



Office of the Mayor  
Richard M. Daley  
Mayor

## News Release

April 14, 2011

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### **MAYOR DALEY ANNOUNCES RETURN OF \$50 MILLION TO RESERVES**

*City Needs \$50M Less from Parking Meter Funds to Close 2010;  
Will Carry Over Largest Balance in Five Years; \$45M in Additional Savings in 2011*

Mayor Richard M. Daley announced today that thanks to favorable revenue results and reductions in expenditures at the end of 2010 the City will return \$50 million to the parking meter long-term reserves.

In addition, the City will carry over about \$45 million into 2011, a larger-than-budgeted unreserved fund balance, and the largest in five years. The Mayor also announced about \$45 million in savings already realized for the 2011 budget.

"It was always my intention to repay the reserves as the economy recovers," Daley said. "Today's announcement of returning \$50 million to the reserves is the first step towards that goal."

The total positive result from revenue sources and costs savings in the last quarter of 2010, compared to the estimates made in October, allows the City to return \$50 million to the parking meter reserves and carry a \$45 million year-end unreserved fund balance, the largest balance in five years.

### **2010 4Q Revenue and Savings**

Since the budget projections were presented in the fall, the City realized \$16 million worth of additional savings from October through December thanks to the continuation of the hiring freeze, reductions in budgeted healthcare expenses and cuts in other non-personnel expenditures.

Daley said that City officials had written several letters urging the State Comptroller to speed up income tax distributions to municipalities. As a result, the State made two additional payments in 2010, adding \$32 million to the City's year-end revenue. The State had previously been three or four months delayed in the tax distributions.

In addition, the City benefited from the State's tax amnesty program, which generated approximately \$22 million in unbudgeted revenue at the end of 2010, he said.

In the last quarter of 2010, sales, hotel, lease and amusement tax receipts continued to perform slightly better than the City's conservative year-end estimates, and were up \$20 million.

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The closing of two large real estate transactions in December 2010 generated more unanticipated revenue compared to year-end estimates in the amount of approximately \$10 million.

Although it didn't impact the year-end fund balance, Mayor Daley also announced that overtime expenses in 2010 were \$23 million less than they were in 2009 and \$36 million less than 2008, thanks to the labor agreements with the trade unions and cost reductions in police and fire.

"While these revenue results and expense reductions are encouraging, they are by no means the total answer to our financial difficulties, Daley said. "Even with these results, we remain at 2004 revenue levels while operating a government which has 2011-level expenses."

"Let's remember that through 2011, our economically sensitive revenues are expected to experience a cumulative loss of about \$1 billion due to the recession," he said. "Chicago will continue to face these economic challenges for next several years, and we will be tested to continue providing the services our residents need and deserve."

### **Returning \$50 Million to Reserves**

The City's original plan for fiscal year 2010 was to borrow \$250 million from the parking meter long-term reserve.

"Again, this isn't something that we wanted to do. But Mayor Daley felt that it wasn't right to ask people to pay more taxes at the same time that when so many were struggling to get by," said Budget Director Eugene Munin. "We continued to work hard at cutting expenses and instituting more management efficiencies and improvements."

Then last July, the City announced that due to a number of expense reductions and management improvements, that it would borrow \$60 million less. At the end of the year, the City borrowed \$190 million to close the remainder of the 2010 budget gap – which was once projected at \$520 million.

Daley said that thanks to these favorable revenue and savings which were accounted for after the end of the year, the City returned \$50 million to the parking long-term reserve on Wednesday. That action will leave more than \$125 million in the parking meter reserves at the end of this year under the current budget plan.

"And if the positive revenue trends continue – along with these expense reductions and any additional savings realized this year – the City may need to borrow even less from reserves at the end of 2011 than the \$120 million we had budgeted," Daley said.

## **Year-end Fund Balance**

Although the audit of these numbers is still underway, the City currently estimates to carry over into 2011 about \$45 million in a year-end unreserved fund balance.

That is much more robust than the \$9.4 million originally budgeted, and it will be the highest carry-over balance in five years, Daley said.

## **2011 Revenue and Savings**

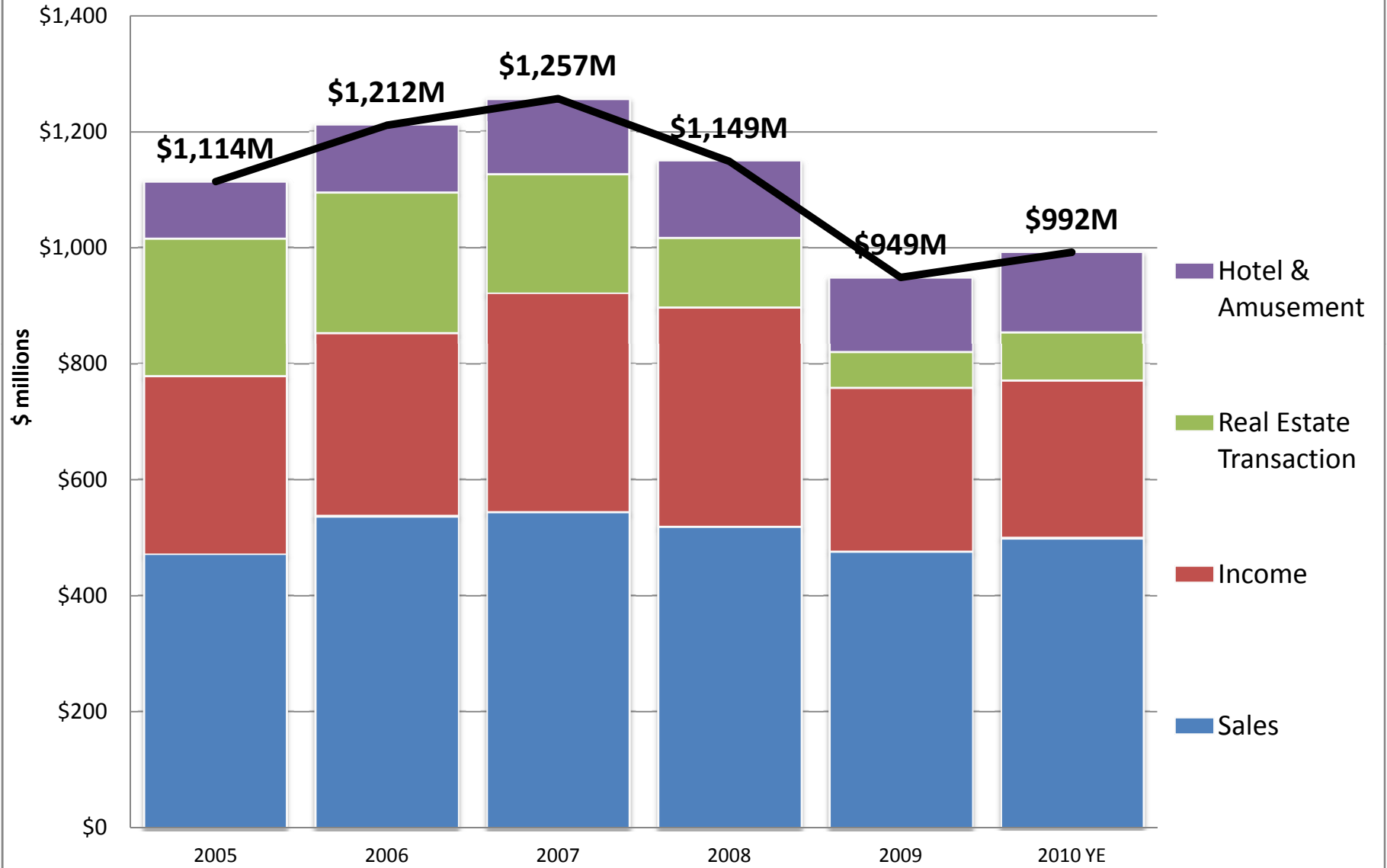
Daley said the City is already seeing some significant additional savings through management initiatives in 2011 and anticipates saving nearly \$45 million in the budget, including:

- \$25 million in healthcare savings;
- \$15 million in hiring freeze savings;
- \$4.7 million in savings due to having only 14 run-off elections, rather than the budgeted citywide run-off election.

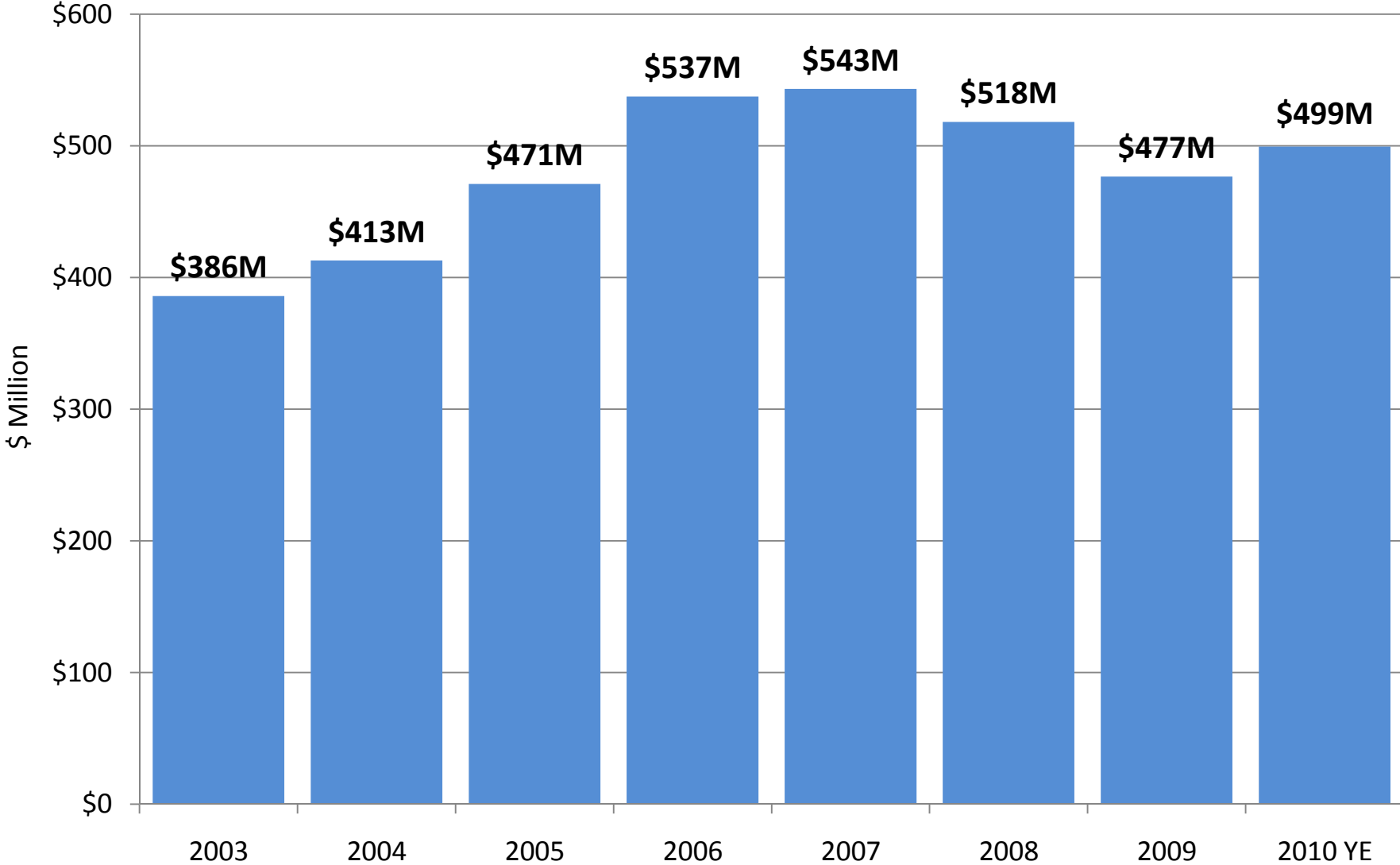
In addition, Daley said the City closed on an agreement with DePaul University this quarter by vacating underused office space in the DePaul Center and receiving a buy-out payment of \$4.9 million. The closing of that transaction was anticipated in the 2011 budget.

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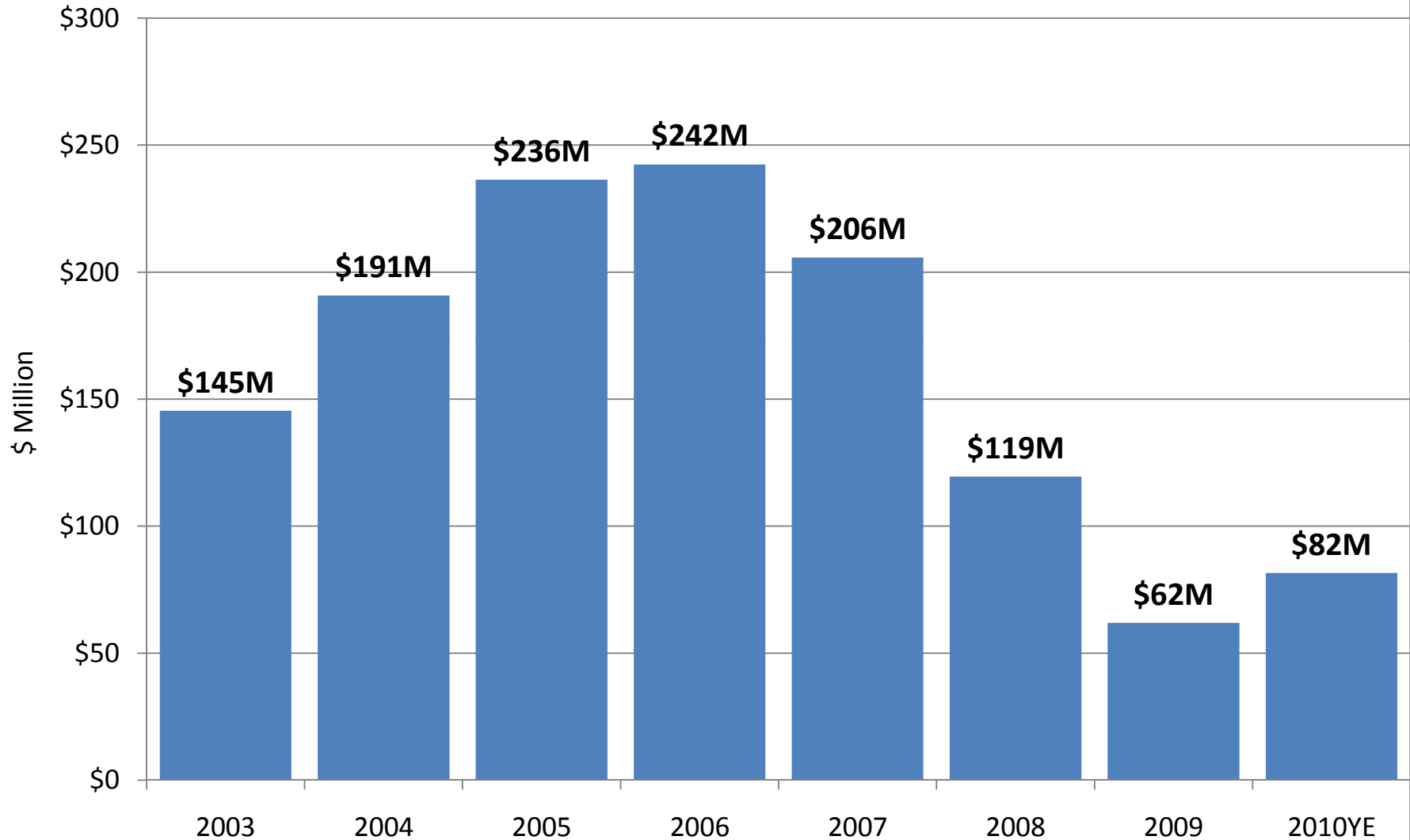
## Economically Sensitive Revenues: 2005 - 2010 Corporate Fund Share



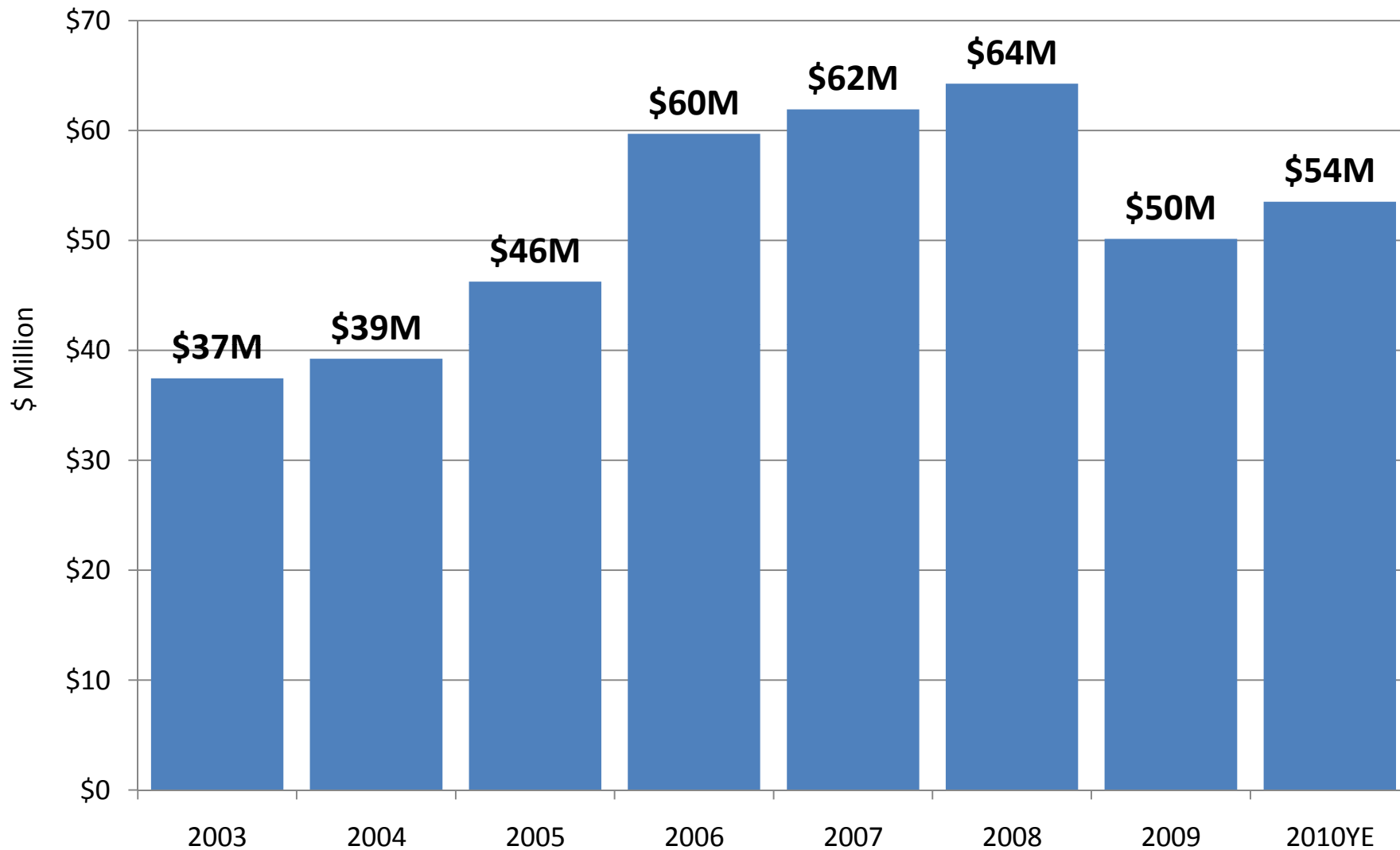
# Sales Taxes Revenues



# Real Estate Transaction Tax Revenues



# Hotel Tax Revenues



# Amusement Tax Revenues

