structures, and the outcomes of previous cost-containment efforts. This engagement enabled the analysis to be grounded in the realities of City operations and employee expectations, particularly regarding coverage adequacy, premium competitiveness, and overall value.

The benchmarking exercise highlighted both strengths and gaps in the City's current offerings, surfacing actionable opportunities for cost savings and plan optimization. Based on these findings, the City developed a suite of data-driven options designed to improve cost efficiency while maintaining the ability to attract and retain a capable workforce. These options include adjustments to employee contributions, plan design enhancements, network and pharmacy benefit manager ("PBM") refinements, and targeted reforms to wellness and worker's compensation programs.

It is important to note that the benefits analyzed here represent only a portion of the City's total rewards program, which also includes compensation, retirement benefits, and other incentives. While this assessment focused on health and welfare benefits, a broader analysis encompassing all components of the total rewards strategy may yield additional insights and opportunities for improvement. Details of the potential cost savings opportunities are included on the pages below.

Cost Savings Opportunities

Summary of Cost Savings Opportunities (\$80 million - \$103 million)

Opportunity	Union cooperation required	Peer Group ¹	Potential Savings
Contribution Opportunities (\$44M - \$57M)			
1. Increase employee contributions to Preferred Provider Organization ("PPO") plan to match the peer median employee PPO contributions Increases to be made to employee only, employee +1 and family plans	Y	Peer Median	\$23M
2. Behavioural change in employee contributions for dependents A shift from dependent coverage to single coverage due to increases in employee contributions for dependent coverage	Y	Peer Median	\$10M - \$21M
3. Apply a \$50/month working spouse surcharge to employees whose spouses have non-City provided health coverage available through their own employer and spouse forgoes that coverage to enroll in the City's health plan	Y	Private sector	\$4.4M
4. Adjust non-union employee contributions The City is midway through a two-year journey to adjust contributions for non-union employees to meet the union equivalent 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	N	N/A	\$2.4M - \$4.8M
5. Raise or remove the salary caps to employee contributions Currently, contributions are capped once compensation reaches a cap (\$115k for firefighters and \$130k for police and other unions), resulting in highest paid employees paying a lower share of the health premiums than lower paid colleagues, as a percentage of their salary	Y	Peers	\$2.1M
6. Reduce Health Maintenance Organization ("HMO") employee contributions by 10% to incentivize migration from PPO to HMO plan, which is a lower cost plan for the City	Y	Peers	\$1.3M

Opportunity	Union cooperation required	Peer Group ¹	Potential Savings
7. Apply a \$25/month tobacco surcharge to employees to account for higher healthcare cost of tobacco users	Y	Private sector	\$0.7M
Plan Design Opportunities (\$12M)			
8. Increase employee out-of-pocket maximum of PPO plans to align closer to peer median	Y	Peer Median	\$9M
9. Provide \$100/month opt-out credits to encourage employees to consider other health insurance options, such as coverage through a spouse or partner, while also reducing the employer's overall healthcare costs	Y	LA	\$1.4M
10. Increase copays for primary care physician visits and specialist visits to align closer to peer median	Y	Peer Median	\$0.9M
11. Offer a High-Deductible Health Plan	Y	IL and Houston	\$0.5M
Network/PBM and Carrier Opportunities (\$15M - \$24M)			
12. Refine PBM contracts to: a) improving generic Average Wholesale Price (AWP) guarantees b) implement a custom formulary (as opposed to value/standard formulary) to reduce Rx costs	Y	N/A	\$5M - \$6M
13. Engage a service provider for a claims and fee integrity study Providers offering these services may be able to recover 1% to 2% of the medical spend and 4% to 7% of the administrative costs, for a fee	N	Market norm	\$4M - \$9M
14. Expand centers of excellence ("COEs") usage to include cancer care. The City currently uses COEs for some complex or high-cost medical issues, but not cancer care. Evaluate the best COEs to use for various high-cost medical treatments	Y	N/A	\$2.6M
15. Refine the carrier networks Redesigning the Tier 1 network to only include the most efficient 30% to 60% of providers in the area could bring savings from deeper discounts on care delivered at Tier 1 facilities and also from lower plan coverage when care is rendered at the Tier 2 facilities	Y	Market norm	\$2M - \$5M
16. Eliminate the HMO's stop-loss coverage With the City's scale and use of the HMO for care management, it may be feasible to absorb the HMO's high-cost claimant risk	N	Market norm	\$0.9M - \$1.5M
17. Revise the wellness program Increase the additional contribution for declining participation in the wellness	Y	N/A	\$0.2M

Opportunity	Union cooperation required	Peer Group ¹	Potential Savings
program from \$50 per month to \$100 per month. Savings estimate includes additional contributions from employees and assumed behavioural change (some employees will not opt out) and resulting reduction in medical claims from engaging in program			
Other Opportunities (\$10M)			
18. Implement Worker's Compensation return to work program	N	Market norm	\$10M
19. Assess health coverage continuation for employees on extended leave of absence ("LOA"). Total healthcare costs for employees on LOA for > 2 years in 2025 was \$23M. The preservation of benefits is mandated in some instances, however the City could explore potential ways to help eligible employees qualify for Medicare or help employees return to work with limited duty	Y	Market norm	\$0M
20. Assess enhancing Consolidated Omnibus Budget Reconciliation Act ("COBRA" communications) Educating former employees about lower cost options on an exchange rather than paying the COBRA rate	N	Market norm	\$0M

Note:

1. 'Peer Group' which should be interpreted as follows:

- *Peer Median:* the option was developed by assessing the median level of the applicable value over the entire peer group
- *Peers:* the option was developed by assessing the methodology used by the peer group
- *Private sector:* though not observed in this peer group, the option was developed based on common practices used in the private sector
- *Market norm:* the option was developed based on understanding of the market norm as the type of information needed to make peer assessments is generally not publicly available
- *Specific Peer member:* the option was developed based on an observed practice by the specific member(s) of the peer group listed
- *N/A:* the option was developed based on a study of the City's program such as expanding or limiting an existing program

Current Demographics

The table below summarizes the City's workforce demographics.



	Fire	Police	Other Union	Non-Union	Total
Active Workforce	4,715	9,970	13,834	3,492	32,011
Workforce percent	15%	31%	43%	11%	100%
Percent Female	9%	26%	35%	53%	30%
Average Age	44	41	48	48	45
Average Years of Service	13	13	14	11	13
Average Salary	\$106,000	\$111,000	\$99,000	\$102,000	\$104,000
Percent waiving medical coverage	7%	6%	13%	21%	11%
Percent enrolled in PPO	85%	83%	72%	71%	77%
Percent enrolled in HMO	9%	12%	15%	8%	12%
Percent of enrolled with EE Only coverage	29%	42%	42%	49%	41%
Percent of enrolled with EE+1 coverage	17%	16%	23%	21%	20%
Percent of enrolled with Family coverage	54%	41%	35%	30%	39%

Source: City of Chicago; for all other sources, see Appendix.

Peer Group

The table below summarizes the City's health package and those of the comparator benefits packages selected by the City.

Comparators	Segment	Brief Summary
City of Chicago	All other union, Non-union	1 HMO and 1 PPO
City of Chicago	Police (FOP)	1 HMO and 1 PPO
State of Illinois	Police, Other Union, Non-Union	3 HMOs, 2 OAPs, 2 High-deductible plans
Cook County	Police, Other Union and Non-union	1 HMO and 1 PPO
Houston	Other Union, Non-Union	CDHP, Limited Network Plan, and OAP
Los Angeles	Police	2 HMOs, and 1 PPOs from LAPRA 3 HMOs, and 1 PPO from City of Los Angeles
Los Angeles	Other Union, Non-Union	4 HMOs, and 1 PPO
New York City	Other Union (DC37)	3 EPOs, 3 PPOs, 2 HMOs

Workstream #6: Procurement

The City of Chicago spends approximately \$4.6 billion each year on indirect goods and services, making procurement a critical lever for fiscal stewardship and operational excellence. To identify potential opportunities for cost savings, risk reduction, and process improvement, an assessment was conducted focusing on two primary workstreams: spend analysis and transaction analysis. Leveraging comprehensive citywide paid-invoice data from the Financial Management and Purchasing Systems (FMPS), the assessment analyzed procurement activity across departments.

This analysis surfaced a range of actionable opportunities to potentially reduce costs, increase compliance, and enhance transparency in procurement practices. Key findings highlight the need for greater visibility into enterprise-wide spending and underscore the importance of modernizing the City's Enterprise Resource Planning (ERP) system (the process of which is underway) and analytics capabilities. Such modernization is essential to enable a more strategic, data-driven procurement function—one that can move beyond transactional purchasing to deliver sustained value, improved service delivery, and robust risk management for the City and its residents.

Procurement workstream objectives:

- 1) **Spend analysis:** Identify opportunities for cost savings and improved efficiency in procurement practices
- 2) **Transaction analysis:** Identify potential anomalous transactions and identify potential vulnerabilities related to procurement fraud, waste, or abuse

Summary Findings

Spend analysis

Five themes emerged from the spend data analysis for 2024 totaling \$4.6 billion in spend across all funds.

Theme	Observation & example
Duplication across Departments: Decentralized purchasing prevents the City from leveraging its collective buying power to negotiate better prices and terms with suppliers. Different departments may prioritize different suppliers or specifications, resulting in inconsistent product and service quality across the organization that over time increases difficulty in standardizing the demand for City-wide objectives and initiatives.	• Within each category multiple departments are buying similar goods and services with a vendor through multiple contracts or without any contract. • In the Lifestyle & Human Services category, Vendor A has 8 contracts across 25 departments for \$6m in 2024.
Non-Contract Spend also known as unmanaged spend or maverick spend, refers to purchases made outside of established procurement contracts, strategies and processes. This can lead to various issues for organizations, including	• Within each category multiple vendors have both contract and non-contract spend for similar goods and services. • In the Construction category Vendor C has \$2m in spend on one contract, but \$673k was spent outside of the contract. Vendor D

Theme	Observation & example
increased costs, decreased visibility, and potential risks.	has \$2m in spend across three contracts, but \$447k was spent outside of these contracts.
Supplier concentration: The Pareto principle (or 80/20 rule) suggests that 80% of spending is typically with 20% of vendors. Having 80% of the City's spend concentrated with an extremely small number of suppliers (5-10) introduces risks (e.g., single point of failure, limited negotiating power, inhibited innovation).	• In 2024 the City's top 80% of spend is with 3% (182) of its vendors. • In the Construction category, 80% of spend (\$1,426m) is concentrated among 45 vendors. Over 100 contracts across those 45 vendors are expiring in 2025, with approximately 40% of the spend in aviation and 25% in transportation.
Vendor tail (the bottom 20% of spend would typically be with 80% of your vendor count) is often scattered across various departments, making it difficult to gain a complete picture of spending patterns. This lack of visibility can lead to missed opportunities for bulk discounts and often has unfavorable payment and PO terms. With multiple individuals and departments making ad-hoc purchases, it becomes challenging to track and manage who bought what, from where, and for what reason. Additionally, it significantly increases workload, keeping Procurement dedicated to transactional procurement v. strategic sourcing.	• In 2024, the City's bottom 20% of spend is with 97% (5,312) of its vendors, typically referred to as a vendor tail. • Many of these vendors are one-time, small, department-unique purchases. The majority of the vendor tail is related to Exhibit A purchases, roughly 11% of the total spend across categories with approximately 4,100 vendors. (Exhibit A refers to goods that do not require a contractual obligation to procure) • In Logistics, Automotive & Transportation, the vendor tail includes ~529 vendors with \$139m in spend. ~140 vendors did not have spend in 2023.
Non-DPS managed spend: The City is potentially underleveraging the DPS, missing out on possible cost optimization through better coordinated, city-wide procurement strategies.	• In 2024, 49% of the City's spend was outside of DPS. • While multiple departments have their own procurement authority for mission specific purchases, there currently is not a process where a department can coordinate and confirm their strategy is unique to their department by category. • In the Professional Services Category 36% of spend (\$210 million) flows through DPS, with non-DPS spend amounting to \$381 million. \$279M is Exhibit A purchases and all non-DPS.

Data Quality: Over 50% of the spend did not have proper National Institute of Government Purchasing ("NIGP") codes (uncategorized or misclassified) which could be improved upon with education on proper NIGP coding within FMPS. Improved data quality within the ERP system will lead to improved categorization, which will enable better analysis into the goods and services being purchased.

Transaction Analysis

To identify possible anomalous transactions and areas of improvement to prevent and/or detect potential fraud, waste or abuse, 11 standard and customized anomaly detection analytics were executed on the Transactional Data and evaluated for preliminary effectiveness.

The results of the specific transaction assessment are summarized into four categories of observations.

Category	Select Risk Observations
Sole Source or Emergency Procurements	Sole source procurements or emergency procurements can create actual or perceived conflicts of interest and increase risk of payments without an exchange of value. Vendors providing broad services to multiple departments can increase these risks.
Gift Cards and Services	The ultimate location of the spend is unclear. Payments without an exchange of value. This can be heightened when disbursements are made via check.
Duplicate Vendor IDs and Addresses	Multiple entries (e.g., records with vendor names, vendor addresses) or partial information create a risk of fictitious vendors, inappropriate payments and payments without an exchange of value. This can be heightened when disbursements are made via check.
Foreign Vendors	In addition to risks associated with multiple vendor addresses, payments to international locations have a heightened risk and could indicate non-compliance with local, state or Federal procurement requirements.

Policy and procedures observations

- The procurement policies provided by DPS did not contain the foundational information expected to prevent and/or detect potential fraud, waste or abuse.
- It is unclear which department (DPS or Department of Finance (DOF)) has primary ownership for assessing vendors before inclusion into the City's Vendor Master and for managing the Vendor Master. DPS indicated an assessment of DPS' and DOF's role in managing the Vendor Master including the identification of duplicate or redundant entries would be a part of a Procurement Modernization project, but the parameters for the project have not been set.
- The effectiveness of the payment controls within Oracle could be validated during the assessment of specifically identified high-risk transactions.

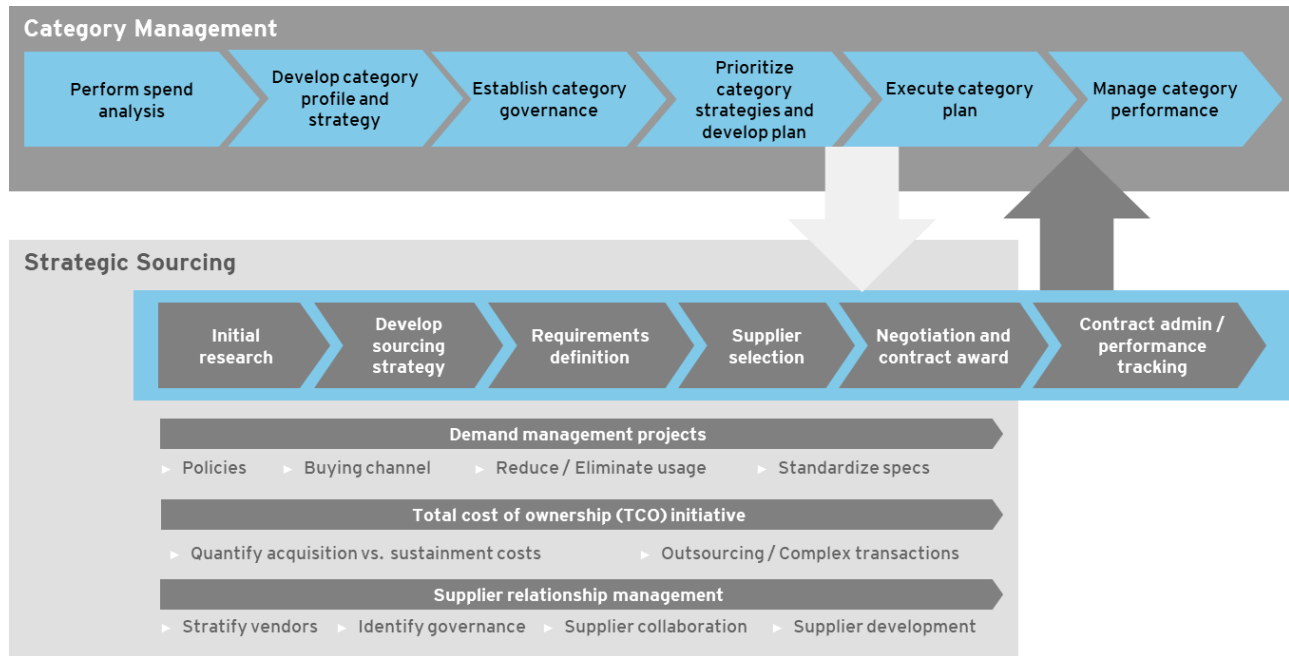
Summary Options

Spend analysis

To effectively address the above themes and enhance procurement management for the City, the overall option is to adopt Category Management (CM). 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, emphasizing the importance of procurement planning, forecasting, demand management, vendor management, performance management and other strategic levers to support streamlined and cost-effective operations.

Category Management Repeatabile Process



DPS currently operates a centralized procurement model; however, departments in some instances retain procurement authority for goods and services in support of their mission. To implement CM, DPS would need to invest significant effort and strategic planning over a 3–5-year period. The following steps could be taken by DPS to implement CM within the City’s procurement process:

1. DPS could first define its goals and purpose and establish the necessary buy-in from key departments and leadership.
2. DPS could pilot its CM program with 1-2 categories (such as IT or Professional Services) and eventually scale to include all categories identified.
3. DPS could conduct sourcing events and contract analysis to deliver savings from its existing spend under management by focusing on foundational CM approaches including negotiation, consolidation and vendor rationalization.
4. DPS could augment its teams with experts in strategic sourcing events and industry leaders to develop category strategies, define roles and responsibilities, and create standardized processes (such as procurement intake and workflow management) that promote efficiency and accountability.
5. Training and change management initiatives would be essential as well to develop a workforce where all team members are equipped with the necessary skills and knowledge to support more strategic procurement.

The following mitigating actions, which are principles of CM, could be applied to address the identified themes.

Theme	Mitigating actions through CM Principles
Duplication across Departments	Strategic Sourcing: Through spend analysis and the category taxonomy, like goods and services are organized by category to help identify instances of duplicative spending, where different departments purchase the same goods or services from multiple suppliers at varying prices or terms. Category teams can work to standardize demand to develop enterprise-wide sourcing strategies.
Non-Contract spend	Managed Spend: Align spend to contracts or established procurement strategies, meaning the procurement team has been involved in the sourcing and negotiation of the terms for these purchases and focuses on strategic cost reduction and risk management. A quarterly or bi-annual spend analysis can help to monitor maverick spend and enable procurement to coordinate with departments who are going outside of existing preferred strategies.
Supplier concentration	Supplier Relationship Management: By strategically managing interactions with key suppliers, organizations can mitigate the risks associated with relying on a limited number of suppliers. This involves establishing a governance structure with the vendor's senior executives to frequently discuss project outputs, risks, issues, etc., building trust, enhancing collaboration, and improving communication with suppliers, while also regularly evaluating their performance and capabilities.
Vendor tail	Vendor Rationalization: Leverage the historical spend data to optimize the City's vendor base by evaluating and reducing the number of suppliers you work with by category.
Non-DPS managed spend	Further Leverage DPS: A centralized or center-led model where purchasing decisions are coordinated through a dedicated procurement team allows organizations to consolidate buying power, negotiate better deals, and adhere to established policies and procedures. More so, procurement becomes a strategic enabler within the process and creates cross-Departmental Category teams to drive strategy over both short-and-long term periods.

In addition, the following practices/action are key to a CM implementation at the City:

- **Detailed Contract Analysis:** Review existing contracts to identify opportunities for strategic sourcing and consolidation.
- **Re-define the Role of DPS:** Position DPS as a strategic partner in procurement, enhancing its ability to manage costs and generate value.

- **Establish Category Councils:** To focus on specific goods and services, promoting strategic enterprise-wide procurement strategies.
- **Automated Spend Analysis:** Utilize technology to automate spend analysis for real-time visibility into spending patterns.
- **Refine Procurement Intake Process:** Collaborate with client departments to improve the procurement intake process, ensuring alignment with organizational objectives.

The City could achieve cost savings in procurement by implementing CM. Potential savings have been calculated for each category by examining the addressable spend and potential savings benchmarks from organizations that have implemented CM programs. The potential savings from this analysis have been estimated based on the Corporate Fund only. The Corporate Fund is labeled as the General Funds in the data. With 2024 spend of \$1,104 million, this results in potential savings of \$55 million to \$111 million.

Category	2024 Addressable Spend (in millions)	Savings % Range	Savings \$ Range (in millions)
Professional Services	\$311	redacted	redacted
Medical	\$248	redacted	redacted
Construction	\$184	redacted	redacted
Information Technology	\$100	redacted	redacted
Logistics, Automotive & Transportation	\$89	redacted	redacted
Industrial Products and Services	\$81	redacted	redacted
Management & Operations	\$19	redacted	redacted
Facilities	\$18	redacted	redacted
Lifestyle & Human Services	\$7	redacted	redacted
Unspecified*	\$47	-	-
Totals	\$1,104		\$55 - \$111

**Note – Unspecified category (~\$47M) is included in the grand total spend; however does not include a savings potential due to challenges in visibility.*

Transaction Analysis

The following practices could be employed by the City to strengthen risk mitigation processes across the procurement life cycle:

- **Detailed analysis of vendor onboarding, management and offboarding process** – Risks related to potential anomalous payments can be mitigated by diligence in vendor onboarding, vendor risk stratification and maintenance of vendor master. The analysis includes a rationalization of the active vendors currently in the Vendor Master and alignment to publicly facing information.

- **Further evaluation of the procure to pay processes** – An evaluation of policies and processes including walkthroughs, sample transactions and related source documentation assessment can provide additional insights in the existence and effectiveness of control to prevent inappropriate payment from occurring. Segregation of duties, delegation of authority, approval limits, documentation standards, receiving goods/services and invoice processing and three-way matching are commonly included in procure to pay process evaluations.
- **Perform assessment of the roles City departments have in the procure to pay processes** – DPS does not have sole responsibility for the City's processes to procure vendors. Understanding and documenting the roles and responsibilities of the other departments could identify opportunities to increase consistency in policy application and procurement data governance.
- **Creation of risk stratification and monitoring plan** – The inherent risk of using a particular vendor varies based on a multitude of factors including the ability to perform the services or provide the goods, potential for conflicts of interests and the use of state or federal monies. A risk stratification applied to vendors accompanied with a monitoring plan aligned preventative and detected procedures could increase the efficiency and effectiveness of City funds.
- **Selection of transactions for specific assessment** – Refine analytics and risk weighting to select a reasonable number of identified transactions for specific assessment. This could include collection and review of source documents (e.g., bids, contracts, PO, invoices and proof of delivery) and discussions with the involved internal departments. The results of this will contribute to additional areas of potential process improvements, potential identification of fraud, waste or abuse and will create a framework to perform periodic risk assessments.
- **Perform periodic risk assessments of spend transactions** – Develop and deploy technology enabled analytics to proactively monitor for higher risk transactions and to inform the scope of related assessments or audits.

Next Steps

While the procurement analysis provides findings and options, they do not provide a comprehensive solution to the identified challenges. A robust methodology and governance framework are essential for driving meaningful change, as analysis alone does not guarantee action. To achieve real savings, a cultural shift is necessary, emphasizing coordination and collaboration across departments. Effective contract management will play a crucial role in realizing these savings, as the numbers presented are targets that require strategic focus to be achieved. By leveraging category management, the City can foster behavioral changes that align with a more strategic approach to procurement. This transformation begins with a detailed assessment of current procurement processes to identify capabilities and limitations, followed by clearly defining the DPS strategic role as an enabler to developing citywide procurement strategy.

This transformation is further enhanced by strengthening risk mitigation processes across the procurement life cycle. This begins with creating a Risk Stratification and Monitoring Plan to establish criteria for assessing vendor risk. This assessment will consider several factors, including the vendor's service capability, potential conflicts of interest, and the sources of funding involved. Another potential next step could be a Refinement of Analytics. This step would focus on adjusting the risk weighting of the analytics used in the transaction assessments. By prioritizing certain transactions for specific evaluations,

the City could conduct a more thorough review of documentation and foster engagement with relevant departments. Finally, the City could move towards the Deployment of Technology Solutions. This initiative would involve investing in technology that facilitates ongoing monitoring of procurement transactions. By doing so, the City would aim to enhance its ability to detect and prevent instances of fraud, waste, or abuse, thereby strengthening the overall integrity of its procurement processes.

Workstream #7: Organizational Analysis

The City conducted a peer city organizational analysis, benchmarking its departmental structures, functions, and processes against peer cities and leading practices to identify opportunities for greater alignment and efficiency. Ten departments selected by the City participated in the organizational analysis, which included an assessment of the department structure, functions, and processes. Seven of the departments also participated in a detailed Time, Motion, and Activity study to assess how exempt managers and supervisors allocate their time to critical processes such as payroll, hiring, and onboarding. The overarching goals were to evaluate organizational structures for strategic alignment and operational efficiency, and to uncover actionable cost savings.

The analysis revealed that many back-office functions — including human resources, finance, payroll, and legal services — are decentralized and inconsistently structured across departments. This fragmentation leads to duplicated efforts, process inefficiencies, and missed opportunities for budget optimization. Recruitment and onboarding processes were found to be prolonged, resulting in service delays and lost chances to hire top talent, particularly in revenue-generating roles such as collections, legal, and parking enforcement. Additionally, the analysis revealed a significant number of budgeted vacant positions appeared to be non-critical (i.e., would not pose a direct risk to immediate business operations or continuity if delayed/not filled), representing immediate savings potential if closed or reallocated.

Managerial spans of control emerged as a key area for improvement. In several departments, managers oversee fewer than three direct reports, which is below the leading practice ratio of six to eight. Rebalancing teams to achieve optimal spans of control should reduce overhead and enhance team effectiveness. The analysis also highlighted operational redundancies and outdated manual processes in payroll, recruiting, and contract management, which contribute to unnecessary costs and slow service delivery.

To address these challenges, the analysis identified eleven cost-saving opportunities, categorized by implementation timeline—short-term, mid-term, or long-term. These include optimizing managerial spans of control, consolidating overlapping divisions and functions, establishing shared labor pools for flexible staffing, streamlining position management to accelerate hiring, and standardizing back-office support models. The expansion of artificial intelligence tools and automation in payroll and recruiting is also recommended to improve process speed and accuracy, while increasing the number of in-house attorneys could reduce reliance on costly external legal counsel. Tailoring library staffing to branch needs, centralizing contract management, closing non-essential vacancies, and formalizing succession planning within HR are also highlighted as actionable steps.

The functional alignment and benchmarking analysis provided further depth, assessing organizational charts, staffing levels, vacancy data, and process flows in the selected departments. Interviews with department leaders and comparisons with peer cities such as New York, Los Angeles, Philadelphia, Houston, and Seattle revealed that Chicago's average managerial span of control is 5.92—close to best practice of 6-8, but with notable variation and room for improvement in specific departments. Some departments maintain parallel or duplicative functions that could be streamlined, while others have more organizational layers than recommended, creating distance between executive strategy and frontline service delivery.

Key findings underscore the need for a more centralized and standardized approach to organizational management. The City operates with over 4,000 vacant positions spanning all departments, many of which may no longer be necessary. A thorough review of these vacancies, combined with efforts to consolidate functions and optimize spans and layers, would yield measurable budget reductions and improve service delivery. Centralizing back-office support, leveraging technology for process automation, and aligning staffing models with community needs are essential steps toward a more efficient and responsive organization.

Moving forward, each cost-saving opportunity should be operationalized through coordinated efforts with relevant departments and technology implementation teams. Proactive assessment of labor and operational impacts, coupled with robust change management, will be critical to ensuring timely execution and minimizing disruption. By embracing these options, the City of Chicago can potentially achieve substantial budget savings—initially estimated between \$147.5 million and \$257.2 million over the next several years—while building a more agile, effective, and strategically aligned municipal organization.

Summary of Findings and Options

The analysis identified several findings across the selected ten departments that point to potential opportunities for budget optimization and cost reduction:

- **Back-office structural and process inefficiencies:** Many “back-office” functions such as HR, finance, payroll, and legal services were observed to be decentralized and inconsistently structured, leading to inefficiencies and potential duplication of efforts.
- **Recruitment enhancement:** Hiring and onboarding processes are prolonged resulting in service delays and missed opportunities to hire top talent and generate revenue (through revenue generating roles such as collections, legal, parking enforcement).
- **Non-critical vacancies:** Several budgeted vacant positions appeared to be non-critical (i.e., would not pose a direct risk to immediate business operations or continuity if delayed/not filled), representing an immediate opportunity for savings.
- **Spans of managerial control:** Managerial spans of control (i.e., employee to supervisor ratios) in many of the departments analyzed were below leading practice.
- **Redundancies and operational inefficiencies:** Overlapping operational functions and outdated manual processes in payroll, recruiting, and contract management were identified as potential drivers of unnecessary costs.

The analysis identified cost-saving options across the analyzed City departments that could yield measurable budget reductions through immediate and long-term opportunities. These opportunities have an implementation target categorized as *Short-term* (less than one year), *Mid-term* (one to three years), or *Long-term* (more than three years).

	Options	Estimated Annual Financial Impact	Projected Implementation Timeline
1	Optimize managerial spans of control by reallocating resources to align with leading practice Many managers oversee fewer than three direct reports, creating inefficiencies. Rebalancing teams to meet best-practice ratios (6–8 reports per manager) would reduce overhead and improve team effectiveness	\$37M	Mid-term
2	Consolidate overlapping divisions and functions Functions like Forestry, Asset Management, and Environmental Health have some duplicated processes across departments. Realigning these under single departments would reduce administrative overhead and clarify responsibilities	\$30-70M	Long-term
3	Establish shared labor pools across departments with similar needs Operational departments (e.g., DSS, CDOT, 2FM) face staffing shortages and seasonal surges. A centralized labor pool (as utilized by peer cities such as NYC and LA) would allow flexible deployment, reduce overtime, and improve hiring efficiency	\$30-70M	Mid-term
4	Streamline position management process in an effort to reduce time to hire Streamlining the hiring process could result in savings from reduced operational disruption caused by vacancies as well as a shortened hiring time for revenue generating positions (e.g., litigation, parking enforcement, and others)	\$25M <i>of potential revenue</i>	Mid-term
5	Standardize 'back-office' support model across departments (e.g. HR, Contracts, Finance, Payroll) Many administrative functions are currently decentralized, leading to duplication and inefficiencies. Centralizing these roles under core departments (e.g., HR, Finance) would streamline operations, reduce costs, improve consistency in service delivery and align the City closer to its peers	\$7-15.7M	Mid-term
6	Expand use of AI tools and other technologies to streamline payroll and recruiting processes	\$6-8M	Long-term

	Options	Estimated Annual Financial Impact	Projected Implementation Timeline
	Manual payroll and recruiting workflows consume substantial staff time. Implementing automation for tasks could improve process speed and accuracy		
7	Reduce external legal counsel spend through increasing the number of lawyers in DOL The City spends heavily on outside legal services caused by internal capacity gaps. Hiring more in-house attorneys to align closer to peer benchmarks—especially in high-cost areas—would reduce reliance on external counsel and save litigation costs	\$5-11M	Mid-term
8	Optimize library staffing and structure based on Branch needs CPL staffing models assign high-cost roles to small branches, when these roles may not be needed at all branches. Reclassifying roles and tailoring staffing to community needs would improve service alignment	\$3-8M	Long-term
9	Implement end-to-end contract management process Contract execution is slow and fragmented across departments. A centralized digital system with embedded legal workflows would streamline approvals, and reduce delays	\$2.5M	Mid-term
10	Close budgeted vacant positions for certain roles, while further analyzing the ability to close additional vacancies Thousands of budgeted vacancies exist. Closing these positions offers immediate savings	\$2-10M	Short-term
11	Centralize succession planning and knowledge transfer efforts within HR Many departments face high retirement rates and lack formal succession plans. Centralizing this function in HR would help preserve institutional knowledge and reduce disruption from staff turnover	Low	Mid-term
Total		\$147.5M - \$257.2M	

Next Steps

After coordinating with relevant departments to validate and launch each opportunity, the City should partner with the City's technology implementation teams (e.g., ERP) to align efforts with upcoming changes in organizational structure and roles. In parallel, the City can proactively assess labor and operational impacts to support timely execution and mitigate operational implications while managing organizational change.

To realize the full potential of the identified cost-saving and efficiency opportunities, the City should move forward with a coordinated and phased implementation strategy. Each of the eleven cost savings opportunities is supported by a strategic roadmap designed to guide execution and deliver measurable results. The first priority is to validate each opportunity in collaboration with relevant departments, ensuring that proposed changes are both feasible and aligned with operational realities.

Once validated, the City should establish cross-functional teams to lead the execution of each initiative, leveraging expertise from departmental leaders, human resources, finance, and technology. A critical component of successful implementation will be close partnership with the City's technology teams, particularly those overseeing ERP and digital transformation efforts. Aligning organizational changes with upcoming technology upgrades will help streamline processes, improve data quality, and support automation where appropriate.

In parallel, the City should proactively assess the labor and operational impacts of each initiative. This includes engaging with employee groups, unions, and other stakeholders to anticipate challenges, manage change, and minimize disruption. Transparent communication and robust change management will be essential to building buy-in and sustaining momentum throughout the process.

Finally, the City should establish clear metrics and reporting mechanisms to track progress, measure financial impact, and promote accountability. Regular reviews and adjustments will allow the City to respond to emerging needs and continuously improve its organizational effectiveness.

By following these steps, the City of Chicago can translate strategic options into tangible results—achieving significant budget savings, enhancing service delivery, and building a more agile and resilient municipal organization.

Functional Alignment and Benchmarking Analysis Scope, Methodology and Approach

The functional alignment and benchmarking analysis consisted of an assessment of organizational structures, core process flows, staffing levels, employee rosters, and vacancy data in ten selected departments. The selected departments were benchmarked against peer cities and leading practices to identify structural and operational enhancements. The activities of the functional alignment assessment are included below:

- Selected key departments or functions for functional alignment assessment based on previous work performing similar organizational analyses with other major cities, as well as data and insights provided by the City in relation to opportunities for right-sizing and gaining efficiencies. Selected departments included:
 - Department of Family and Support Services (“DFSS”)
 - Department of Finance
 - Department of Fleet and Facility Management
 - Department of Human Resources (“DHR”)
 - Department of Law
 - Department of Planning and Development
 - Chicago Department of Public Health (“CDPH”)
 - Chicago Public Library (“CPL”)
 - Department of Streets and Sanitation
 - Department of Transportation
- Evaluated current state organizational structure including organization charts, core process flows, staffing levels, employee rosters, and vacancies to understand the City’s current structure and operations.
- Conducted an assessment of selected departments/functions, evaluating spans and layers, alignment of functions, overlap of effort, alignment of employees, and vacant positions for functional alignment.
- Conducted interviews with each department to gather additional information on the current state and identify further challenges and opportunities relative to the structure and placement of key offices and functions.
- Selected five major peer cities (New York, Los Angeles, Philadelphia, Houston, Seattle) across the country that are comparable to the City for benchmarking and analyzed organizational structures against identified benchmarks and leading practices in functional alignment, staffing, and structure.
- Analyzed available data provided by departments (i.e. organization charts, employee roster, cost data) related to opportunities for organizational efficiency, restructure, and cost savings.
- Evaluated 2023-2025 overtime pay to assess spend and trends in overtime pay in selected key departments.
- Identified additional opportunities for cost savings, organizational efficiency, and functional alignment, including potential duplication of effort across the City, opportunities for streamlining functions across the organization, and other areas for improvement.

The table below provides a high-level comparison of personnel budgets and headcount across peer cities showing the City is in line with peer cities in terms of overall headcount.

City	Population	City Budget (\$Ms)	Personnel Cost (\$Ms)	% of City Budget	Employee Headcount	Unionized Employees	Total # of Departments
Chicago, IL	2,720,000	\$17,300	\$3,500	20.2%	36,063	32,572	37
New York, NY	8,480,000	\$118,495	\$56,927	48%	364,340	~342,479	156
Los Angeles, CA	3,880,000	\$13,950	\$4,549	32.6%	34,320	~22,450	35
Philadelphia, PA	1,570,000	\$13,800	\$6,370	46.2%	23,337	~9,000	52
Houston, TX	2,310,000	\$6,744	\$2,521	37.4%	21,189	~13,000	28
Seattle, WA	780,995	\$8,496	\$1,565*	18.4%	13,677	~7,000	41

Table 2: Peer City Personnel Benchmark Analysis

**Note: City of Seattle personnel costs were calculated using HRIS data requested from the city. All other cities' personnel costs were pulled from publicly available city budgets.*

Additionally, the department structures and functions were compared to those of the peer cities, as well as the departments from 2011 to identify key changes. Key findings include:

- **2FM:** Overall, 2FM's structure differs from a majority of the peer cities. Other than for Philadelphia and Houston, most of the City's 2FM divisions fall under other departments, mainly being Department of Finance and Administrative Services and General Services Department. In addition, the Environmental Health and Safety Division and the Architecture, Engineering and Construction division fall under different departments across all peer cities. This indicates an opportunity for 2FM to consolidate overlapping divisions and functions to better align with peer cities.
- **DSS:** The City is unique in the structure around streets and sanitation services. Most cities split functions across various departments including Departments of Streets, Departments of Sanitation, Departments of Transportation, and Departments of Public Works. While DSS is among the City's largest departments, it still operates on a relatively lean model for the services it provides.

Functional Alignment Key Observations

- **Vacant positions:** The City is operating with more than 4,000 vacant positions, the majority of which are funded by the Corporate Fund. The City should consider conducting a thorough review of all vacant positions to determine if they are still necessary or if the responsibilities can be absorbed.
- **Organizational structures:** In some instances, departments maintain parallel or duplicative functions that could be streamlined or consolidated to reduce administrative overhead and improve service delivery.
- **Spans:** The City has an average span of control of 5.92 across eight departments (span of control was not calculated for DOL* and DSS**). This falls close to the leading practice of 6-8, however there are opportunities in the individual departments to optimize the spans of control.

- The average span of control for many City departments (e.g. 4.83 in Finance, 4.23 in CDPH) is below the leading practice of 6-8, indicating an opportunity to optimize managerial spans of control by potentially reallocating resources to managers with few direct reports.
- The average span of control in CDOT is 15.07, however, because CDOT has several field positions (Laborer / Driver; Transit Operator) the organization is in line with the field positions leading practice span of control which is 12-25.
- **Layers:** Based on the ten departments, the average number of layers in the departments is seven, which is in line with the leading practice of six to seven. However, DOF has nine layers in the organization indicating an opportunity to minimize the number of layers in the organization. According to leading practices, if an employee is more than seven layers away from the CEO equivalent (or department head, in the case of the City), there is too much distance between the strategic objectives set at the executive level and the bottom-line delivery.
- **Organizational Overview:** Listed below are the layers, spans of control, and organizational structure for the ten selected departments. The organization structure graphics show the employee distribution across the organization levels, starting with level one on the top. This view helps to describe which departments may be 'top heavy' with too many managers.

Department	Budgeted Positions	Layers	Span of control	Organization Structure
<i>Leading practice</i>		6-7	6-8	
DFSS	443	8	3.77	
DOF	639	9	4.83	
2FM	1,044	7	6.94	
DHR	123	6	4.44	
DOL	406	6	N/A*	
DPD	1,051	7	4.43	
CDPH	197	8	4.23	
CPL	1,152	8	3.69***	
DSS	2,256	6	N/A**	
CDOT	1,576	7	15.07	

Table 3: Spans and Layers Analysis

*The average span of control was not calculated for DOL because the department operates in a project-based structure with team sizes and lengths based on the current projects DOL is working on.

**The average span of control was not calculated for DSS because the department operates in an alternate schedule structure with team sizes based on the day of the week for most departments.

***Span of control for CPL was calculated based on the organizational charts shared by the Department for administrative and program functions and is not entirely inclusive of Library Operations and Patron Experience (LOPE) personnel.

The table below analyzes the supervisors in the ten departments that have zero to three direct reports and ten or more direct reports. According to leading practice, a manager with less than three direct reports typically adds between five and seven hours of collaboration time per week. The managerial span of control was calculated using the department organizational charts from 2024-2025.

Department	Supervisors with 1-3 direct reports	Supervisors with 10+ direct reports
DFSS	60	2
DOF	71	7
2FM	35	31
DHR	10	3
DOL	N/A*	
DPD	21	3
CDPH	115	20
CPL	25	5
DSS	N/A**	
CDOT	41	21

Table 4: Managerial Span of Control Analysis

*Not calculated for DOL because the department operates in a project-based structure with team sizes and lengths based on the current projects DOL is working on.

** Not calculated for DSS because the department operates in an alternate schedule structure with team sizes based on the day of the week for most departments.

Workstream #8: Performance-Based Budgeting

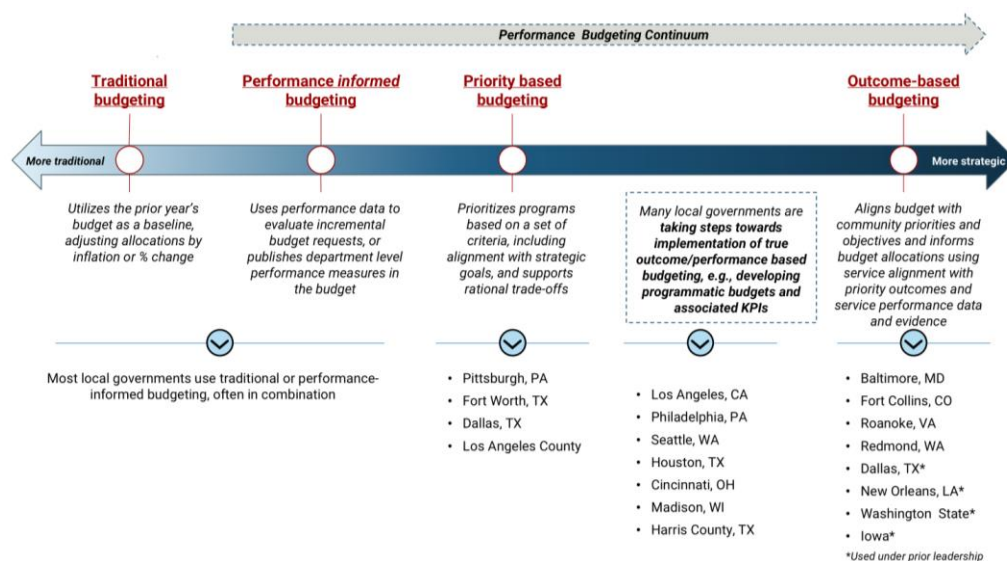
As part of its analysis to align expenditure and revenue growth to help to achieve long-term structural budgets, in 2025 the City sought to evaluate cost reduction and service delivery improvements across a wide variety of categories. During the evaluation, key stakeholders and leadership in OBM were engaged on the value and mechanics of the existing budget process and how leading practices from comparable cities could be incorporated to improve the budget process.

This section (1) summarizes observations on Chicago's current state budget process stemming from an assessment of budget documents and discussions with key stakeholders and (2) proposed next steps for how the City can implement a more performance- and outcome-informed budget process in the future. Options from the assessment are intended to help align the budget with key priorities of the City and make service delivery more impactful for its residents.

Current State Findings

During the assessment, several discussions were facilitated with representatives from OBM, including a large working group session with most of the budget team. These conversations were intended to help gain an understanding of the current budget process to inform options for future improvements.

To guide the range of improvements the City might consider, it can look to how other cities across the country approach budgeting. These approaches span a continuum—from traditional budgeting to more strategic methods, culminating in outcome-based budgeting. The traditional approach uses the prior year's budget as a baseline and makes incremental adjustments. At the other end of the spectrum, outcome-based budgeting begins by identifying the outcomes residents value most, determining how to measure those outcomes, and then building a budget designed to achieve them. Between these two guideposts, some cities have adopted transitional strategies, such as priority-based budgeting, which moves toward aligning resources with desired results. While most U.S. cities still rely on traditional budgeting, shifting to more strategic models requires significant time, resources, and robust data systems to support the change. Below is an illustration of where U.S. cities fall along the budgeting methodology continuum.



Traditional budgeting is therefore the most prevalent of budgeting methods today, but features these key challenges:

- **The budget process is backward-looking:** Each year, the budget is formulated by bringing forward the previous year's budget and incorporating marginal increases and/or cuts based on the fiscal situation. Rather than making budgetary decisions based on alignment with priorities and service performance, the budget is largely driven by historical decisions. By bringing forward last year's budget year after year, traditional budgeting locks in status quo spending.
- **Budgetary decisions are not as strategic as they could be:** To address past budget shortfalls across-the-board cuts to budgets for most departments are instituted. While this decision is considered a "fair and equitable" approach to avoid potential budget deficits, it can negatively impact services that have demonstrated positive results for citizens. By closing shortfalls with across-the-board cuts, traditional budgeting protects lower value programs and punishes those that have contributed to improving outcomes.
- **The base budget is not subject to real scrutiny:** While the executive's priorities are considered when making budgetary decisions, they do not serve as the primary basis when determining service-level funding decisions. In general, departments receive more or less the same level of funding as the prior year, with enhancements available through a competitive process if resources are available. By leaving the base budget largely intact, the budget, in large part, becomes disconnected from changing priorities.
- **The budget does not provide service-level detail:** The traditional budget provides line-item details at the department level, but does not provide financial and performance information for each city service. Without full cost and performance data, elected officials lack the information they need to make budget decisions based on the value of services: their efficiency, effectiveness, and contribution to achieving priority goals. The lack of detail also obscures potential redundancy in services and opportunities for collaboration across departments

Representatives from OBM have expressed interest in executing a more outcome or performance-based process for making budgetary decisions. Given the challenges associated with the traditional budget process, the City would benefit from exploring a more modern budget process that reflects leading practices.

Future State – Performance Budgeting

To execute an outcome-based / performance-based budget process that addresses shortfalls today, the City could take a more results-driven approach to formulating and executing the budget. Leveraging leading practices implemented in other cities, the City could consider working towards a process like the one described below, or more likely, a version of it that is customized to the City's unique needs:

Performance Budgeting Cycle

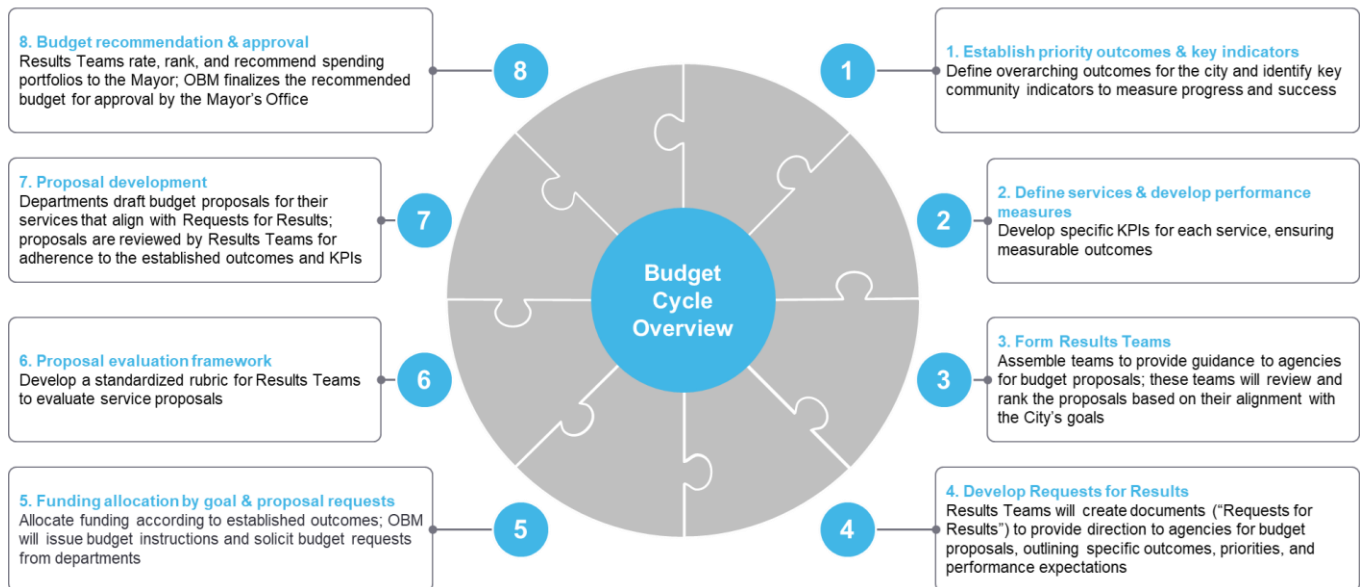


Figure 1: Proposed Performance Budgeting Cycle

Taking an approach like the one reflected above, the City will have access to more information and new tools to inform the budget process. These tools include the following:

- **Priority Outcomes:** These form the superstructure for organizing the budget and guiding budgetary requests and decisions. Chicago has Mayoral Pillars that can serve this purpose. Services that align closely to pillars will receive preference in the budget process.

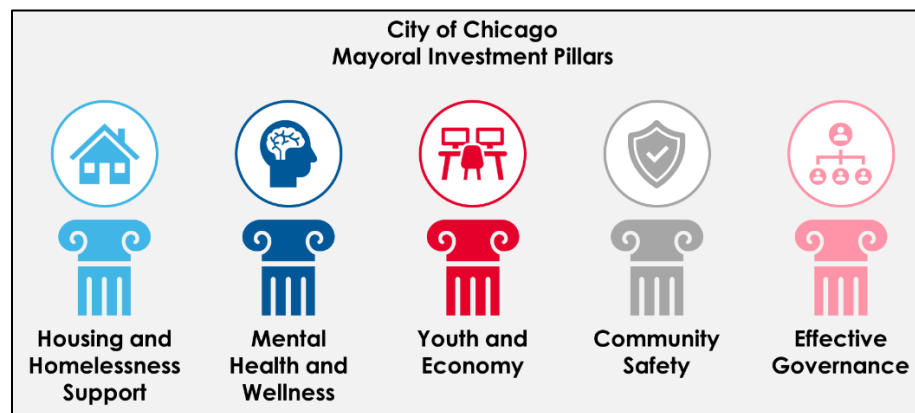


Figure 2: City of Chicago Mayoral Investment Pillars

- **Key Indicators and Performance Measures.** Key Indicators give definition to the Mayor's Pillars and performance measures track service-level outputs, efficiency, effectiveness, outcomes, and equity. These measures will inform budget decisions as well as service delivery improvements.

By implementing a new budget process in the City, Chicago will have methods and tools to help implement results-driven budget decisions in the future.

Benefits of a New Approach

By implementing the proposed budget approach, the City can take a more informed and targeted approach to development and execution of the City's budget.

Challenges with Traditional Budgeting	Expected Improvement
The budget process is backward-looking	Performance Budgeting is more strategic in nature. By starting with next year's goals in mind, the budget will be guided by the desired future state and not by historical decisions. This will allow the City to better align spending with evolving priorities and values
Budgetary decisions are not as strategic as they could be	Performance Budgeting is value-driven. By putting a premium on data and evidence, the City can gain a better understanding of how money is spent and the associated results. Through hard evidence and associated data, the City will be able to identify strategic funding tradeoffs and reveal opportunities to improve service delivery
The base budget is not subject to real scrutiny	Performance Budgeting is dynamic. By allocating dollars into desired outcome (or pillar) pools instead of organizational silos, the budget process promotes collaboration, competition, and innovation.
The budget does not provide service-level detail	Performance Budgeting promotes transparency. By allocating full costs to services, the City can more accurately represent resource usage and create incentives for departments to economize. This level of granularity makes the budget more informative and accessible to the public.

Next Steps

Through ongoing discussions with City team members, OBM recognizes long-term benefits to building the foundation for Performance Budgeting. The activities below are steps the City could take to advance the technical groundwork of Performance Budgeting, positioning Chicago for greater budget transparency and a strengthened ability to assess value relative to spend.

The City can start with the Investment Pillars as a foundational point for the performance budgeting process and take the following next steps to begin implementation of the new process:

- **Service Mapping & Revised Account Structure:** Defining the budget in terms of the services that it delivers is a foundational step in Performance Budgeting. Services (e.g., arson investigation) are the right unit of analysis upon which to eventually assess value and measure outcomes. **Relative to other cities, Chicago has gone farther in expressing its budget at a level of granularity that reflects the services it delivered, at least as it relates to positions and salaries.**
- **Cost Allocation:** Today, much of the City's salary costs are allocated at the department level and even to the service level in some cases. However, a significant portion of the City's budget is not allocated at this level of granularity, including costs that are budgeted centrally, such as health benefits, pensions, worker's compensation, and areas like fleet, facilities, and certain IT expenses. Much of this is a byproduct of the technical limitations of current technology and systems. A cost allocation exercise—which could initially be performed outside of the budget's current systems—could ultimately be used to incentivize departments to operate more efficiently, and provide better information for decision-making.
- **KPI Framework:** The ultimate goal of performance budgeting is to drive to better outcomes and service delivery. Establishing measures of progress toward the Mayor's strategic pillars and of service performance will allow the City to use data to evaluate performance, inform decision-making, and improve processes, services, and outcomes. OBM should (1) work with departments to identify KPIs for services, with clear definitions, targets, and reporting templates and (2) develop community-level indicators to measure progress made on the Mayor's strategic pillars, with benchmarking and leading practices analysis to inform improvement action.
- **Implementation Roadmap:** To facilitate these activities OBM should develop an action plan for institutionalizing changes, including workplans for training resources, performing change management, and reviewing milestones.

Additional Considerations

Performance budgeting's most disruptive change, and therefore change management challenge, has to do with how it breaks down traditional department silos and gives City leadership greater visibility into the budget and leverage to align it with priorities. This shift is made by allocating available funding to budget priorities instead of department funding targets. The purpose of the shift is to encourage competition and collaboration for resources based on alignment with priorities and service performance. Without base funding targets, all appropriations must be justified. On one hand, City leaders have greater visibility into funding options and discretion in matching funding to priorities. On the other hand, department heads have less budget predictability and autonomy, more accountability, and larger upside and downside potential in the budget process.

Advanced forms of performance-based budgeting, such as outcome-based budgeting, require a significant organizational commitment. Developing and evaluating budget proposals at the service level is more time-consuming than the traditional budget process, and measuring community outcomes and service performance entails new data collection and analysis, as well as reporting technology and protocols.

Performance-based budgeting may also require external investment, at least for the first cycle, to provide training, coaching, and other technical assistance.

Implementation of the new budget process can be broken into two phases: (1) building the foundation for performance budgeting and (2) formulating the budget.

Phase 1 starts with working sessions with the OBM and City Departments to discuss what performance budgeting is and establish expectations for the new process. Once foundational trainings have concluded, the team will begin meeting with departments to define services and key performance indicators (KPIs).

Phase 1 also includes writing Requests for Results (RFRs), which provide strategic guidance about each Mayoral Pillar to inform budget proposals and decisions. RFRs are typically developed through a collaborative effort that includes the Mayor's office, departments, and community stakeholders.

The focus of Phase 2 is to train departments on how to write budget proposals that align with the Requests for Results and evaluate proposals using a transparent rubric that prioritizes alignment with Mayoral Pillars and service-level performance. Pillar Teams should be formed to review budget proposals against the RFRs and identify gaps, duplication, and opportunities across the collective proposals. The proposal evaluation process should be iterative, with ongoing communication among Pillar Teams, departments, and OBM.

Once evaluations have been completed, the Pillar Teams and OBM will produce budget recommendations for the Mayor. Ideally, the budget process will be part of a cycle of strategic planning, budgeting, and performance management, such that progress on the Mayoral Pillars and service performance is continuously monitored and discussed to inform management action and future resource decisions.

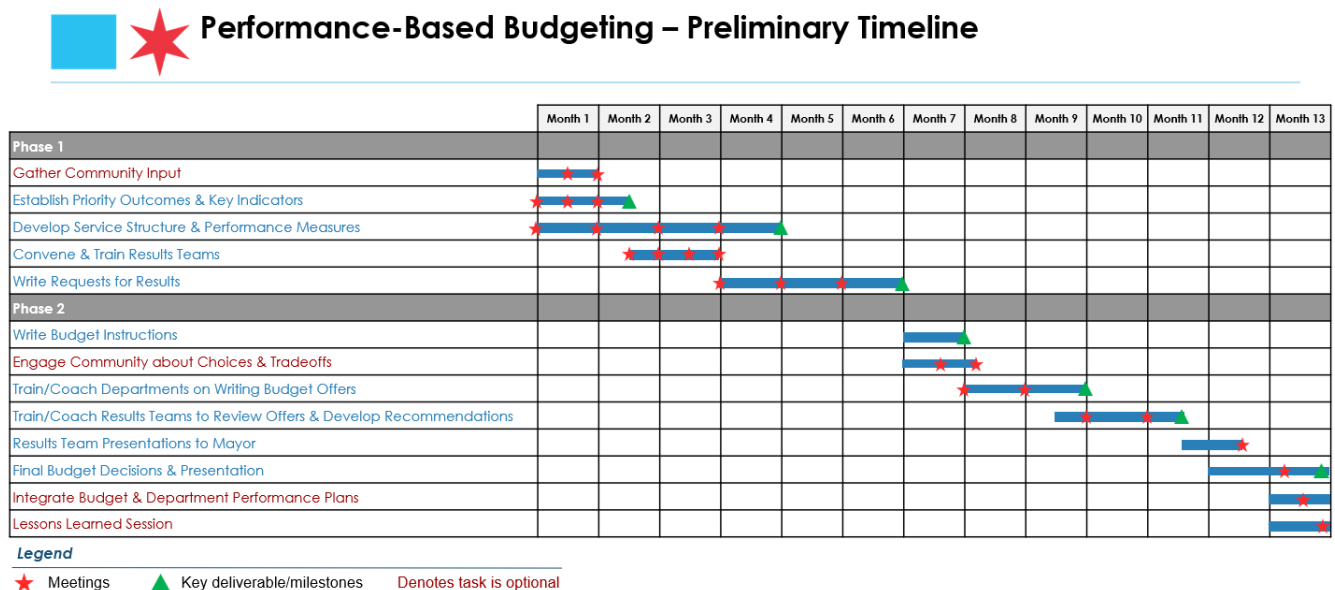


Figure 5: Preliminary Performance-Budgeting Timeline

Workstream #9: Service Optimization

The City of Chicago (“City” or “Chicago”) budgets over \$3 billion annually for public safety. Within the public safety function, there are seven components/departments. This report provides an in-depth assessment of four of the seven public safety departments: Chicago Fire Department (“CFD”), Chicago Police Department (“CPD”), Office of Emergency Management & Communications (“OEMC”), and Office of Public Safety Administration (“OPSA”).

The analysis in this report focuses on identifying opportunities for efficiency, cost savings, and performance improvements across the four departments. To aid data gathering and current state analysis, entrance conferences were conducted with each department to explain the process, establish expectations with data requests, and discuss appropriate points of contact for the service survey. A service survey was then deployed to service managers to understand opportunities for more efficient service delivery, more complete cost-recovery, and further technological improvements. Using survey results, benchmarking, and targeted department interview insights, forty-three cost saving and revenue generating options were identified.

Some key themes that emerged during the engagement included opportunities to divert more EMS calls for service to less resource-intensive response and care alternatives, the need to strengthen overtime management practices, desire to more fully recover costs for city services provided, and enthusiasm to adopt technology to improve effectiveness of service delivery. All options developed were discussed with key department stakeholders to identify potential implementation issues. Following department option discussions, tear sheets were refined to incorporate feedback from department leadership. The analysis generated 43 potential options, 23 of which were prioritized with departmental leadership for additional research and benchmarking, resulting in the development of recommendation tear sheets. Tear sheets are one-page summaries of cost-savings/revenue generating options that detail the service change, operational impacts, and implementation considerations.

This section outlines the 23 service optimization tear sheet options and describes the methodology for the 10-year estimated fiscal impact that may be possible through implementation. If all options are implemented, the estimated fiscal impact in Year 1 may be up to \$40.6m in cost saving/revenue generation potential; the 10-year fiscal impact may generate nearly \$1.4b in cost saving/revenue generating potential. **While several options demonstrate significant long-term fiscal potential, none were identified as being both highly feasible and having high fiscal impact. Options with significant savings potential will require difficult decisions and complex implementation hurdles.** In addition to the estimated fiscal impact, the options explore considerations related to performance, equity, jurisdictional requirements, feasibility, and implementation.

The length of time required to implement these options varies from months to years, based on stakeholder coordination complexity, legal requirements, etc. There are numerous options that could be prioritized for near-term implementation. Examples of these include new fees for CFD and CPD, such as a false fire alarm fee, fire alarm inspection fee, and false burglar alarm fee. For OEMC, reducing the hours of operation for the 311 call center may present cost savings. Other tear sheet options could take several years to implement due to complexities such as changing current operating processes and lead time for contract negotiations. For example, tear sheet options such as diverting 911 calls to hospital-based telehealth could take multiple years to fully implement. Determining which options will move on to implementation will be critical to unlocking savings potential as quickly as possible.

Summary Recommendations

Service Optimization Recommendations

	Year 1 Fiscal Impact (\$m)	10-Year Fiscal Impact (\$m)
Chicago Fire Department		
Minimum manning: Reduce minimum manning from 5 to 4 to allow CFD to reduce FTEs needed per engine and truck and potentially generate cost-savings from salaries and fringe benefits	9.0	517.4
Basic life support (BLS) ambulances: Convert a portion of the 80 advanced life support (ALS) ambulances to BLS to reduce operating costs	11.9	131.1
Civilianization of sworn positions: Change sworn positions that are not primarily involved with emergency response to civilian positions to potentially achieve cost-savings via salary, fringe benefit, duty availability, and higher uniform pay differentials	3.7	76.8
New fees – False fire alarm: Implement a fee for response to false fire alarms for both commercial and personal properties	-	72.3
New fees – Fire alarm inspection fee, hazmat material fee, and high-rise fire inspection fee: Implement fees to recover costs of providing services	-	61.1
Introduction of light-duty positions: Implement light duty positions for CFD personnel on layup that can perform administrative tasks to incentivize return to work and reduce overtime costs because of layups	-	62.8
Diversion of 911 calls to hospital-based telehealth: Partnership with hospitals to establish a hospital-based triage line and integrated telehealth services to reduce ambulance dispatches and lower EMS operational costs	2.6	29.4
Existing fees: Increase pyrotechnics fee and sprinkler plan review fee to recover costs of delivering service and align with fee levels in peer cities	-	17.3

EMS cost recovery: Implement a fee for treat-no-transport (TNT) incidents to allow CFD to recover operational costs incurred for providing treatment on-scene	-	9.8
New fees – non emergent lift assist: Implement a fee for non-emergent lift assists in assisted living facilities and nursing homes	-	3.4
Subtotal	27.2	981.4

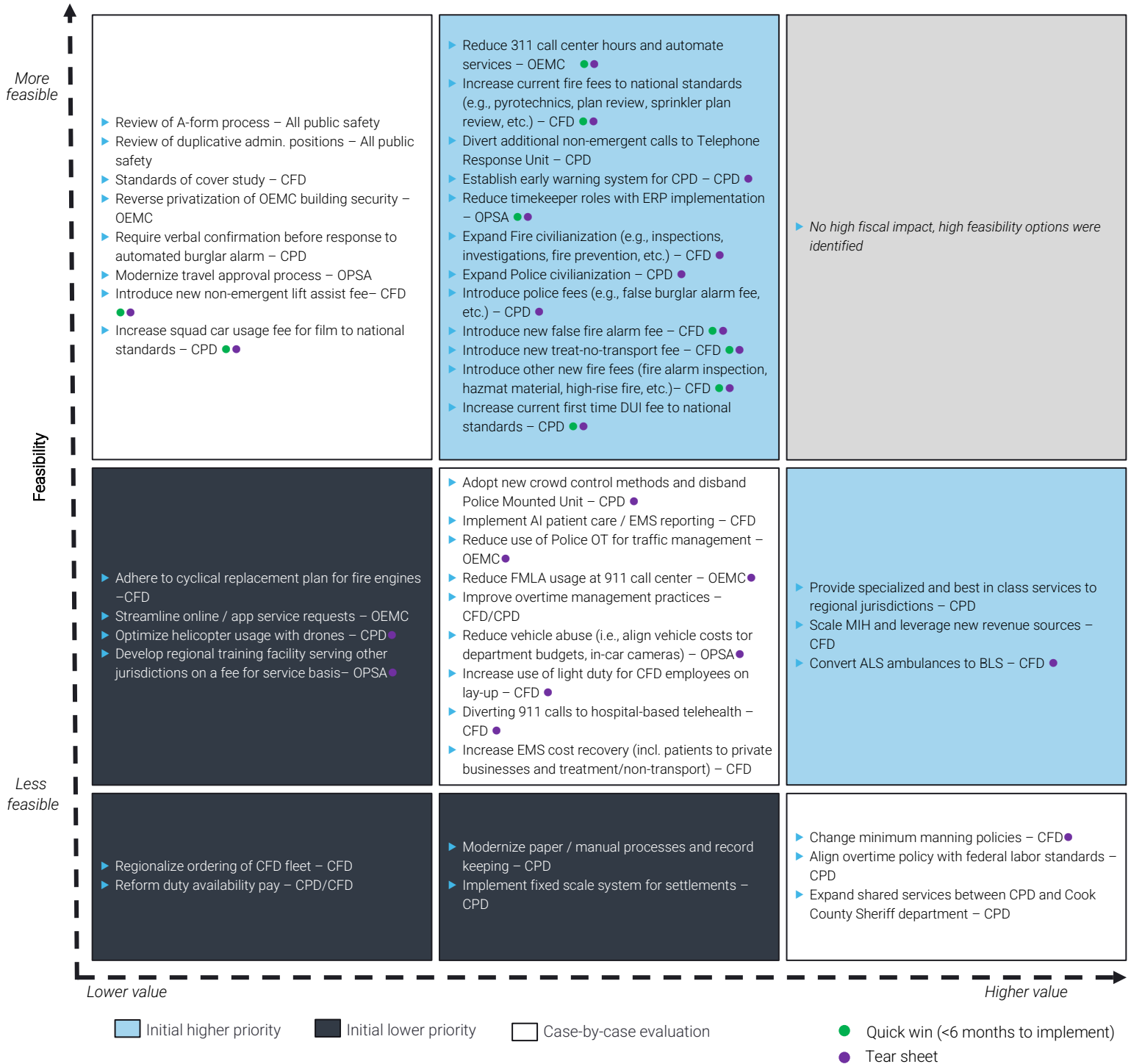
Chicago Police Department		
Civilianization of sworn positions: Change sworn positions with civilian responsibilities to civilian positions to potentially achieve cost-savings via salary, fringe benefit, duty availability, and higher uniform pay differentials	3.7	78.4
Disbanding mounted unit division: Reduce operating and personnel costs and sell horses	5.9	63.9
Early warning system (EWS): Reduce incidents by implementing an EWS for problematic police officers to reduce judgment and settlement cost	(1.5)	38.8
New fees – False burglar alarm fee: Implement a fee for response to false burglar alarms	-	30.7
Existing fees – First time DUI fee: Increase first time DUI fees to recover additional costs and further deter impaired driving	-	11.7
Use of autonomous drones: Replace one helicopter unit with drones to improve cost efficiency of aerial unit	0.5	6.0
Existing fees – Film production fee and squad car usage: Increase fee for squad car usage in film productions to recover additional costs	-	2.0
Subtotal	8.6	231.6

Office of Emergency Management and Communications		
Traffic management authority and parking enforcement: Replace CPD overtime hours for traffic with new full-time traffic management and parking enforcement positions	4.3	84.2
311 call center: Reduce hours of operation from the current 24/7 schedule and leverage chatbot services to automate responses to routine requests to reduce services offered via 311 call center	2.0	40.1
Family and Medical Leave Act (FMLA) usage at 911 call center: Institute pool of part-time 911 dispatchers to reduce overtime costs at 911 call center. These dispatchers could consist of retired City/County 911 dispatchers	(<0.1)	31.0
Subtotal	6.2	155.3

Office of Public Safety Administration		
Cameras in CFD vehicles and utilization of existing CPD cameras: Install cameras to increase accountability, reduce vehicle abuse, and mitigate traffic accidents	(0.5)	28.8
Timekeeper roles in OPSA: Implementation of new E RTP payroll solution to eliminate need to fill vacant timekeeper positions	-	25.1
Regional training facility: Opportunity to generate revenue by renting the Public Safety Training Center (PSTC) to state and other municipal departments	(0.3)	3.6
Subtotal	(0.8)	57.5
Total	41.2	1,425.8

Matrix and Service Optimization Tear Sheet⁴

This list is based on department interviews, data analysis, and peer city research. Service optimization options are categorized by feasibility and fiscal impact.



Note: Impact is estimated at <\$1m/year for low, >\$1m - <\$10m/year for medium, and >\$10m/year for high

⁴ Individual tear sheets show an illustrative amount for Year 1 that needs to be further validated.

CFD: Minimum Manning

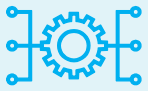
Reduce minimum manning from 5 to 4

Fiscal impact			Feasibility		
Small	Medium	Large	Low	Medium	High
Jurisdiction requirement			Implementation timeline		
State	Local	None	Quick win	0-5 yrs.	5-10 yrs. 10+ yrs

Description

- ▶ CFD maintains a minimum manning of 5 on engines and trucks
- ▶ CFD could reduce minimum manning requirements which could allow CFD to reduce FTEs needed per unit
- ▶ OSHA mandates a “two in/two out” policy¹ which may be supported by a 4 minimum manning policy
- ▶ Columbus, Houston, and Philadelphia² have reduced minimum manning to 4 and New York City allows for dynamic staffing levels (4/5) based on monthly firefighter availability to proactively manage overtime costs
- ▶ District 3 was excluded from analysis due to being funded by O’Hare and Midway Airport Funds
- ▶ Relief factor would need to be calculated on an hourly basis to determine the appropriate reduction in FTEs to fully cover shift schedules

Impact

 Fiscal	▶ Minimum manning reduction may allow CFD to reduce firefighter FTEs by 456³ to generate average annual cost-savings of ~\$52m – inclusive of salaries and fringe benefits – FTE reduction estimated by reducing 1 FTE per shift for every engine and truck ▶ ~60 firefighters attrit annually⁴; full cost savings possibly achieved by Year 8
 Performance	▶ CFD has experience operating with reduced manning as CBA allows for limited variances during the year ▶ Performance impact and mitigation is reliant on response time data⁵ and should be evaluated as part of a standards of cover study before implementation – Fewer personnel may impact fire response effectiveness, potentially impacting the City’s ISO rating – Cost savings from reducing minimum manning requirements could be utilized for new EMS units and potentially achieve faster EMS response time
 Equity	▶ No equity impact expected from the reduction in minimum manning

Considerations

- ▶ Minimum manning is outlined in the CBA and changes would need to be negotiated
- ▶ A detailed standards of cover study may identify additional efficiencies to drive incremental cost savings and could be completed to understand staffing requirements before implementing any changes to minimum manning
 - This study could also allow CFD to better manage risks, specifically in population dense districts with a large number of high-rises
- ▶ Monthly analysis on number of firefighters on lay-ups may allow the City to implement dynamic staffing models to improve the management of overtime costs
- ▶ In lieu of reducing firefighter FTEs, smaller cost-savings could be achieved through reassigning firefighters to engines/units with high overtime accruals. This may result in cost-savings of ~\$8m per year

Estimated fiscal impact (\$m)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	9.0	18.3	27.8	37.6	47.6	57.7	68.0	78.5	85.6	87.3	517.4
Net Impact	9.0	18.3	27.8	37.6	47.6	57.7	68.0	78.5	85.6	87.3	517.4

1. OSHA 1910.134(g)(4)
2. Philadelphia staffs 4 on engines and 5 on ladder trucks
3. 456 firefighters represent 11% of total Fire Suppression and Rescue Operations FTEs (4,064)
4. Per 2020-2024 attrition data inclusive of firefighters, firefighters-EMT, and firefighter-paramedic
5. CFD does not currently provide response time data and has not yet adopted OIG recommendations related to response times

CFD: Basic Life Support (BLS) Ambulances

Converting advanced life support (ALS) ambulances to BLS to reduce operating cost

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

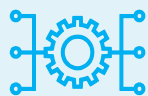
- ▶ The City currently operates 80 ambulances, all of which are ALS
 - ALS ambulances are equipped with cardiac monitors, defibrillators, IV therapy supplies, and advanced airway tools, and must be staffed by at least 2 paramedics¹
 - BLS ambulances have automated defibrillators, oxygen, and basic first aid supplies, and are staffed by at least 2 EMTs¹
- ▶ CFD reported that 57% of ambulance transports were categorized as BLS in 2024
- ▶ Based on dispatch data, the City could convert 46 ALS ambulances to BLS by removing advanced equipment and replace ~365 paramedics with EMTs
 - Converting units may reduce operational and personnel costs while providing the appropriate level of care to residents

Impact



Fiscal

- ▶ Cost savings could be driven by (1) lower personnel costs, as EMT salaries² are lower than those of paramedics, and (2) reduced operational costs, as BLS ambulances require less specialized equipment
- ▶ Based on 2024 DOF data, there is no material difference between ALS and BLS billing rates and thus minimal-to-no revenue loss is expected from medical transport fees as a result of dispatching BLS units



Performance

- ▶ No impact to call-taking & triage protocols as they currently include BLS responses
- ▶ In 2024, most ambulance runs were accompanied by fire trucks/engines³. The analysis estimates an additional \$1m in operational costs due to incremental deployments with BLS ambulances



Equity

- ▶ No equity impact expected from the reduction in minimum manning

Considerations

- ▶ Paramedics could be displaced
- ▶ CFD could coordinate with Region 11 to have all transitions to BLS ambulances comply with all applicable standards and requirements
- ▶ Ongoing analysis of BLS and ALS transport rates and response times could be done to understand performance impacts
 - Data analysis could be utilized to allocate future cost-savings to additional ambulance units
- ▶ Minimal policy barriers anticipated; dispatch, triage, and billing protocols could accommodate both ALS and BLS operations
 - CFD raised concerns about triage between BLS and ALS, noting the risk of dispatching a BLS unit to an ALS-level emergency⁴
- ▶ Peer cities have a mixed fleet of ALS and BLS ambulances
 - Houston has 55% BLS EMS cases and maintains 60% BLS ambulances (56/92)

Estimated fiscal impact (\$m)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	12.9	13.1	13.4	13.7	14.0	14.3	14.6	14.9	15.2	15.5	141.5
Incremental costs ⁴	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(10.4)
Net Impact	11.9	12.2	12.4	12.7	13.0	13.2	13.5	13.8	14.0	14.3	131.1

1. Per Region 11 EMS Staffing Guidelines
2. Salaries included in cost savings calculation are based on the 90th percentile EMT annual wages provided by the U.S. Bureau of Labor Statistics. Current EMT/Firefighter salaries are excluded from calculation
3. Per fire truck/engine run data provided by CFD
4. OEMC indicates that training time and expenses for implementation may be minimal, therefore they were excluded from the analysis

CFD: Civilianizing Sworn Positions

Changing sworn positions with civilian responsibilities to civilian positions/salaries

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

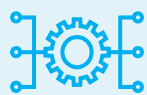
- CFD is comprised of 98% sworn members
- 148 positions were analyzed, of which 76 could be civilianized as they are not primarily involved in emergency response
 - Positions were selected by assessment of daily tasks and responsibilities provided by CFD, and research of commonly civilianized divisions in peer cities
- Positions recommended for civilianization are within the following departments:
 - Inspections
 - Public Education
- Peer cities have civilianized portions of their fire departments. For example, New York City has civilianized 95% of Fire Prevention¹:
 - Civilian: 552; Uniformed: 27
 - 74% of completed inspections in New York City were performed by civilian fire prevention personnel in FY25

Impact



Fiscal

- The average annual cost savings potential per position is estimated to be ~\$89k, inclusive of both salary and fringe benefit differentials
- Additionally, annual cost savings of ~\$0.4m may be achieved from duty availability pay and the higher uniform pay granted to sworn members



Performance

- Positions were excluded from civilianization recommendation if they required firefighter or paramedic training, or if they supervised positions engaged in firefighting or paramedic functions
- Recommended positions were assessed against NFPA and OFSM certification requirements for compliance
- Potential impact on community trust from shift to civilian staff in fire prevention roles
- CFD raised potential challenges with managing civilians (i.e., standard work hours and less adherence to rank), which may impact internal dynamics as CFD civilianizes



Equity

- No equity impact expected from the civilianization of sworn positions

Considerations

- Analysis assumes that current sworn members could be reassigned to sworn member vacant positions, eliminating a funded vacancy:
 - ~60% of recommended positions have budgeted vacancies within Fire Suppression & Rescue and EMS
 - Attrition could support additional civilianization efforts to help achieve cost savings; the recommended positions have an average attrition rate of 9%
- Full cost savings may take 1-2 years to allow posted positions to fill; budgeted vacancies could be maintained until filled
- Civilianization may result in additional cost savings from reduced overtime costs as sworn personnel are reassigned to vacant positions
- Civilianization would result in a change of bargaining unit for those positions

Estimated fiscal impact (\$m)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	3.7	7.5	7.6	7.8	8.0	8.1	8.3	8.5	8.6	8.8	76.8
Net Impact	3.7	7.5	7.6	7.8	8.0	8.1	8.3	8.5	8.6	8.8	76.8

1. Per New York City Fire Department 2025 Budget

CFD: New Fees

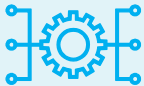
False fire alarm fee

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ The City is currently not charging a fee for responding to false alarms for commercial or residential properties
- ▶ Fee revenue estimates are calculated using the higher end of peer city benchmarked fees (inclusive of Columbus, Houston, Los Angeles, NYC, San Diego and Seattle); revenue generation may be scaled down with reduced fees
- ▶ The proposed false alarm rate is calculated using total population of peer cities over total count of false alarms in those cities. CFD does not currently track false fire alarm data, and as a result, conservative revenue forecasts have been utilized
- ▶ False alarm fee schedule:
 - \$500 for 1st false alarm offense
 - \$667 for 2nd false alarm offense
 - \$833 for 3rd false alarm offense
 - \$1,000 for 4th false alarm offense
- ▶ If the first false alarm fee was waived, the Year 1 fiscal impact would decrease by ~\$1.9m

Impact

 Fiscal	▶ Implementing fees for false alarms may allow the City to generate over \$72m in additional fee revenue over the next 10 years
 Performance	▶ Reducing false alarms could improve CFD's unit availability for actual emergencies
 Equity	▶ Fee increases would disproportionately impact lower-income residents unless the City adopts an income-based fee relief program ▶ Some peer cities, such as Seattle, offer a grace period where a first false alarm fee can be waived if the alarm user attends an alarm-user class specified by the City within 120 days of billing

Considerations

- ▶ Fee levels should reflect the actual cost of delivering these services, and CFD could conduct a cost analysis to support proposed fees
- ▶ Implementation of new fees may require City Council approval; some existing CFD fees are not included in current ordinance language
- ▶ The analysis was done with a conservative assumption that benchmarks number of false alarm instances against peer city metrics of false alarms after implementing a false alarm fee, which tends to lower overall rates of false alarms; this option would create marginal additional efforts with modest anticipated additional costs for CFD record-keeping and reporting as well as DOF billing
- ▶ It is important to anticipate that fee implementation may not be well received by the public. The City could consider phasing-in the fee to minimize the impact that a one-time fee increase may have on the City's residents
- ▶ After implementation of this fee, false alarm rates could drop, which would decrease revenue generation opportunity, while also saving

Estimated fiscal impact (\$m)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Additional revenue	6.6	6.7	6.9	7.0	7.2	7.3	7.4	7.6	7.7	7.9	72.3
Net Impact	6.6	6.7	6.9	7.0	7.2	7.3	7.4	7.6	7.7	7.9	72.3

CFD: New Fees

Fire alarm inspection fee, hazmat material fee, and high-rise inspection fee

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs
Description						

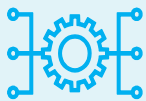
- ▶ The City is currently not charging a fee for fire alarm inspection services, hazmat material response, or high-rise inspection
- ▶ Therefore, there is opportunity to recoup costs for services already being performed by the Chicago Fire Department
- ▶ Fee revenue estimates are calculated using the higher end of peer city benchmarked fees (inclusive of Denver, Los Angeles, NYC, San Antonio, San Francisco, Seattle, and Tulsa); revenue generation may be scale down with reduced fees
- ▶ Fire alarm inspection: \$498 / inspection
- ▶ Hazmat material response: \$1,800 / response
- ▶ High-rise inspection: \$2,292 / inspection

Impact



Fiscal

- ▶ Implementing fees for fire alarm inspection services, hazmat material response and high-rise inspections may allow the City to generate ~\$61m in additional fee revenue over the next 10 years
- ▶ Enforcement of these fees is critical to capturing the potential revenue estimated



Performance

- ▶ No material impact on performance is anticipated from this option



Equity

- ▶ Fee waiver program could be implemented in certain instances at the discretion of the department

Considerations

- ▶ It is important to anticipate that fee implementation may not be well-received by impacted businesses. These options will require changes to city ordinances and the City could consider phasing-in these costs over time to minimize the impact to businesses
- ▶ Implementation of new fees may require City Council approval, some existing CFD fees are not included in current ordinance language
- ▶ Fee levels should reflect the actual cost of delivering these services, and CFD could conduct a cost analysis to support proposed fees
- ▶ The City tracks hazmat material responses (365 in 2023), and fire alarm inspections (4,123 in 2023)
- ▶ "Cut the Tape" Mayor's Office initiative includes a recommendation to explore and improve CFD processes and may help achieve revenue estimates in these options through cross-departmental collaboration

Estimated fiscal impact (\$m)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Additional revenue	5.6	5.7	5.8	5.9	6.0	6.2	6.3	6.4	6.5	6.7	61.1
Net Impact	5.6	5.7	5.8	5.9	6.0	6.2	6.3	6.4	6.5	6.7	61.1

CFD: Introducing light-duty positions in CFD

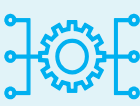
Expedite CFD returns from lay-ups to reduce overtime costs

Fiscal impact			Feasibility		
Small	Medium	Large	Low	Medium	High
Jurisdiction requirement			Implementation timeline		
State	Local	None	Quick win	0-5 yrs.	5-10 yrs. 10+ yrs

Description

- ▶ Many CFD personnel are placed on lay-up¹ due to duty- or non-duty related injuries and illnesses
- ▶ Inefficiencies in lay-up processing may extend time off—even for minor conditions
- ▶ Prolonged absences reduce available staffing and increase reliance on costly overtime
- ▶ Using national benchmarks and CFD overtime/lay-up data, a cost savings opportunity was identified through improved lay-up management that decreases processing time and returns employees back to work sooner
- ▶ Streamlining lay-up processes (coupled with the in-depth medical review) may shorten recovery timelines and reduce overtime

Impact

 Fiscal	▶ In 2024, there was an estimated total overtime cost of \$36m incurred due to lay-ups ▶ Reducing lay-up time by 20% (which is the assumed percentage improvement based on findings from five case studies that quantified cost savings resulting from enhanced case processing) may result in annual cost savings² ▶ Assuming a 20% cost savings opportunity in overtime expenses attributed to lay-ups, an estimated \$6.4m in annual cost recovery may be realized by Year 2
 Performance	▶ Reducing overtime hours worked could improve operational effectiveness and help prevent fatigue-related performance issues ▶ By introducing light-duty positions, firefighters may be incentivized to return to work as soon as medically possible
 Equity	▶ Returning to work from lay-ups sooner may promote consistency, equity, and fair treatment across all ranks and injury types

Considerations

- ▶ Implementing light duty may allow CFD personnel recovering from injuries, who are not yet cleared for frontline duties to return to work in administrative, maintenance, inspection, training, on scene support, and other roles.
 - Light-duty positions will need to be included in bargaining negotiations³

Estimated fiscal impact (\$m)											
	Year 1 ³	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	-	6.4	6.5	6.7	6.8	7.0	7.1	7.3	7.4	7.6	62.8
Net Impact	-	6.4	6.5	6.7	6.8	7.0	7.1	7.3	7.4	7.6	62.8

- Lay-up relates to duty or non-duty injuries that temporarily remove sworn members from active duty
- PMR Healthcare (3rd party outsourced medical provider) provided 5 case studies detailing the amount of time they were able to save their clients from improving medical case processing, ranging from 15-26%
- The introduction of light-duty positions and changes to lay-up protocol will need to be bargained per the CBA; potential cost savings may not realize in FY26 due to CBA negotiations and estimated to begin in FY27

CFD: Diverting 911 calls to hospital-based telehealth

Reduce ambulance dispatches and lower paramedic operational costs

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ In 2024, CFD performed more than 418,000 ambulance runs, with an estimated minimum 8% as non-emergent or related to chronic conditions that could be managed through alternative care options such as at-home guidance, specialty clinics, or non-emergency facilities
- ▶ CFD could potentially reduce 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 EMS response
- ▶ The hospital triage line is operated by a nurse practitioner/physician's assistant and managed by hospital, who determine appropriateness for telemedicine provider (usually a doctor)¹
- ▶ Reducing ambulance dispatch volume may enable operational efficiencies — decreasing the number of ambulances and paramedic personnel required

Impact



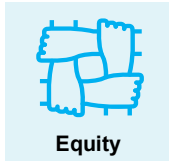
Fiscal

- ▶ Reducing ambulance dispatches could allow for a decrease of approximately 21 EMS personnel, which may result in an estimated annual savings of ~\$2m
- ▶ The reduction in dispatch volume may also translate to 6-7 ambulances operating less frequently, which may yield an additional ~\$506k in operational cost savings per year
- ▶ ~\$200k in training costs have been factored in as an upfront investment



Performance

- ▶ After analyzing CFD's total ambulance runs that result in non-transport, approximately 8% of current 911 calls could be effectively triaged to hospital-based telehealth—avoiding up to 35k ambulance runs annually (and corresponding personnel and operating costs); this reduction could improve response times for true emergencies
- ▶ Triage conducted by licensed healthcare professionals, such as nurse practitioners or physician assistants, may support calls to be safely and appropriately redirected, which may result in more tailored care and improved outcomes for each patient



Equity

- ▶ Integrating hospital-based triage and telehealth into the 911 system provides a critical access point to care for individuals in high-need or high-risk communities—particularly those without regular access to healthcare
- ▶ This approach could support timely and appropriate medical attention to patients (while reducing the strain on CFD by minimizing unnecessary ambulance dispatches)

Considerations

- ▶ Many hospitals already have telehealth systems in place; implementation would primarily require integration with a 911 triage process
- ▶ Funding models for similar programs have included federal grants, city taxes and direct hospital investment that benefit Hospitals (by reducing ER overcrowding), insurers (by avoiding low acuity visit claims), and City/federal governments (by reducing strain on the broader public health system)
- ▶ OEMC may need to consider necessary policy changes, staff training, and protocol adjustments to support successful implementation. This may include updates to call scripts and triage procedures
- ▶ OEMC would need to act as a primary connector to hospital partners to manage the successful integration
- ▶ By reducing non-emergency ambulance runs, CFD can leverage the freed capacity to better response times or achieve cost savings²
- ▶ Unexpected recurring costs for OEMC may be incurred annually, to maintain the 911 triage line

Estimated fiscal impact (\$m)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings — Personnel	2.2	2.2	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.6	23.8
Cost savings — Operations	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	5.7
Investment needs — Initial training	(0.2)	-	-	-	-	-	-	-	-	-	(0.2)
Net Impact	2.5	2.7	2.8	2.9	2.9	3.0	3.0	3.1	3.2	3.2	29.4

1. Houston's Fire Department is already utilizing a similar approach through its ETHAN program. The ETHAN program allows field EMS crews (i.e., ambulances or fire trucks) to connect virtually with an ETHAN physician (local emergency physician that is uniquely familiar with the EMS environment and operations). The ETHAN physicians redirect patients to medically appropriate resources (i.e., health clinics, urgent care centers, 24-hour free standing ER's or hospital-based ER's), and utilize non-ambulance transportation (cabs, ride-share, etc.) allowing the ambulance crew to remain in service. ETHAN recently launched a PILOT program that directly dispatches to telehealth without requiring a unit to be sent
2. CFD was unable to provide response time data, limiting the ability to estimate improvements from reduced non-emergency ambulance runs or the implementation hospital-based telehealth

CFD: Existing Fees

Pyrotechnics fee and sprinkler plan review fee

Fiscal impact		
Small	Medium	Large
Jurisdiction requirement		
State	Local	None

Feasibility			
Low	Medium	High	
Implementation timeline			
Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ The City is charging a fee for pyrotechnics and sprinkler plan review, but it is below peer cities and other cities across the country
- ▶ Therefore, there is opportunity to recoup additional costs for services being performed by CFD
- ▶ Fee revenue estimates are calculated using the higher end of peer city benchmarked fees, revenue generation may be scaled down with reduced fees
- ▶ Proposed fee: Pyrotechnics – \$600
- ▶ Proposed fee: Sprinkler plan review
 - First 100 sprinklers: \$731
 - Additional sprinkler heads: \$5 / head
 - Plan resubmittal: \$200

Impact



- ▶ Implementing fees for pyrotechnics and sprinkler plan review may allow the City to generate over \$17m in additional fee revenue over the next 10 years
- ▶ Current fee rates: Pyrotechnics: \$200 / permit
- ▶ Current fee rates: Sprinkler plan review: First 100 – \$300, Additional - \$1/per head, Resubmittal - \$200



- ▶ No material impact on performance is anticipated from this option



- ▶ In order to fairly assess and implement fees, the City could implement these fees in a scalable structure to account for the cost based on the size of the event or plan for review

Considerations

- ▶ Fee levels should reflect the actual cost of delivering these services, and CFD could conduct a cost analysis to support proposed fees
- ▶ Implementation of fee increases may require City Council approval; some existing CFD fees are not included in current ordinance language
- ▶ Ensuring transparency about the fee increase is crucial for successful implementation
- ▶ The City tracks revenue and First 100 Sprinkler Plan Review Submissions. Additional calculations are used to estimate current revenue per additional heads and plan resubmittals
- ▶ Other cities vary the way they structure their sprinkler plan review fees; approaches include per sprinkler head, per sprinkler head + a flat fee, or a semi-tiered rate like Chicago's
- ▶ Peer cities analyzed were New York City, Philadelphia, Denver, Phoenix for Pyrotechnics, and Vancouver, Colorado Springs, Houston for Sprinkler plan review

Estimated fiscal impact¹ (\$m)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Additional revenue	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.9	17.3
Net Impact	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.9	17.3

1. Numbers may not add due to rounding

CFD: EMS Cost Recovery

Treat-No-Transport (TNT) fee

Fiscal impact		
Small	Medium	Large
Jurisdiction requirement		
State	Local	None

Feasibility			
Low	Medium	High	
Implementation timeline			
Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

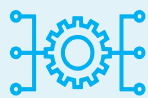
- ▶ The City currently does not bill for TNT
 - TNT are incidents in which CFD responds and provides treatment without transporting patients to the emergency department
- ▶ Billing for this service may allow CFD to recover operational costs incurred for providing treatment on-scene and also generate additional revenue for the City
- ▶ Peer cities, such as Houston, San Diego, and New York City currently bill \$150-\$1,000 for TNT

Impact



Fiscal

- ▶ Implementing a TNT fee may generate ~\$10m in fee revenue over the next 10 years; collection rates for EMS billing were applied to the calculation¹
- ▶ TNT is generally not covered by Medicaid/Medicare, causing a lower opportunity for revenue generation due to fewer reimbursement opportunities
 - Federal legislation² was introduced to allow billing to Medicaid/Medicare for TNT. If approved this may increase the revenue potential by \$10m annually



Performance

- ▶ No material impact on performance is anticipated from this option



Equity

- ▶ The City can mitigate equity impacts with flexible collection policies.

Considerations

- ▶ Ensuring transparency of billing process and proper reporting is critical for successful implementation
 - Private insurance may only cover TNT if deemed medically necessary, however, policy varies by insurer³
- ▶ Billing rate was determined by using peer city benchmarks; additional cost-analysis is recommended to determine appropriate billing rate for cost-recovery
- ▶ The City could review both City ordinances and Illinois State laws to determine compliance as it relates to EMS billing
 - The Municipal Code allows the City to levy reasonable fees for services rendered by public ambulances⁴

Estimated fiscal impact ^{4,5} (\$m)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Additional revenue	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1	9.8
Net Impact	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1	9.8

1. Collection rates for insurance, patient, and other categories were calculated from 2023 DOF EMS billing data
 2. Per H.R.2538 - CARE Act of 2025
 3. A reduction in collection for this fee was included to account for cases that insurance would not cover based on the U.S. PIRG Education Fund findings that for ~50% of ambulance responses the service is not covered by insurance
 4. It is assumed that both transport and non-transport EMS cases can be billed by the City
 5. Number of treat-no-transport cases was estimated using 2024 EMS Incidents and 2024 Ambulance Transports reported by the City

CFD: New Fees

Begin charging for Non-Emergent Lift Assists for assisted living facilities / nursing homes

Fiscal impact		
Small	Medium	Large
Jurisdiction requirement ¹		
State	Local	None

Feasibility			
Low	Medium	High	
Implementation timeline			
Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ Billable lift assists are typically calls for service where an elderly or disabled individual needs assistance to be moved but does not require medical transport; typically these calls are non-emergent
- ▶ Many U.S. cities have started charging for these calls for service as they place a heavy strain on time and resources of the municipality's fire departments
 - Some cities in IL 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
- ▶ In 2024, CFD performed 48,065 total lift assists. Of those, 567 lift assists were performed in assisted living facilities or nursing homes. This option models the additional revenue of charging for lift assists performed only in assisted living facilities or nursing homes

Impact



- ▶ Bangor, ME charges \$550 per lift assist based off the Medicare minimum charge. Applying these rates to CFDs calls for lift assists in assisted living facilities / nursing homes may generate \$0.3m–\$0.4m per year
- ▶ CFD may consider charging individual households / residents who call for service multiple times within a year for additional revenue



- ▶ Instituting a fee for service could incentivize facilities to perform their own lift assists and contribute to faster response times for emergency calls



- ▶ A waiver program may be considered for assisted living facilities / nursing homes that serve lower-income populations
- ▶ If charging for repeat residential lift assists is implemented, an income-based fee relief program could be evaluated²

Considerations

- ▶ Illinois House Bill 2336 will allow for IL fire departments to charge for non-emergency lift assist services for assisted living facilities and nursing homes (the bill excludes situations that require ambulance transport). The City may evaluate passing a local ordinance to begin charging for this fee sooner
 - HB2336 bill was sent to Governor Pritzker in June 2025 and is awaiting his signature
 - The fees charged cannot exceed the department's actual personnel or equipment costs, so a full costing analysis will be necessary to establish a baseline cost for service; estimated revenue is based on the Medicare minimum charge

Estimated fiscal impact (\$m)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Additional revenue	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	3.4
Net Impact	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	3.4

1. IL House Bill 2336 allows municipalities the option to charge and collect reasonable fees for this service, as the House Bill does not specify the fee for service, a local ordinance may be necessary to establish the fee amount
2. Per National Association of Insurance Commissioners, custodial care is typically not covered for reimbursement by private insurance; equity impacts would need to be heavily considered with any incremental charges to private residences

CPD: Civilianizing Sworn Positions

Changing sworn position with civilian responsibilities to civilian positions/salaries

Fiscal impact			Feasibility		
Small	Medium	Large	Low	Medium	High
Jurisdiction requirement			Implementation timeline		
State	Local	None	Quick win	0-5 yrs.	5-10 yrs. 10+ yrs

Description

- ▶ CPD is actively working to fill 337 newly civilianized positions and should prioritize those vacancies
- ▶ Civilian positions usually have lower salary and benefits costs. Shifting sworn roles to civilian may result in cost savings
- ▶ This option analyzed an additional 92 positions, of which 80 were found suitable for civilianization. These positions were identified as commonly civilianized divisions in peer cities including NYC and Columbus, OH¹
 - 79 out of the 80 positions (including policer officers, sergeants, etc.) yielded a cost savings through salary & benefits cost differentials
 - CPD communicated that contract language and union dynamics may create resistance for shifting work away from sworn officers. To address this, all positions considered were individually reviewed and vetted by CPD

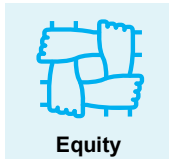
Impact



- ▶ The average annual cost savings per position is approximately \$93k, inclusive of both salary and fringe benefit differentials
- ▶ Across the eight identified CPD sub-sections, average annual savings ranged from ~\$61k-\$140k per civilianized position, which may result in an estimated baseline cost savings of ~\$7m per year once fully civilianized



- ▶ Civilianizing additional personnel allows individuals with subject matter expertise in administrative and analytical tasks to take on these responsibilities and potentially increase operational efficiency
- ▶ Civilianization allows sworn officers to be reassigned to more appropriate sworn positions or to exit through natural attrition



- ▶ No equity impact expected from the civilianization of sworn positions

Considerations

- ▶ The mechanism for cost savings assumes that current sworn officers would be reassigned to sworn officer vacant positions, abolishing a funded vacancy:
 - 98% of the recommended roles for civilianization have unfilled vacancies corresponding to the appropriate rank within the "Patrol Services" division
 - A supplemental mechanism to help achieve cost savings could be through natural attrition. For these 79 positions, there is an average attrition rate of 7.58%
- ▶ Full cost savings may take 1-2 years to allow posted positions to fill; budgeted vacancies could be maintained until filled
- ▶ Additional civilianization may also decrease the overtime necessary on patrol. This would be an incremental cost savings currently not included in the analysis

Estimated fiscal impact (\$m)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	3.7	7.6	7.8	8.0	8.1	8.3	8.5	8.6	8.8	9.0	78.4
Net Impact	3.7	7.6	7.8	8.0	8.1	8.3	8.5	8.6	8.8	9.0	78.4

1. Positions recommended for civilianization fall within the following 8 sub-sections: Compstat Unit, Court Section, Evidence & Recovered Property, HR, Labor Relations, Legal Affairs, Professional Counseling, and Training

CPD: Disbanding Mounted Units Division

Reducing operating & personnel costs with a one-time revenue increase

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ CPD currently operates a mounted unit consisting of 25 horses, 17 police officers, 4 sergeants, and 1 lieutenant
- ▶ Benchmarking shows that many large cities have disbanded their mounted units. These include Baltimore, Boston, Seattle, Kansas City, Cincinnati, and Washington, D.C.
- ▶ Peer cities such as New York, Houston, and Los Angeles use mounted units for crowd control and ceremonial purposes
- ▶ Due to the unit's limited operational role and the availability of crowd control alternatives such as physical barriers, bikes, etc. — as well as volunteer-based mounted unit programs for ceremonial functions—disbanding the unit may result in annual personnel and operational savings without significant operational impact.

Impact



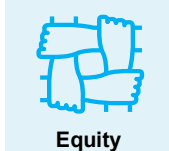
Fiscal

- ▶ The majority of potential cost savings stems from reassigning personnel from the mounted unit, which may generate ~\$6m-\$7m in annual savings
 - These personnel may be reallocated to vacant positions within the CPD Patrol Services division, allowing for the elimination of the budgeted mounted unit positions
- ▶ The sale of all 25 horses may generate approximately \$115k in one-time revenue



Performance

- ▶ The disbanding of the mounted unit is expected to have minimal operational impact, as CPD could employ alternative crowd control measures, such as tall vehicle barricades, increased personnel deployment, bicycle units, etc.
- ▶ By redirecting personnel and cost savings to higher-need areas, CPD may enhance overall service delivery, improve response times, and better align resources with departmental priorities



Equity

- ▶ No equity impact expected from the reduction of mounted units

Considerations

- ▶ Changes to the unit may impact public perception and internal morale given that CPD horses are named after fallen officers and hold symbolic significance to the department
- ▶ Resale value will depend on each horse's condition, the receiving entity, and the intended use or placement
- ▶ While CPD shared YOY event types, they did not provide a breakdown of horse utilization by function (crowd control, ceremonial, etc). Additionally, mounted unit services declined by over 70% in 2025
- ▶ If maintaining a mounted presence for ceremonial purposes or city patrol is of interest, the department may consider establishing a volunteer-mounted unit, like San Diego Police Department's model
- ▶ Alternatively, horses may be provided by other state or county agencies via mutual aid for special events, which may be more cost-effective than maintaining a full-time unit
- ▶ Some potential challenges with alternative crowd control methods include higher personnel equivalent per horse replacement and reduced visibility

Estimated fiscal impact (\$m)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	5.8	5.9	6.0	6.2	6.3	6.4	6.6	6.7	6.8	7.0	63.8
One-time revenue	0.1	-	-	-	-	-	-	-	-	-	0.1
Net Impact	5.9	5.9	6.0	6.2	6.3	6.4	6.6	6.7	6.8	7.0	63.9

CPD: Early Warning System (EWS)

Reduce incidents by implementing an EWS for problematic police officers

Fiscal impact		
Small	Medium	Large
Jurisdiction requirement		
State	Local	None

Feasibility			
Low	Medium	High	
Implementation timeline			
Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ CPD has incurred over \$1.11b in verdict and settlement costs from 2008 to 2024
- ▶ An EWS is designed to track each officer's performance and aims to forecast potential problems — allowing for the reduction of police misconduct, which is the source of many of these judgments
- ▶ Chicago has the second highest verdict and settlement cost per officer among its peer cities, after Los Angeles (all peer cities have an EWS)
- ▶ EWS also needs to be implemented in conjunction with better data collection so that past actions can be analyzed to mitigate future risk; OIG issued a report in 2023 highlighting the shortcomings of DOL and CPD in maintaining litigation data

Impact



- ▶ Carving out settlements and judgments related to reversed convictions, the City spent an average of \$43m on other settlements annually over the last 4 years
- ▶ If CPD could reduce its \$ cost per officer to the average of its peer cities (11% reduction), it may realize \$5m+ in annual savings, after a 4-year implementation period for the impact of the EWS to be fully operational



- ▶ 3 separate studies of police agencies that implemented early warning systems (in Miami, Minneapolis and New Orleans) have shown that targeted intervention can reduce citizen complaints against officers as much as 66% over two to three years



- ▶ An EWS may improve equity for the City as a disproportionate amount of police misconduct is related to lower income residents and racial minorities
- ▶ Better data collection and reporting may improve transparency and trust between law enforcement and the residents of Chicago

Considerations

- ▶ CPD has a consent decree requiring the department to develop an early warning system to flag officers who were named in lawsuits alleging police misconduct
- ▶ CPD is currently contracting with Benchmark Analytics to utilize its technology, along with data and algorithm support from the University of Chicago to implement the system
- ▶ Original implementation was supposed to be by 2024 but has been delayed to 2026
- ▶ **It should be noted that judgments and settlements are not always a reflection of current department staff and standards, as many of the cases are from years if not decades ago, but the financial impact is felt now**

Estimated fiscal impact (\$m)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost avoidance	-	1.2	2.5	3.8	5.2	5.3	5.4	5.5	5.6	5.7	40.3
Investment needs	(1.5)	-	-	-	-	-	-	-	-	-	(1.5)
Net Impact	(1.5)	1.2	2.5	3.8	5.2	5.3	5.4	5.5	5.6	5.7	38.8

CPD: New Fees

False burglar alarm fee

Fiscal impact

Small

Medium

Large

Jurisdiction requirement

State

Local

None

Feasibility

Low

Medium

High

Implementation timeline

Quick win

0-5 yrs.

5-10 yrs.

10+ yrs

Description

- ▶ The City is currently not charging a fee for responding to false burglar alarms
- ▶ Therefore, there is opportunity to recoup costs for services already being performed by the Chicago Police Department
- ▶ Fee revenue generation estimates are calculated using the higher end of peer city benchmarked fees (inclusive of Houston, San Diego, and Seattle); revenue generation may be scaled down with reduced fees
- ▶ The City's total burglar alarm count (45,026) is sourced from OEMC data. False alarm rates are not tracked by the City; the false alarm rate is sourced from a Department of Justice report
- ▶ False alarm fee schedule:
 - \$0 for 1st false alarm offense
 - \$0 for 2nd false alarm offense
 - \$115 for 3rd false alarm offense
 - \$215 for 4th false alarm offense

Impact



Fiscal

- ▶ Implementing fees for false alarms may allow the City to generate almost \$31m in additional fee revenue over the next 10 years



Performance

- ▶ Additional effort may be needed to track number of offenses and collect fees from answering burglar alarm calls



Equity

- ▶ Fee increases would disproportionately impact lower-income residents unless the City adopts an income-based fee relief program
- ▶ Many peer cities allow for no fine for 1st and 2nd time false alarm offenses due to tech issues; this has been built into the estimated fiscal impact

Considerations

- ▶ Fee levels should reflect the actual cost of delivering these services, and CPD could conduct a cost analysis to support proposed fees. Revenue is currently calculated based on Houston, San Diego, and Seattle fees
- ▶ It is important to anticipate that fee implementation may not be well received by the public. The City could consider phasing-in these fees over multiple years
- ▶ Implementation of new fees may require City Council approval, some existing CPD fees are not included in current ordinance language
- ▶ The City may consider coupling this fee with a burglar alarm registration fee to increase the revenue generation opportunity and increase accountability for false alarms. Fee waiver for first two false alarms could be tied to registration
- ▶ After implementation of this fee, false alarm rates could drop, which would decrease revenue generation opportunity, while also saving hours spent responding to calls by officers. The fiscal impact illustrated below does not assume any change in behavior.

Estimated fiscal impact (\$m)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Additional revenue	2.8	2.8	2.9	3.0	3.0	3.1	3.2	3.2	3.3	3.4	30.7
Net Impact	2.8	2.8	2.9	3.0	3.0	3.1	3.2	3.2	3.3	3.4	30.7

CPD: Existing Fees

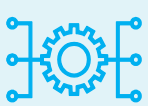
First time DUI fee

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ The City is charging a fee for first time DUI offenses, but it is below peer cities and other cities across the country
- ▶ Therefore, there is opportunity to recoup additional costs and further deter instances of impaired driving
- ▶ All fee revenue generation estimates are calculated using the higher end of peer city benchmarked fees (benchmarked cities include New York City, Philadelphia, Columbus, Denver, and Seattle). Revenue generation may be scaled down with reduced fees
- ▶ Chicago ranges from \$500-\$2,500 in fees for first time DUI offenses, where some peer cities range from \$1,000-\$5,000 for first time offenses

Impact

 Fiscal	▶ Increasing fees for first time DUI offenses may allow the City to generate almost \$12m in additional fee revenue over the next 10 years ▶ Revenue for first time DUI fees is being collected by the City and tracked in FMPS
 Performance	▶ No material impact on performance is anticipated from this option
 Equity	▶ Fee increases would disproportionately impact lower-income residents unless the City adopts an income-based fee relief program

Considerations

- ▶ Implementation of fee increases may require City Council approval; some existing CPD fees are not included in current ordinance language
- ▶ Ensuring transparency about the fee increase is crucial for successful implementation
- ▶ The City tracks total revenue for first DUI offenses, and additional calculations are used to estimate revenue increase from fee changes
- ▶ The City may also consider raising repeated offense fees in addition to the first time DUI fee to keep fee schedule consistent
- ▶ After implementation of this fee, DUI rates could drop, which would decrease revenue generation opportunity, while also saving hours spent responding to calls by officers. The fiscal impact illustrated below does not assume any change in behavior.

Estimated fiscal impact ¹ (\$m)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Additional revenue	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3	1.3	11.7
Net Impact	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3	1.3	11.7

1. Numbers may not add due to rounding

CPD: Use of Autonomous Drones

Replacing one helicopter unit with drones to improve cost efficiency

Fiscal impact		
Small	Medium	Large
Jurisdiction requirement		
State	Local	None

Feasibility			
Low	Medium	High	
Implementation timeline			
Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

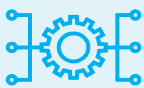
- ▶ CPD operates 4 helicopters for aerial patrol, crime deterrence, surveillance, and emergency response assistance. In 2024:
 - Helicopters assisted with ~1% of arrests and <10% of total activity was for pursuits and gun shots/violence. A majority (~72%) of helicopter hours were used for patrol
 - A new helicopter was purchased with federal funds given to the City to support DNC operations
- ▶ CPD currently has 5 unmanned aerial systems (drones) and is looking to expand its drone program
- ▶ Replacing 1 helicopter in operation with drones may reduce personnel and maintenance costs and maintain current operations
- ▶ Advances in drone technology in the next few years may allow for additional helicopter units to be replaced by drone technology

Impact



Fiscal

- ▶ 6 new drones with a \$0.1m one-time cost may replace the Bell 206 helicopter
- ▶ 10-year cost savings estimate of ~\$6.2m is driven by \$1.3m in fuel, \$1.9m in maintenance costs, \$0.1m in insurance costs, and \$2.4m in personnel costs¹
- ▶ Sale proceeds from the Bell 206 helicopter could offset drone investment subject to exemption from any claw back restrictions surrounding grant funding used for its purchase²
- ▶ Drone technology is rapidly evolving and may need to be updated based on the City's needs; reinvestment every 2 years is estimated
- ▶ Annual drone costs such as operators, maintenance, and insurance are expected throughout their lifespan and are estimated in 10-year impact



Performance

- ▶ For drones to fully replace helicopters, it is critical that the City sources a vendor that can provide drones with advanced technological capabilities
 - Current drones owned by the City lack speed and battery life to replace helicopters
 - OPSA expects drone technology to become more advanced in the next 1-2 years (camera, battery life, etc.)



Equity

- ▶ No equity impact expected

Considerations

- ▶ Drone usage may be perceived negatively by residents due to privacy concerns
- ▶ IL state law prohibits general surveillance of the public but allows police drone use in specific scenarios (search and rescue, disaster response, imminent threats, etc.)³. Specific use cases include:
 - If there is reasonable suspicion that swift action is needed to prevent imminent harm to life, or to forestall escape of a suspect of the destruction of evidence
 - Photography of crime scenes
 - Monitoring of a routed or special event
- ▶ Cities in California, Ohio, and New York have advanced drone programs for crime response, suspect tracking, and event monitoring
 - A well-developed drone program creates an opportunity for regional shared services

Estimated fiscal impact ⁴ (\$m)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	6.6
Investment needs – Drones	(0.1)	(<0.1)	(0.1)	(<0.1)	(0.1)	(<0.1)	(0.1)	(<0.1)	(0.1)	(<0.1)	(0.6)
Net Impact	0.5	0.6	0.5	0.6	0.5	0.7	0.6	0.7	0.6	0.7	6.0

1. Personnel costs for operating drones to replace flight hours from one helicopter are assumed at 20% of current personnel costs

2. Initial revenue estimates from one-time sale of Bell 206 estimated around ~\$1.5m; estimate based on average price for pre-owned model and may fluctuate based on condition of aircraft

3. Per 725 ILCS 167 / Freedom from Drone Surveillance Act; Exceptions provided outline strict reporting requirements and guidelines that public safety departments must follow

4. Numbers may not add due to rounding

Note: Analysis is based on current state of CPD assets and does not factor in planned or future purchases of helicopters.

OEMC: Traffic Management Authority & Parking Enforcement Combined

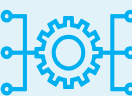
Replacing CPD overtime hours for traffic with new full-time traffic mgmt. + parking enforcement

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ Prior to COVID, there were ~340 part-time hourly TMA employees; post-COVID the City has struggled to fill vacant positions and currently employs ~200 part-time and 89 full-time TMAs
- ▶ The City is currently incurring ~\$17m in costs for CPD overtime to fill vacancies for TMAs
- ▶ The City could hire 169 full-time roles to fill these hours backfilled by CPD and work a 50/50 split performing TMA / parking enforcement services. This new role may reduce CPD overtime and increase parking enforcement revenue generation
- ▶ 2024 parking enforcement revenue per full-time parking enforcement employee is used to estimate additional revenue per parking employee, which is reduced due to their 50/50 split between TMA and parking enforcement responsibilities
- ▶ Estimates are built on collected value of ~\$65m in 2024, while fines assessed summed to \$125m. Increased collection rates may increase revenue generation opportunity from this option.
- ▶ The City can consider segmented pricing strategies to improve collections

Impact

 Fiscal	▶ By fully replacing CPD overtime with full-time hybrid TMA / parking enforcement roles, the City may save ~\$3m in costs over 10 years ▶ Hiring these new full-time employees with 50% of their role dedicated to parking enforcement may generate ~\$82m in additional revenue over 10 years – In 2024, 92 full-time parking enforcement employees generated ~\$44m in ticketing revenue
 Performance	▶ The analysis assumes a gradual step up to fill vacant positions in Year 1, 2, and 3, where the City can fill 50%, 80%, and 100% of roles, respectively ▶ The analysis also assumes that new full-time employees will capture 10% of revenue output compared to current parking enforcement positions due to diminishing returns expected and split of full-time position duties
 Equity	▶ No material impact to equity

Considerations

- ▶ New position may need to be highly publicized to increase the number of applications received – fully staffing positions is necessary to realizing the full cost saving potential of this option
- ▶ A 10% salary increase in the current full-time parking enforcement role is included in analysis to increase the likelihood that all new full-time positions can be filled
- ▶ Conversations regarding the change in roles and responsibilities for full-time TMA employees will need to take place with the SEIU Local 73 union
- ▶ Due to the nature of the hybrid role, there are potential scheduling challenges. Hiring additional administrative personnel in charge of scheduling processes may be considered

Estimated fiscal impact ¹ (\$m)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Operational savings	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	2.5
Additional revenue	4.0	6.5	8.3	8.5	8.6	8.8	9.0	9.2	9.3	9.5	81.7
Net Impact	4.3	6.8	8.5	8.7	8.9	9.1	9.2	9.4	9.6	9.8	84.2

1. Numbers may not add due to rounding

OEMC: 311 Call Center

Reduce hours of operation and services offered via 311 call center

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ The City's 311 call center operates 24/7 and received 2.3m calls in 2024
- ▶ The City could transition to a reduced 12-hour schedule, aligned with peer city 311 centers, such as LA and Philadelphia
- ▶ The minimum staffing need is the following¹:
 - 1st Watch: 11:00pm – 7:00am – 4 COI/COII – 1 Supervisor
 - 2nd Watch: 7:00am – 3:00pm – 17 COI/COII – 2 Supervisors
 - 3rd Watch: 3:00pm – 11:00pm – 8 COI/COII – 2 Supervisors
- ▶ Potential revised hours of operation schedule:
 - 1st Watch: 7:00am – 3:00pm – 8 COI/COII – 2 Supervisors
 - 2nd Watch: 11:00am – 7:00pm – 8 COI/COII – 2 Supervisors

Impact

 Fiscal	▶ Personnel budget for 311 operators and supervisors is \$7.0m in 2025 including fringe benefits ▶ Reduction of the hours of operation may produce cost savings for the City of ~\$33m over the next 10 years² ▶ Incremental cost savings of \$13m may be achieved through implementation of chatbot for standard services to reduce needed personnel
 Performance	▶ Marginal impact to service response times for service requests submitted overnight ▶ The City may engage with a software vendor that services other major city 311 centers to develop a chatbot to fit the City's 311 needs
 Equity	▶ The City's 211 service is available 24/7 to connect residents with essential health and social services support ▶ High-utilizers and older age demographics may be impacted due to preference for traditional forms of communication, such as phone calls – Data received did not include demographic or time-stamp information to analyze the common time or service request by demographic

Considerations

- ▶ High employee displacement due to reduced personnel need and reduced hours
- ▶ 16 call operator positions are currently funded from the Airport fund
- ▶ Non-urgent service requests should be directed to online/app reporting to reduce call volume during open hours
- ▶ Implementation of a chatbot may further reduce call volume by fielding standard requests and frequently asked questions
- ▶ In cases of severe weather and high-volume events, peer cities utilize systems similar to Notify Chicago, social media campaigns, and chatbots to service residents
- ▶ To ease transition of high-utilizers and older age demographics to web-based 311 services, partnerships with community orgs., public education, and marketing efforts may be necessary

Estimated fiscal impact ³ (\$m)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	3.0	3.0	3.1	3.2	3.3	3.3	3.4	3.5	3.5	3.6	32.8
Investment needs ⁴	(1.0)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(5.9)
Net Impact	2.0	2.5	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0	27.0
Incremental savings	-	1.3	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.6	13.1
Total Impact	2.0	3.9	4.0	4.1	4.1	4.2	4.3	4.4	4.5	4.6	40.0

1. COI: Call Operator I; COII: Call Operator II
2. Personnel reduction is inclusive of current vacancies and is not based only on reduction in currently filled positions
3. Numbers may not add due to rounding
4. Investment needs include an up-front cost for chatbot development and implementation with yearly fees/maintenance

OEMC: Family and Medical Leave Act (FMLA) usage at 911 call center

Institute a pool of retired 911 dispatchers to reduce overtime costs at 911 call center

Fiscal impact			Feasibility			
Small	Medium	Large	Low	Medium	High	
Jurisdiction requirement			Implementation timeline			
State	Local	None	Quick win	0-5 yrs.	5-10 yrs.	10+ yrs

Description

- ▶ In 2024, the entire OEMC utilized 59,309 hours of FMLA time with ~90% of the hours attributable to the 911 call center
 1. FMLA usage in 2024 had the highest usage in June – October and on Fridays and Saturdays
- ▶ Over that same period, overtime hours represented over 15% of all hours worked at the 911 call center between Police Operators, Fire Operators, and Supervisors
- ▶ To mitigate high FMLA usage, especially during summer months and weekends when FMLA usage is highest, instituting a pool of part-time 911 dispatchers (possible retired) may reduce overtime costs
 - ~170 new part-time employees would be necessary (working 1,000 hours/year) to fully reduce all overtime costs incurred by the department in 2024

Impact

 Fiscal	▶ In 2024, \$48.8m in regular and overtime wages were paid to 911 call center staff (\$10.4m or 21% of total wages paid for overtime) ▶ A yearly investment of ~\$40k (calculated using 2024 Employee Assistance Programs (EAP) data for an estimated cost per 911 call center staff/year) may help maintain employee wellbeing through supplemental EAP¹. This additional investment may also aid in curbing FMLA usage and reliance on overtime to backfill no-shows ▶ Part-time dispatchers would not require fringe benefits
	▶ FMLA usage in some cases may be due to burnout and stress caused by nature of the job ▶ By creating a pool of part-time dispatchers, employee morale could improve through reduced reliance on mandatory overtime due to staffing shortages
	▶ No equity impacts are expected through targeted actions to reduce overtime

Considerations

- ▶ San Francisco, CA and Washington D.C. utilize retired dispatchers or retired public safety officers (i.e., police and fire officers) to help manage surge periods at 911 call centers²
 - Utilizing retired City 911 operators, retired Cook County 911 operators, or retired City public safety officers could reduce overtime accrual
- ▶ As FMLA usage is highest during summer months and on weekends, HR personnel evaluating FMLA requests could review patterns of FMLA leave on a regular basis
- ▶ Building a pool of retired 911 dispatchers may require publicizing job postings and outreach to retired dispatchers
- ▶ Negotiations with IBEW Local 21, IBEW Local 9, etc. may be required due to introduction of new part-time positions

Estimated fiscal impact ³ (\$m)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	-	1.7	3.5	3.5	3.6	3.7	3.8	3.8	3.9	4.0	31.4
Investment needs	(<0.1)	(<0.1)	(<0.1)	(<0.1)	(<0.1)	(<0.1)	(<0.1)	(<0.1)	(<0.1)	(<0.1)	(0.4)
Net Impact	(<0.1)	1.7	3.4	3.5	3.6	3.6	3.7	3.8	3.9	3.9	31.0

1. First responder grant already available to the City may have unobligated funds remaining to support improved EAPs
2. San Francisco, CA has utilized retired dispatchers to handle high-volume periods/events; Washington, D.C. passed emergency legislation in 2023 allowing retired Metropolitan Police Department police officers and firefighters from the Fire and Emergency Medical Services Department to be eligible for rehire as temporary full-time or part-time 911 call takers or dispatchers without jeopardy to retirement benefits
3. Analysis was completed to determine full cost savings potential in Year 3/FY28 due to time required to build a pool of part-time 911 dispatchers

OPSA: Cameras in Fire Department vehicles & utilize existing Police Cameras

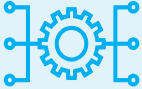
Install cameras to increase accountability, reduce vehicle abuse, and mitigate accidents

Fiscal impact			Feasibility		
Small	Medium	Large	Low	Medium	High
Jurisdiction requirement			Implementation timeline		
State	Local	None	Quick win	0-5 yrs.	5-10 yrs. 10+ yrs

Description

- ▶ CFD incurred \$1.4m and CPD incurred \$3.8m in vehicular repair costs due to accidents as reported by 2FM in 2024
- ▶ Atlanta and Baltimore have been successful in installing cameras inside of Fire Department apparatus to improve user accountability and enhance safety
- ▶ Baltimore reports an overall decrease of 70% in accident-related repair costs in the years following installation of cameras in Fire Department vehicles
- ▶ CPD's fleet already has cameras but would need to utilize them to monitor the officers for vehicular misuse.
- ▶ Creating a fleet internal service fund would charge vehicle rental, maintenance, and repair costs back to CPD and CFD to improve accountability

Impact

 Fiscal	▶ CFD could install cameras inside its ~250 unit fleet at a cost of \$2,000 per camera system — up front cost of \$500,000 ▶ A 70% reduction on \$5.2m in accident-related repair costs is approximately \$3.6m a year in savings ▶ Also includes annual costs (\$50k each) for data storage and replacements ▶ Option also includes an additional 4 FTE across CPD and CFD for a civilian position similar to a Digital Intelligence Analyst at \$137k per FTE (inclusive of fringe benefits); these FTE would review and prioritize camera footage
 Performance	▶ This option assumes a gradual ramp up in savings over 2 years due the time it may take to see behavioral changes ▶ Improved driving of public safety vehicles could improve safety for officers and the public
 Equity	▶ No material impact to equity

Considerations

- ▶ Unions in Atlanta and Baltimore have criticized the installation of cameras inside the apparatus, stating that the camera footage is used to punish employees too harshly for minor infractions
- ▶ Small violations like not wearing a seatbelt / not coming to a complete stop at an intersection are leading to penalties and suspensions, which may exacerbate overtime usage due to loss of personnel
- ▶ Unions argue that time is of the essence during an emergency and there needs to be leniency in the enforcement of some of the driving rules
- ▶ There may also be additional monetary benefits such as reduced workers compensation payouts, as well as reduced litigation and settlement costs; these have not been estimated
- ▶ The City has a Traffic Review Board in place that reviews vehicle accidents to verify compliance with protocol – this option could enhance its work and mission

Estimated fiscal impact (\$m)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Operational savings	-	1.9	3.9	4.0	4.1	4.2	4.3	4.3	4.4	4.5	35.7
Investment needs – Cameras & storage	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(1.5)
Investment needs – Additional FTE	-	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(5.3)
Net Impact	(0.5)	1.3	3.3	3.3	3.4	3.5	3.5	3.6	3.7	3.8	28.9

OPSA: Timekeeper roles in OPSA

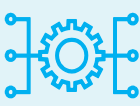
Implementation of new ERP payroll solution to eliminate need for vacant timekeeper positions

Fiscal impact			Feasibility		
Small	Medium	Large	Low	Medium	High
Jurisdiction requirement			Implementation timeline		
State	Local	None	Quick win	0-5 yrs.	5-10 yrs. 10+ yrs

Description

- ▶ Since 2022 the City has been working on an inventory and mapping of its current state software processes in anticipation of ERP system upgrades across HR, payroll, finance, invoicing and billing, etc.
 - By the end of FY25, the City expects to contract with a third-party vendor to start ERP upgrades, which would begin with payroll. The payroll implementation is expected to take 12 months and be completed by the start of FY27
- ▶ Many of the City's payroll processes require timekeeper positions to perform manual intervention, coding, and edits. For public safety, OPSA budgets for 59 timekeeper roles that track manual roll call, of which 30 positions are vacant. The ERP implementation would transition to a digital time entry system and could eliminate the need for timekeeper positions¹

Impact

 Fiscal	▶ Savings from eliminating 4 budgeted vacancies for Clerk IV - Payroll (Timekeeper) & 26 budgeted vacancies for CPD timekeepers within OPSA may save ~\$3m per year (incl. salary & benefits) once fully implemented ▶ 50% savings was estimated in Year 2 (FY27) as buffer for any ERP implementation delays ▶ The cost of implementing the ERP system will be incurred irrespective of this option and therefore was not included in the analysis
 Performance	▶ With the payroll ERP system implementation, performance improvements are expected related to visibility into monitoring / tracking of CPD overtime ▶ The ERP payroll implementation may promote increased governance with less manual oversight
 Equity	▶ No material impact to equity

Considerations

- ▶ There may be additional cost savings achievable through eliminating filled timekeeper positions after the ERP has been implemented and manual / paper-based processes have been transitioned; cost savings of ~\$6m per year may be achievable if eliminating all positions
- ▶ All OPSA timekeeper positions are part of AFSCME, Council 31. If filled positions are sunset, the City must provide notice to the union of the intention to replace bargaining-unit work rendered obsolete by technology improvements
- ▶ Layoffs of these timekeeper positions would require "on a seniority basis, equal-rated permanent jobs the Employer has declared to be vacant in the Department, or other Departments". To aid in filling the CFD and CPD positions recommended for civilianization, and to satisfy bargaining conditions, timekeepers could be offered newly opened civilian positions in these departments

Estimated fiscal impact² (\$m)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost savings	-	1.3	2.8	2.8	2.9	2.9	3.0	3.1	3.1	3.2	25.1
Net Impact	-	1.3	2.8	2.8	2.9	2.9	3.0	3.1	3.1	3.2	25.1

1. 20% vacancy rate assumption built into fiscal impact calculation for positions that are currently vacant; based on OBM vacancy rate assumption
2. Fiscal analysis only realizes savings through reduction in budgeted vacancies. Additional positions may be evaluated for reduction after ERP transition process is finalized and may generate cost savings over ~\$6m a year if all 59 roles are fully eliminated

OPSA: Regional training facility rental opportunity

Opportunity to generate revenue by renting the training facility to state and other municipal departments

Fiscal impact			Feasibility		
Small	Medium	Large	Low	Medium	High
Jurisdiction requirement			Implementation timeline		
State	Local	None	Quick win	0-5 yrs.	5-10 yrs. 10+ yrs

Description

- ▶ The City's new, state-of-the-art Public Safety Training Center (PSTC) offers advanced training simulations and high-grade equipment for first responder training
- ▶ The City may rent facilities and equipment to external public safety agencies, with minimal personnel costs required to manage rentals
- ▶ Analysis included revenue opportunities for:
 - Burn tower
 - Driving pad
 - Outdoor village
 - Virtual training simulation
 - Railroad prop
 - Auto extrication
 - HazMat material training area
 - Seminars/Classes (e.g., internal affairs and professional standards, de-escalation, management and supervision of investigative units, digital forensics, etc.)

Impact

 Fiscal	▶ Renting training resources during periods of non-use by the City's public safety departments may generate ~\$1.5m in annual revenue through full-day, half-day, or per-student rental arrangements – Rental fees are preliminary estimates based on comparable facilities' fee schedules – Full implementation may require additional personnel costs, including sworn and civilian training instructors, programming coordinators, and additional security staff during after-hours facility rentals
 Performance	▶ No material impact to performance expected as programming could allow space priority for the City's agencies ▶ Multi-agency coordination and planning may be required to align internal academy and training schedules to determine space rental availabilities
 Equity	▶ No material impact to equity

Considerations

- ▶ A cost analysis (incl. room usage, specialized equipment, instructors, and consumables, etc.) should be completed to determine rates that would generate full cost-recovery of operating expenses and net benefit to the City. A detailed business plan should also be completed to clarify the vision for PSTC rentals and to track progress against determined goals
 - Similar facilities commonly include extra fees for propane, instructor time, and administrative overhead; PSTC could consider adopting a similar pricing structure
- ▶ PSTC services could be expanded to provide training, in addition to facility rentals, to allow cost-recovery for full-time training staffing
- ▶ PSTC could evaluate additional opportunities to rent the following areas in their idle time:
 - Shooting ranges – for tactical practice
 - Outdoor areas – for tactical practice
 - Classroom spaces – for instructional use

Estimated fiscal impact (\$ millions)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Revenue	0.7	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	14.2
Costs – Training instructors, program coordinators, and security	(1.0)	(1.0)	(1.0)	(1.0)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.2)	(10.6)
Net Impact	(0.3)	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	3.6

Appendix

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 map of the peer jurisdictions used across the various analyses. Please note that not all jurisdictions were used in each benchmarking exercise.



Benchmarking Sources

All workstreams leveraged data provided by the City of Chicago. Additional data used for benchmarking provided by publicly available sources included in this section.

1. Special Events Cost Recovery

- City of Atlanta, GA
- City of Dallas, TX
- City of Los Angeles, CA
- City of New Orleans, LA
- City of New York, NY
- City of Seattle, WA

2. Fleet Services Analysis

- APWA, Public Works Benchmark: Fleet
- Fleetio, 2025 Fleet Cost per Mile & TCO: Government Fleets
- Fleetio, 2025 Benchmarking Report
- IDC MarketScape Worldwide SaaS and Cloud-Enable EAM 2024 Report

3. Real Estate

- City of Houston, TX
- City of Redmond, WA
- Maricopa County, AZ
- State of California
- State of Maryland
- State of Michigan
- State of Missouri

4. Fees and Fines Analysis

- City of Atlanta, GA
- City of Austin, TX
- City of Baltimore, MD
- City of Boston, MA
- City of Charlotte, NC
- City of Cincinnati, OH
- City of Columbus, OH
- City of Dallas, TX
- City of Detroit, MI
- City of Evanston, IL
- City of Houston, TX
- City of Las Vegas, NV
- City of Los Angeles, CA
- City of Madison, WI
- City of Memphis, TN
- City of Miami, FL
- City of Milwaukee, WI
- City of Minneapolis, MN
- City of Nashville, TN

- City of New Orleans, LA
- City of New York, NY
- City of Philadelphia, PA
- City of Phoenix, AZ
- City of San Diego, CA
- City of San Francisco, CA
- City of Seattle, WA
- District of Columbia (Washington, DC)
- State of Oregon
- Village of Oak Park, IL
- Village of Skokie, IL

5. **Employee Benefits Analysis**

- State of Illinois
- Cook County, IL
- City of Houston, TX
- City of Los Angeles, CA
- City of New York, NY

6. **Procurement Analysis**

- National Institute of Government Purchasing

7. **Organizational Analysis**

- Publicly available information for the following Cities was obtained from public sources (City websites, City budget books, additional data obtained directly from City sources):
 - City of Houston, TX
 - City of New York, NY
 - City of Philadelphia, PA
 - City of Seattle, WA
 - City of Los Angeles, CA

8. **Performance-Based Budgeting**

- N/A

9. **Service Optimization**

- City of Columbus, OH
- City of Denver, CO
- City of Houston, TX
- City of Los Angeles, CA
- City of Minneapolis, MN
- City of New York, NY
- City of Philadelphia, PA
- City of Phoenix, AZ
- City of San Antonio, TX
- City of San Diego, CA
- City of Seattle, WA
- City of Tulsa, OK
- City of Vancouver, WA