



OFFICE OF THE MAYOR
CITY OF CHICAGO

TO: Chicago Taxpayers
FROM: Mayor Rahm Emanuel
DATE: August 22, 2011
RE: 2011 Savings Update at First 100 Days

Today I am providing you with a report on the progress we have made in achieving \$75 million in savings for 2011, something I said I would do on my first day in office. Within the first 100 days, \$51.3 million has been realized by cutting senior management, merging government functions and freezing non-essential contracts, among many other things.

Promises are merely promises but results are what we are here to deliver to you. The goals I set for my Administration hold me, and my team, accountable to the people who pay the bills and rely on us to be responsible stewards of the City budget: the taxpayers.

We alerted the public by notifying media, adding an alert on the City of Chicago's website, posting the information on the Mayor's Office Facebook page, and tweeting to the City of Chicago's followers on Twitter.

In the coming months, we will be working on the budget for next year. We have launched a website – www.chicagobudget.org – to collect your ideas and allow other Chicagoans to vote on those ideas. Already close to 1700 ideas have been submitted, some with videos posted on YouTube, almost 5000 people have commented and there are 38,000 votes on the proposed ideas. I encourage you to visit the website and provide us with your thoughts. We also will be holding two “Conversations about Chicago's Future” on August 29th and 31st to discuss in person your ideas for how the City of Chicago should be spending your hard-earned tax dollars. And, we will continue that conversation throughout the Fall at a number of other public events.

The following is a detailed explanation of the progress made on saving \$75 million for the City of Chicago:

Cuts in Senior Management Payroll (\$5.5M)

Most of the required reductions in staff and salary have already occurred, with the last few items being processed this month. These payroll reductions, including the savings in the Police Department with their recently announced reorganization, will meet the \$5.5 million in targeted savings goal for this portion of the \$75 million.

Reduce Outside Legal Counsel Expenses (\$3M)

The Law Department has taken back certain cases from outside counsel, has ceased outsourcing certain types of cases, and has engaged four firms to provide pro bono counsel. These combined



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actions to reduce the use of outside counsel and increase pro bono services are expected to yield the planned \$3 million in 2011 savings.

Merge Overlapping Functions Across Departments (\$3.5M combined)

The implementation of the merger of the Departments of General Services and Fleet Management (DGS/Fleet) merger is well under way, and a new organizational structure for the combined Departments of Finance and Revenue has been identified. Through the elimination of redundant positions and non-personnel costs, the savings goal of \$3.5 million will be achieved by the end of the year. The departments will be fully merged by the start of 2012.

Freeze All Non-Essential Contract Spending (\$17.5M)

The 6 percent holdback on all non-essential contracts remains in place, which is expected to achieve the savings goal of \$17.5 million by the end of 2011. In addition, the Office of Budget and Management (OBM) continues to review existing contracts that have been outstanding for a substantial period of time but not yet spent against. To date, more than \$25 million of such contracts have been identified and queued up for termination by the Department of Procurement Services. While these contract terminations do not result in direct savings, the measure prevents future spending from occurring.

Implement Real Estate and Energy Reductions (\$5M)

To date, the City has realized approximately \$2.5 million in 2011, yielded through lease credits and cancellations, the re-negotiation of a fuel contract, and adjustments by ComEd to the City's street-lighting rates. DGS/Fleet has identified approximately \$2.5 million in additional savings opportunities for this year, including the procurement of a new natural gas vendor, which may enable the department to exceed its targeted savings.

Rationalize and Reduce Vehicle Programs (\$1.5M)

DGS/Fleet has taken all actions necessary to achieve more than \$550,000 in savings to date through the reduction of alternative fuel prices and the termination of the City's shared lease program. The department continues to work towards achieving the full target savings through a continued audit of the City's fleet and reductions in repair and maintenance costs.

Return Laborers to Work (\$0.5M)

An agreement with Laborers' Local Union 1001 regarding the return to work of employees currently on duty disability has been drafted and is under review by the union and the City. The list of titles that will be available for a return to work under this policy is being finalized during this review.

Parking Enforcement and Traffic Control Efficiencies (\$2.3M)

The Office of Emergency Management Communications (OEMC) has fully implemented the plan to significantly decrease full-time Traffic Control Aides in the loop and at O'Hare and Midway Airports. OEMC will maintain 24 full-time positions and will supplement part-time staff as needed for special projects, emergencies, and special events. The Department of Revenue has expanded



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their parking enforcement to include daytime enforcement in the Loop in order to ensure that there is no reduction in enforcement. It is expected that the full \$2.3 million in savings will be realized this year via both cuts to costs and increased revenues.

Improve Grants Management (\$31.2M)

OBM's regularly recurring process of flagging, reviewing and preventing the under-utilization of grant funds has captured approximately \$12.2 million, about 40 percent of the targeted savings for this initiative. As a result of OBM's efforts, these dollars, otherwise at high risk of being left unspent or returned to the grantor, will be utilized for City programs and services. OBM has also fully implemented a regularly recurring process for flagging, reviewing and preventing personnel-related overspending on grant accounts.

Department of Water Management/Department of Transportation Project Coordination (\$5M)

A total of \$4.2 million in savings has been definitively identified under this initiative and will be achieved as the subject projects proceed. The remaining savings are expected to be identified as the departments complete a comprehensive survey of all scheduled water/sewer projects and street/alley resurfacing projects, and reviews GIS data to identify water main replacement and sewer lining projects in areas where deteriorated road conditions currently exist.

In addition to the \$75 million savings initiative, to end the mandatory furlough program for non-public safety employees, we have instituted several other cost-savings measures that will realize significant savings this year, including:

- \$20 million in savings due to the hiring freeze for the non-essential workforce and the enhanced partnership between the Department of Public Health and Federally Qualified Health Centers to provide high-quality health care to taxpayers at a lower cost.
- We expect to achieve \$10-12 million in additional savings by the end of the year through seasonal labor reductions and several outsourcing initiatives, including: the management of employee benefits; custodial services at the airports and libraries; and the city's water bill call center operation.