



CITY OF CHICAGO

QUARTERLY
BUDGET REPORT

1ST QUARTER 2013

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INTRODUCTION

CONTENT AND PURPOSE

This quarterly report presents an overview of the City's operating revenues and expenditures for the first quarter of 2013, as compared to budgeted amounts, and explains any notable aberrations or trends in these numbers. This report also provides information and updates on major initiatives that are a part of the City's budget. The revenue and expenditure information in this report is organized by City fund. For definitions of the City's budgeted funds and revenue sources, please refer to the [2013 Budget Overview](#) and the [2012 Annual Financial Analysis](#). This report focuses on local fund operating revenues and expenditures. This report does not include information on grant funds, pension payments, debt service funds, or capital expenditures.¹ Information on those areas can be found in the 2013 Budget Overview and the 2012 Annual Financial Analysis.

The purpose of this quarterly public reporting on the City's revenues and expenditures is twofold. First, it ensures that the City is consistently monitoring its revenues and expenditures so that it can proactively respond to unanticipated changes or emerging trends. Second, and equally important, these reports increase the transparency of City finances. The City is ultimately accountable to its residents to use the revenue it brings in efficiently and effectively to provide the highest quality services, and quarterly public reporting provides taxpayers with the information they need to hold the City to this standard.

TIMEFRAME AND LIMITATIONS

The information in this report is the most accurate and up-to-date information available at the time of publication. However, this report is not an audited financial statement and the numbers provided herein are preliminary and subject to change as the year progresses. No data on revenues and expenditures is final until the City has completed its annual audit and finalized its Comprehensive Annual Financial Report (CAFR), which is released in the summer of each year for the prior year. It should be noted that the City balances its budget on an annual basis, and that each fund's revenues and expenditures may not align on a quarterly basis. This is the result of the inherent seasonality of many of these revenue streams and expenses, as is further described in the following pages.

With respect to revenues: The City regularly monitors and adjusts its revenue projections based on to-date revenue performance and other developments that may affect City revenues in order to form a more accurate picture of the City's financial position. In connection with this process, the City develops revenue projections for each month. These monthly projections reflect historical patterns, seasonality, and other known factors that may affect certain revenue streams. These projections are used to develop the "Q1 2013 Budget" amounts shown in the tables in this report, which represent the amounts that the City expected to receive during the first quarter of the year. The "Q1 2013 Estimates" presented in the tables in this report are the City's current estimates, as of the date of this report, of its actual revenues for the first quarter. These numbers remain estimates pending adjustments that will be made as additional information and collections are received by the City. For example, certain revenues, as noted herein, are collected and distributed by the State, and there is a time lag in when information on the amount of actual collections is provided to the City, and in some cases, a delay in when the City receives actual distributions. In addition, a small portion of the fees and fines attributed to a given quarter typically come in later in the year due to delinquencies and disputed payments, and the actual amount of such revenues is not known until all payments are received.

With respect to expenditures: Expenditures include funds that are encumbered but may not yet have been spent, such as the full-year cost of property rentals and payments under certain technology maintenance and licensing contracts. The "Q1 2013 Budget" amounts presented in the expenditure tables in this report reflect historical spending patterns as applied to this year's budget, with the exception of transfers to other City funds and healthcare expenditures, which are not allocated by fund until year-end; for these expenses, the "Q1 2013 Budget" is set at 25 percent of the full-year budget. The "Q1 2013 Estimates" for expenditures are extracted directly from the City's financial management system, with the exception of transfers to other City funds and healthcare expenditures, as further discussed in the following sections. These figures represent a snapshot of City expenditures at a certain point in time and do not reflect final adjustments made to prepare the City's CAFR.

¹ Expenses funded through grants and general obligation bond proceeds are not covered in this report, as these are budgeted separately from the City's local funds. However, capital investment costs for the City's water, sewer, and aviation funds are outlined in the enterprise fund section of this report, as capital and financing costs for capital projects are included in the overall budgets of these self-supporting funds.

CORPORATE FUND

SUMMARY OF LOCAL FUNDS

The City's overall local fund revenues kept pace with expectations during the first quarter of 2013, with most economically sensitive revenues meeting or exceeding 2013 budget projections of moderate growth. The City's major local fund expenditures were generally in line with seasonal expectations, with the City's first quarter 2013 expenditures across all funds at 21 percent of full-year budgeted expenses. First quarter expenditures are generally low as a percentage of the full-year budget, as debt service payments from the City's enterprise funds are not made until later in the year. Revenues and expenditures for each fund are discussed in greater detail in the following pages.

CORPORATE FUND REVENUE

Total corporate fund revenues were slightly above budgeted expectations, with losses in certain recreation and transportation tax revenues offset by strong economically sensitive tax revenue performance.

Overall utility tax revenues for the first quarter were in line with budgeted expectations and 8 percent over first quarter 2012 revenues. Most of this growth was in natural gas tax revenues, as natural gas prices increased by 9 percent over 2012 levels and colder winter weather increased usage for heating homes and offices. Telecommunications tax revenue dipped slightly below budget during the first quarter of 2013, but was offset in part by increasing cable television tax revenues, which continue to reflect industry growth.

As gasoline prices remained high during the first quarter of the year, overall transportation-related revenues came in slightly below budget, as people tend to drive less when fuel prices are high. Garage parking tax revenues held at budgeted levels and approximately even with first quarter 2012 revenues, while vehicle fuel tax revenues were below budget for the start of 2013.

The City's economically sensitive revenues continued to outperform budgeted expectations, as the moderate economic growth seen throughout 2012 continued into 2013. The recovery of the real estate market that took real property transfer tax revenues 39 percent above budget in 2012 saw continued growth in the first quarter of this year. March home sales in the Chicago area reached a five-year peak for the month, with overall home sales up

18 percent and median prices up 10 percent from first quarter 2012 levels. Strong commercial real estate sales and personal property lease tax revenues also contributed to overall transaction tax revenues 14 percent above budget for the first quarter.

Income tax and personal property replacement tax (PPRT) revenues finished the first quarter slightly above budget and 12 percent above first quarter 2012 levels, with increases in both individual and corporate income tax collections. First quarter sales tax revenues also exceeded budgeted expectations, reflecting strong retail sales figures for the first quarter of the year.

Business taxes came in at budget for the first quarter, as hotel tax revenues met growth projections. Local hotel sales were strong, with revenue per available room increasing by 4 percent over the first quarter of 2012, following strong year-over-year growth throughout 2012.

Amusement tax revenues for the first quarter were below budgeted expectations, due in part to reductions in season ticket prices by both the Cubs and the White Sox and in part to the delay in the Blackhawks' season as a result of the NHL lockout. Overall recreation tax revenue was also affected by State and County increases in the cigarette tax rate; decreased sales resulted in City cigarette tax revenues 8 percent below first quarter 2012 levels. Liquor and non-alcoholic beverage tax revenues finished the first quarter on budget.

Business license and building permit-related revenues were in slightly above budgeted expectations for the first quarter, with the growth attributable to increased revenue from taxi license, advertising permit, and various driveway and street-related permit fees. Collections from fines, forfeitures, and penalties were up from the same period in 2012 and in line with budgeted expectations, and revenue from the sale, rental, and lease of City-owned property was also on budget for the quarter.

CORPORATE FUND EXPENDITURES

Corporate fund expenditures for the first quarter of the year were 25 percent of total 2013 budgeted expenditures for the fund. Salary and wage expenditures, which represent the large majority of total corporate fund expenditures, ended the quarter at 24 percent of budgeted salary and

CORPORATE FUND - REVENUE \$ MILLIONS	2013 BUDGET	Q1 2013 BUDGET	Q1 2013 ESTIMATES
Tax Revenue			
Utility Taxes and Fees	\$444.22	\$127.60	\$129.09
Transaction Taxes	225.00	47.59	52.49
Transportation Taxes	180.60	43.03	41.98
Recreation Taxes	162.74	44.90	43.36
Business Taxes	103.19	15.45	15.94
Sales and Use Taxes	563.06	121.95	125.95
Income Tax, PPRT & Other Intergovernmental ²	265.72	67.76	69.23
Total Tax Revenue	1,944.53	468.28	478.04
Non-Tax Revenue			
Licenses and Permits	110.16	29.60	33.38
Fines, Forfeitures and Penalties	330.62	76.54	75.79
Charges for Services	124.37	25.95	24.39
Municipal Parking	9.05	1.75	2.01
Leases, Rentals and Sales	21.72	1.55	1.54
Reimbursement, Interest & Other ³	384.35	81.97	80.25
Total Non-Tax Revenue	980.27	217.36	217.36
Proceeds and Transfers In⁴	58.00	10.00	7.42
Total Revenue	2,982.80	695.64	702.82
Appropriated Prior Year Fund Balance ⁵	177.00	44.25	44.25
Total Resources⁶	\$3,159.80	\$739.89	\$747.07

CORPORATE FUND - EXPENDITURES \$ MILLIONS	2013 BUDGET	Q1 2013 BUDGET	Q1 2013 ESTIMATES
Salaries and Wages	\$2,243.10	\$572.78	\$537.64
Healthcare Benefits ⁷	376.20	94.05	94.05
Worker's Compensation	59.90	12.79	16.80
Contractual Services	345.08	102.54	91.27
Commodities and Materials	23.33	5.18	6.12
Utilities	11.62	1.24	1.95
Motor Fuel	25.80	5.63	6.57
Claims, Refunds, Judgments, and Legal Fees	26.40	18.04	26.40
Miscellaneous	32.52	7.88	7.93
Transfers Out ⁸	15.85	3.96	3.96
Total Expenditures⁶	\$3,159.80	\$824.09	\$792.70

² The majority of the City's PPRT revenue is used to pay pension contributions into the City's four pension funds. The City budgeted \$126.6 million in PPRT revenue to put towards its \$479.5 million in 2013 pension payments, and a remaining \$4.6 million in PPRT revenue in the corporate fund. No PPRT dollars actually flow into the City's corporate fund until PPRT revenues beyond \$126.6 million are received.

³ This category of revenue includes the anticipated TIF surplus of \$6.7 million, which is not transferred to the corporate fund until later in the year and thus not included in the Q1 2013 Estimate, and reimbursements to the corporate fund from the City's enterprise and special revenue funds as well as other intergovernmental funds, which are allocated by quarter and included in the Q1 2013 Estimate.

⁴ This category of revenue includes interest earned on the City's asset lease reserve funds and proceeds from certain financing transactions, which are allocated by quarter and included in the Q1 2013 Estimate.

⁵ The appropriated prior year fund balance is the surplus or deficit from the prior budget year that is included the current year's budget. One fourth of the appropriated fund balance is considered first quarter revenue for the purposes of this report.

⁶ The total 2013 corporate fund budget under the originally enacted annual appropriation ordinance was \$3,158.56 million. The annual appropriation ordinance was amended in February to provide additional funding in the amount of \$1.25 million to Austin Polytechnical Academy for investment in advanced manufacturing education programs, increasing the total corporate fund budget for the year to \$3,159.81 million.

⁷ The City's healthcare expenditures are paid on a Citywide basis and later adjusted for employee contributions and allocated among City funds. Due to the timing of healthcare payments, actual healthcare expenditures are not available at this point in the year. As a result, the Q1 2013 Budget and the Q1 2013 Estimate for healthcare expenditures are set at 25 percent of the full-year budget for these expenses.

⁸ Transfers out consist of reimbursements and transfers from the corporate fund to other City funds for operating expenses, which are allocated by quarter and included in the Q1 2013 Estimate.

CORPORATE FUND CONTINUED

wage costs for the year. Personnel costs are typically slightly lower in the first quarter than in subsequent quarters, as most hiring occurs in the spring and summer.

The City's expenditures for contractual services are typically front-loaded, as certain contract costs, such as rent, insurance premiums, and software licensing fees, are fully encumbered at the start of the year. First quarter contractual services expenditures were \$91.3 million, or 26 percent of the full-year budget for such costs. This is \$11 million less than first quarter 2012 contractual services expenditures, due in part to the timing of certain IT-related payments.

This year's first quarter utility expenses came in slightly above budget, with the unusually cold March increasing natural gas needs at the same time as natural gas prices began to rebound after hitting all-time lows in 2012. Increased motor fuel expenses can also be attributed in part to the winter weather, as a significant amount of fuel is needed to clear roads following each snow event.

The corporate fund budget for claim and judgment-related expenditures was spent in the first quarter. Each year, the City uses both corporate fund resources and bond proceeds to pay for expenses incurred in connection with claims and judgments against the City, and certain expenses in excess of the amount budgeted on the corporate fund are paid with bond proceeds. Workers' compensation-related expenses also exceeded the first quarter allocation for these costs. These costs are being addressed as part of a Citywide effort to improve case management for employees injured on-duty, more closely monitor associated medical billings, and enhance overall workplace safety.

Commodities and materials expenditures and miscellaneous expenses, which include the cost of smaller equipment and tools, matching funds for grants received by the City, and local transportation and travel costs, were in line with first quarter expectations at 26 percent and 24 percent of the full-year budget for these costs, respectively.

VEHICLE TAX FUND

Vehicle sticker revenues were in line with first quarter expectations, which reflect normal patterns for sticker expiration and sales – on average, 90 percent of stickers are purchased during the second and third quarters of the year. Revenues from pavement cuts, impoundments, and towing-related fees and fines came in at budgeted levels.

First quarter vehicle tax fund expenditures were 26 percent of total 2013 budgeted expenditures for this fund. Personnel expenditures appear high for the first quarter of the year; however, a portion of these expenses were for employees working on capital projects and will be reimbursed with capital funding prior to year-end. Similar to the corporate fund, worker's compensation costs for this fund were higher than expected during the first quarter and are being addressed through the ongoing Citywide initiative discussed above.

Contractual services expenditures for the first quarter reflect the higher proportion of contract costs on this fund that are fully encumbered at the start of the year. First quarter commodities and materials expenditures were in line with budgeted expectations. Utilities expenses reflect the same patterns seen in the corporate fund; however, because this fund does not support snow removal, motor fuel expenses were not impacted by this year's harsher winter and increased snow events.

MOTOR FUEL TAX FUND

Estimated first quarter revenue from motor fuel taxes was 6 percent below the same-period in 2012 and 4 percent below first quarter budgeted expectations. This pattern reflects high gasoline prices in the Chicago area, as well as the impact of changing consumer habits and conservation efforts. The 'other revenue' category consists of anticipated funding from the State's Illinois Jobs Now! Program, which will not be received until later in the year.

First quarter expenditures for the motor fuel tax fund, which supports snow removal and street maintenance, were below budget at 10 percent of full-year expenses. The relatively low first quarter expenditures are attributable in large part to the timing of salt purchases. Because salt can be stored and used as needed, the timing of purchases does not necessarily align with weather patterns. For example, while snow removal expenses were greater in

SPECIAL REVENUE FUNDS

2013 than in 2012, first quarter salt expenditures in 2013 were significantly lower than in 2012, as stored salt was utilized and additional purchases made after the end of the first quarter.

In addition, street repair and maintenance expenses are generally expected to pick up as the year progresses, and debt service on motor fuel tax revenue bonds, the proceeds of which fund the construction of road-related improvements, is paid out of this fund semi-annually in the second and fourth quarters and thus is not included in first quarter expenditures. In general, low first quarter expenditures are not predictive of the full fiscal year for this fund; the volatility of Chicago weather makes this fund's expenditures inherently difficult to forecast - summer storms or December snow events may necessitate greater spending in future quarters.

SPECIAL EVENTS & HOTEL TAX FUND

Hotel operator's occupation tax revenue surpassed first quarter expectations, as local hotel sales continued to climb and revenue per available room increased by 4 percent over first quarter 2012 following a year-over-year increase of 10 percent from 2011 to 2012. Low first quarter recreation fee revenues are in line with expectations, as many of the larger City-run events, including the Taste of Chicago, occur during the summer months.

Low first quarter expenditures are also in line with expectations, due in part to the seasonality of event-related expenses. Spending from this fund will increase during the mid- and late-summer months in support of the major City-run events and festivals. Expenditures will also pick up throughout the year with the continued implementation of the City's new cultural plan.

LIBRARY FUND

Revenue to the City's library fund does not generally fluctuate from budgeted levels, as the majority of this revenue comes from the City's property tax levy and a subsidy from the City's corporate fund.

Expenditures from the library fund were just under the first quarter budget at 28 percent of total 2013 budgeted expenditures for this fund. The relatively high first quarter expenditures reflect the high proportion of front-loaded contract costs on this fund - both rent and property maintenance costs for the libraries are fully encumbered at the start of the year. First quarter trends in spending for commodities and materials and utilities mirrored those for the corporate fund.

SPECIAL REVENUE FUNDS CONTINUED

SPECIAL REVENUE FUNDS - REVENUE \$ MILLIONS	2013 BUDGET	Q1 2013 BUDGET	Q1 2013 ESTIMATES
Vehicle Tax Fund			
Vehicle Sticker Tax	\$116.59	\$4.08	\$4.48
Impoundment, Pavement Cut & Other Fees	20.33	5.08	5.09
Other Revenue & Reimbursements	19.84	0.00	0.00
Total Revenue	156.76	9.16	9.57
Appropriated Prior Year Fund Balance ⁷	12.97	3.24	3.24
Total Resources	\$169.73	\$12.40	\$12.81
Motor Fuel Tax Fund			
Motor Fuel Tax	\$63.70	\$16.18	\$15.50
Interest & Other Revenue	6.00	0.00	0.00
Total Revenue	69.70	16.18	15.50
Appropriated Prior Year Fund Balance ⁷	2.02	0.50	0.50
Total Resources	\$71.72	\$16.68	\$16.00
Special Events & Hotel Tax Fund			
Hotel Operator's Occupation Tax	\$19.20	\$2.81	\$2.88
Recreation Fees, Rental & Other Charges	10.60	1.00	1.07
Other Revenue	6.50	0.00	0.00
Total Revenue	36.30	3.81	3.95
Appropriated Prior Year Fund Balance ⁷	2.91	0.73	0.73
Total Resources	\$39.21	\$4.54	\$4.68
Library Fund⁸			
Property Tax Levy	\$72.26	\$18.06	\$18.06
Corporate Fund Subsidy	10.82	0.00	0.00
Rental, Fines & Other Revenue	3.98	0.97	0.81
Total Revenue	87.06	19.03	18.87
Appropriated Prior Year Fund Balance ⁷	2.91	0.73	0.73
Total Resources	\$89.97	\$19.76	\$19.60

⁷The appropriated prior year fund balance is the surplus or deficit from the prior budget year that is included the current year's budget. One fourth of the appropriated fund balance is considered first quarter revenue for the purposes of this report.

⁸Revenues from the property tax levy and the corporate fund subsidy are not actually transferred into the library funds until later in the year; however, because these amounts will not fluctuate from budgeted levels, one fourth of the total is considered first quarter revenue for the purposes of this report.

SPECIAL REVENUE FUNDS CONTINUED

SPECIAL REVENUE FUNDS - EXPENDITURES \$ MILLIONS	2013 BUDGET	Q1 2013 BUDGET	Q1 2013 ESTIMATES
Vehicle Tax Fund			
Salaries and Wages	\$77.60	\$19.18	\$21.64
Healthcare Benefits ⁹	17.58	4.40	4.40
Worker's Compensation	7.50	2.27	2.78
Contractual Services	27.62	6.06	7.48
Commodities and Materials	3.56	1.01	0.87
Utilities	6.96	0.36	0.98
Motor Fuel	2.72	0.41	0.19
Claims, Refunds, Judgments, and Legal Fees	1.65	0.42	0.29
Miscellaneous	2.40	0.19	0.06
Transfers Out ¹⁰	22.14	5.54	5.54
Total Expenditures	\$169.73	\$39.84	\$44.23
Motor Fuel Tax Fund¹¹			
Total Expenditures	\$71.72	\$8.50	\$5.32
Special Events & Hotel Tax Fund			
Special Events & Tourism Programming	\$18.37	\$1.41	\$2.04
Salaries and Wages	6.94	1.47	1.60
Healthcare Benefits ⁹	1.03	0.26	0.26
Worker's Compensation	0.01	0.00	0.00
Contractual Services	9.58	1.55	0.58
Commodities and Materials	0.10	0.01	0.01
Miscellaneous	0.66	0.15	0.57
Transfers Out ¹⁰	2.52	0.63	0.63
Total Expenditures	39.21	5.48	5.69
Library Fund			
Salaries and Wages	\$51.10	\$13.10	\$11.85
Healthcare Benefits ⁹	11.67	2.92	2.92
Worker's Compensation	0.42	0.08	0.17
Contractual Services	19.17	10.65	9.32
Commodities and Materials	1.27	0.07	0.19
Utilities	3.53	0.13	0.50
Miscellaneous	2.65	0.05	0.05
Transfers Out ¹⁰	0.16	0.04	0.04
Total Expenditures	\$89.97	\$27.04	\$25.04

⁹ The City's healthcare expenditures are paid on a Citywide basis and later adjusted for employee contributions and allocated among City funds. Due to the timing of healthcare payments, actual healthcare expenditures are not available at this point in the year. As a result, the Q1 2013 Budget and the Q1 2013 Estimate for healthcare expenditures are set at 25 percent of the full-year budget for these expenses.

¹⁰ Transfers out consist of reimbursements to the corporate fund for central services such as streets and sanitation, fleet and facility maintenance, and payments to the City's pension funds for the pensions of employees on these funds, which are allocated by quarter and included in the Q1 2013 Estimate.

¹¹ Expenditures for this fund cannot be categorized like those for other funds. This fund supports street lighting electricity, street and traffic light maintenance, bridge and pavement maintenance, and snow removal. In addition, a portion of these funds is transferred to the CTA to support the City's transportation system. Debt service payments on motor fuel tax revenue bonds, the proceeds of which fund the construction of road-related improvements, are made semi-annually from this fund in line with budgeted amounts.

ENTERPRISE FUNDS

WATER AND SEWER FUNDS

Water and sewer fund revenue estimates, which are adjusted to reflect anticipated collection rates, finished the first quarter in line with budgeted expectations. The budget reflects seasonality in usage, with water consumption typically increasing in the second and third quarters.

Water and sewer fund expenditures were generally in line with budgeted expectations. First quarter expenditures are low as a percentage of total budgeted expenditures due to the fact that debt service on water and sewer revenue bonds is paid semi-annually, in the second and fourth quarters. Proceeds from water and sewer revenue bonds fund improvements to the City's water and sewer infrastructure, including the repair of water pipes and sewer lines and the modernization of Chicago's major filtration plants.

AVIATION FUNDS

The Midway and O'Hare Airport funds operate like commercial enterprises, in that each derives its revenue from charges and associated user fees, which are aligned with fund expenditures. Accordingly, first quarter revenue estimates were adjusted to mirror first quarter expenditures, accounting for debt service payments that will be made later in the year.

First quarter expenditures for the Midway and O'Hare Airport funds were at 11 and 14 percent of budgeted expenditures for the year, respectively. As with the water and sewer funds, first quarter expenditures are low as a percentage of total budgeted expenditures due to the fact that debt service on airport revenue bonds is not paid until later in the year.

ENTERPRISE FUNDS - REVENUE \$ MILLIONS	2013 BUDGET	Q1 2013 BUDGET	Q1 2013 ESTIMATES
Water Fund			
Total Revenue	\$632.91	\$148.21	\$148.37
Sewer Fund			
Total Revenue	\$280.19	\$67.49	\$67.76
O'Hare Fund			
Total Revenue	\$964.81	\$129.92	\$132.91
Midway Fund			
Total Revenue	\$229.98	\$29.63	\$25.51

ENTERPRISE FUNDS - EXPENDITURES \$ MILLIONS	2013 BUDGET	Q1 2013 BUDGET	Q1 2013 ESTIMATES
Water Fund			
Salaries and Wages	\$139.05	\$33.32	\$31.77
Healthcare Benefits ¹²	23.88	5.97	5.97
Worker's Compensation	10.03	2.14	2.41
Contractual Services	47.81	15.50	12.75
Commodities and Materials	29.74	5.17	5.52
Utilities	38.92	6.97	5.48
Motor Fuel	2.75	0.38	0.17
Claims, Refunds, Judgments, and Legal Fees	1.51	0.38	0.33
Miscellaneous	6.16	0.94	0.85
Capital and Financing Costs ¹³	248.41	21.22	21.22
Transfers Out ¹⁴	84.65	21.16	21.16
Total Expenditures	\$632.91	\$113.15	\$107.63

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ENTERPRISE FUNDS CONTINUED

ENTERPRISE FUND - EXPENDITURES \$ MILLIONS	2013 BUDGET	Q1 2013 BUDGET	Q1 2013 ESTIMATES
Sewer Fund			
Salaries and Wages	\$52.20	\$10.59	\$10.77
Healthcare Benefits ¹²	7.79	1.95	1.95
Worker's Compensation	4.35	1.59	1.41
Contractual Services	8.99	2.45	2.13
Commodities and Materials	6.13	1.28	1.43
Utilities	0.14	0.02	0.02
Motor Fuel	1.43	0.33	0.33
Claims, Refunds, Judgments, and Legal Fees	1.09	0.04	0.19
Miscellaneous	0.64	0.01	0.01
Capital and Financing Costs ¹³	141.11	10.91	10.91
Transfers Out ¹⁴	56.32	14.08	14.08
Total Expenditures	\$280.19	\$43.25	\$43.23
O'Hare Fund			
Salaries and Wages	\$145.38	\$35.85	\$34.78
Healthcare Benefits ¹²	26.09	6.52	6.52
Worker's Compensation ¹⁵	12.80	7.02	8.04
Contractual Services	224.79	65.00	67.85
Commodities and Materials	19.27	2.42	3.01
Utilities	24.35	3.04	2.22
Claims, Refunds, Judgments & Legal Fees	2.66	0.38	0.80
Miscellaneous	13.19	0.00	0.00
Financing Costs ¹³	457.51	0.00	0.00
Transfers Out ¹⁴	38.77	9.69	9.69
Total Expenditures	\$964.81	\$129.92	\$132.91
Midway Fund			
Salaries and Wages	\$29.97	\$7.34	\$7.70
Healthcare Benefits ¹²	5.04	1.26	1.26
Worker's Compensation ¹⁵	2.54	1.26	1.42
Contractual Services	72.78	14.84	10.31
Commodities and Materials	3.55	0.15	0.45
Utilities	6.37	1.38	1.07
Motor Fuel	0.72	0.29	0.23
Miscellaneous	2.11	0.04	0.00
Financing Costs ¹³	94.61	0.00	0.00
Transfers Out ¹⁴	12.29	3.07	3.07
Total Expenditures	\$229.98	\$29.63	\$25.51

¹² The City's healthcare expenditures are paid on a Citywide basis and later adjusted for employee contributions and allocated among City funds. Due to the timing of healthcare payments, actual healthcare expenditures are not available at this point in the year. As a result, the Q1 2013 Budget and the Q1 2013 Estimate for healthcare expenditures are set at 25 percent of the full-year budget for these expenses.

¹³ Capital and financing costs include debt service payments made in connection with capital improvement projects, and no such payments were scheduled for the first quarter. For the water and sewer funds, these costs also include paygo funding for capital improvement projects, which is spent throughout the year as capital projects proceed.

¹⁴ Transfers out consist of reimbursements to the corporate fund for central services such as police, emergency management, streets and sanitation, and fleet and facility maintenance; payments to the City's pension funds for the pensions of employees on these funds; and transfers into the water and sewer rate stabilization funds, all of which are allocated by quarter and included in the Q1 2013 Estimate.

¹⁵ Worker's compensation expenditures for these funds reflect the airports' new contracts for worker's compensation management, under which contract costs are encumbered at the start of the year; these costs are not indicative of actual medical or other worker's compensation costs incurred.

BUDGET INITIATIVES

BUDGET INITIATIVE UPDATE

Following are highlights of just a few of the important initiatives that are a part of the City's budgets. This snapshot illustrates the City's commitment to delivering taxpayers better and more efficient service.

Transition to Grid-Based Garbage Collection. On April 15, 2013, the Chicago Department of Streets and Sanitation (DSS) completed implementation of citywide grid-based garbage collection. Commenced as a 2012 budget initiative to increase the efficiency of refuse collection services while reducing taxpayer costs, grid-based collection has streamlined DSS operations by shifting from a non-linear ward-based geography to a system of routes bordered by main streets and natural boundaries – an approach adopted by other municipalities and waste haulers across the country.

The grid system creates balanced service regions, concentrates sanitation workers in targeted areas of the city, and reduces truck deployment by 11 percent (from 360 to 320 trucks), reducing the cost of fuel and crews. This full-scale reorganization of garbage collection will enable the City to save more than \$18 million annually while allowing DSS to redirect resources to support other services, including the expansion of blue cart recycling. In connection with the final phase of the transition, a number of DSS waste collection crews will be reassigned to assist in this year's continued extension of blue cart recycling services to additional households citywide. In order to facilitate a smooth transition to the grid system, DSS worked closely with aldermen and communities to inform affected residents of new service schedules and routes and address any potential issues throughout the rollout.

Citywide Expansion of Blue Cart Recycling. The expansion of blue cart recycling continued into the first quarter of 2013, building on the progress already made towards the Mayor's pledge to provide citywide recycling services. An additional 340,000 households will receive blue cart recycling services in 2013, and the expansion will be completed by the fall of this year, with bi-weekly collection from single family, two-, three-, and four-flat buildings citywide.

This expansion was made possible by the savings and efficiencies generated through both the transition to grid-based garbage collection and the managed competition for recycling services. The managed competition was implemented in late 2011 between two private sector companies and DSS workers, with each providing service in specific city service areas. Since the competition began, City crews have worked to close the gap between the private haulers' cost of \$2.73 per cart by reducing their costs by 30 percent from \$4.77 to \$3.35 per cart. Based on performance to-date, it is projected that the total annual cost for citywide recycling will be \$19.9 million, 37 percent less than the estimated \$31.7 million that the program would have cost without the competition.

Increased Graffiti Removal. As part of the City's continuing efforts to improve its responsiveness to residents' service requests and address graffiti vandalism, DSS transitioned to a grid-based graffiti removal program that allows it to more efficiently and effectively deploy available crews and resources. In addition, DSS hired five additional painters to the program, bringing its total force to 12 blast crews and 11 paint crews; paint service is required for close to 60 percent of all graffiti removal requests.

The addition of crew members, together with the program reforms instituted by DSS this year, have led to an increase in crews' daily productivity by an average of 22 percent and a reduction in the weekly service request backlog by 21 percent. In 2013, 45,700 graffiti removal jobs were completed during the first four months of the year - 7,400 more jobs than during the same period in 2012. These significant improvements were accomplished using the same level of budgeted resources for graffiti removal operations as in 2012.



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