



CITY OF CHICAGO



COMMITTEE ON THE BUDGET AND GOVERNMENT OPERATIONS
CITY COUNCIL
CITY HALL - ROOM 200
121 NORTH LASALLE STREET
CHICAGO, ILLINOIS 60602

ALDERMAN PAT DOWELL
CHAIRMAN

PHONE: 312-744-3166
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Date: September 3, 2021

**COMMITTEE ON THE BUDGET AND GOVERNMENT OPERATIONS
MONTHLY RULE 45 REPORT
AUGUST 2021**

Pursuant to Rule 45 of the City Council Rules of Order, the Committee on the Budget and Government Operations submits the following Monthly Rule 45 Report for August 2021.

**Date, Time &
Location of
Meeting:**

On August 30, 2021, at 10:00 a.m., the Committee on the Budget and Government Operations held a meeting via video conference, in Chicago, Illinois.

Attendance:

The following members were virtually present at the August 30, 2021 Committee on the Budget and Government Operations Meeting: Chairman Dowell (3), Hairston (5), Sawyer (6), Mitchell (7), Harris (8), Sadlowski-Garza (10), Thompson (11), Quinn (13), Curtis (18), O'Shea (19), Rodriguez (22), Tabares (23), Scott (24), Burnett (27), Ervin (28), Taliaferro (29), Reboyras (30), Waguespack (32), Austin (34), Ramirez-Rosa (35), Mitts (37), Sposato (38), Napolitano (41), Tunney (44), Cappleman (46) and Osterman (48).

The following member(s) were virtually not present at the August 30, 2021 Committee on the Budget and Government Operations Meeting: Vice-Chair Silverstein (50), King (4), Cardenas (12), Moore (17), Brookins (21), Villegas (36), Reilly (42) and Smith (43).

The following non-members were virtually present at the August 30, 2021 Committee on the Budget and Government Operations Meeting: La Spata (1), Beale (9), Lopez (15), Sigcho-Lopez (25) and Cardona (31), Nugent (39), Hadden (49).



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The Committee on the Budget and Government Operations addressed the following item(s):

1. Virtual Subject Matter Hearing - Quarterly update FY 2021 annual appropriation for 2nd Q 2021 and Chicago Police Department's Budget presented by Susie Park, Budget Director OBM

On August 30, 2021 Chairman Dowell called the virtual meeting to order pursuant to applicable law and determination that attendance by remote means is necessary because an in-person meeting is not practical or prudent due to the declared public health disaster cause by COVID-19, the meeting is conducted by video conference. Chairman Dowell took a roll call to establish a quorum and a quorum was established. Chairman Dowell opened the floor to begin the public comment period and explained the procedures for public comment. With no speakers signed up to speak, Chairman Dowell closed the public comment period. Chairman Dowell reminded members that written public comment was provided to all aldermen prior to the meeting.

Chairman Dowell began by explaining that the meeting is a subject matter hearing only on the 2nd Quarter 2021 City of Chicago Budget Report and the Chicago Police Department Budget and no vote will be taken. Alderman Dowell recognized Budget Director Susie Park to give a presentation. Chairman Dowell then opened the meeting up for questions from committee members and other aldermen. Alderman Sadlowski-Garza asked if American Recovery Plan (ARP) funds are being used for police retro pay. Director Park said they can not use ARP for retro pay. Alderman Beale asked for clarification on the 2021 debt issuance of \$500 million. CFO Jeannie Bennett explained the timing and rationalization for not issuing the extra \$500 million in debt. Alderman Beale continued asking if the administration is going to use \$782 million of ARP funds to close the 2021 gap, and if that leaves only a couple hundred million dollars to help recover the economy. Director Park explained that the entire award is for \$1.89 billion that is coming to Chicago in two tranches, and that the second half is coming next year. Alderman Beale asked for the total gap outside of the \$782 million from ARP. Director Park stated the entire gap is \$1 billion. Last, Alderman Beale asked how much money the City is using to in ARP funds to pay for operating expenses to then free up money to pay debt. Director Park answered \$782 million. Alderman La Spata asked about the \$500 million in debt refinancing and why it was split into two different refinancing events. CFO Bennett discussed when it was announced, and why they chose short term financing instead of using the Municipal Liquidity fund. Alderman La Spata asked what the private rate was versus the liquidity fund. CFO Bennett answered they got a 1.9% versus a mid-2% for the liquidity fund. This was chosen to keep rates to a minimum, even though the liquidity fund could be repaid over a 3 year period. Alderman La Spata continued by asking what the financial benefit is for repaying the debt versus stretching the debt out. CFO Bennett stated that debt refinancing is very expensive, and they were able to stop this one-time expensive debt from being issued by using federal funds. CFO Bennett added that



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if they continued to restructure the debt, the budget gap would increase by the amount that is restructured for that year. This year's gap would go down, but the out year gap would go up by that amount. Finally, Alderman La Spata encouraged the administration to look at extending the debt to help with residents now during the pandemic. Alderman Curtis asked about replacing City workforce. Alderman Moore asked if the administration looked at department costs that can be deferred into the future to cover the shortfall. Alderman Beale asked if overtime has been canceled citywide for the 4th of July weekend. Director Park stated she is unaware of any order not to pay overtime for the weekend. Alderman King asked about the Personal Property Replacement Tax (PPRT), the Real Estate Transfer Tax (RETT) and how it over performed, as well as police spending. Director Park explained how the economy is affecting certain line items, like the over performance of the PPRT. Alderman King continued by asking how much ARP spending will remain should the City pay the gap through replacement funding. She also asked about weighing pushing off repaying the debt versus using ARP funding to stimulate the economy. Director Park responded they are trying to find the right balance on spending, which was echoed by CFO Bennett. Alderman King asked when the City Council can get projections on spending for programs vs. repaying debt. Director Park said they are still putting that together. Alderman King concluded about other progressive revenue sources. CFO Bennett responded they have not been very successful getting revenue changes in Springfield. Alderman Rodriguez asked for clarification on the RETT and to break revenue down by home sales cost. CFO Bennett stated the data isn't broken down in that way, but that revenue is up in that category across the board. Alderman La Spata asked about the value of money over time. CFO Bennett explained how the refinancing works, and why that gets to be expensive over time. Then they sum of the net present value of today versus the total costs over the future, which increases savings today while increasing debt burden in the future. CFO Bennett continued that by not doing the scoop and toss they are able to fund the FOP retro gap with the savings. Chairman Dowell asked about the delay in the state repayments. Director Park explained it's a very small amount and it's a very specific reimbursement. It's mostly a timing issue. Alderman Lopez asked for a department breakdown by fund of spending, and then asked about the tipping point for borrowing vs. new spending/operations. CFO Bennett stated the City lost \$1.7 billion in revenue from a \$4.5 billion budget. Because of that, the City needed to borrow, but then was able to push much of the borrowing due to the Federal stimulus package. In addition, there are other financial obligations that have increased like pensions, police retro. It's very important for the City's financial well-being to show we can run a City without one-time revenues like taking on debt, which is why the City is prioritizing stable revenue streams. Alderman Lopez asked if the City has filled the 2021 budget vacancies. Director Park stated they have not slowed down hiring and are trying to fill vacancies. Lastly, Alderman Lopez asked about revenue collection for ticketing and quality of life issues, how is the City enforcing and expanding compliance. Comptroller Soni is prioritizing quality of life while balancing the difficult effects of the pandemic on people and neighborhoods.



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Chairman Dowell then concluded the subject matter hearing on the 2nd Quarter 2021 Budget Report and moved on to the subject matter hearing for the Chicago Police Department 2021 Budget review in preparation for the 2022 City of Chicago Budget. Chairman Dowell then recognized Budget Director Park to review the CPD budget. Following Budget Director Park's report, Chairman Dowell opened the meeting up for questions from committee members and other aldermen. Alderman Thompson asked about CPD staffing and vacancies. Alderman Osterman asked about salvage in the budget, and number of vacancies in CDP. Director Park provided the total CPD vacancy information and vacancies by title. Chairman Dowell asked about the number of vacancies included in the 2021 Budget. Alderman Cappleman asked about the settlement budget. Director Park stated they are on budget for settlements and judgments. Alderman Beale asked about the overtime budget. Director Park stated they have paid \$86 million in overtime through July, with a total yearly estimate at \$140-150 million. Alderman Beale continued asking about vacancies. Budget Director Park stated they eliminated 600 vacancies in the 2021 budget. Alderman Beale asked about the attrition rates. Director Park stated full year attrition is estimated to be 725, and they are running as many classes as possible to hire new CPD recruits. Alderman Beale asked about the number of cadets in the academy and how many people took the test. How is the City planning on getting additional officers hired. Director Park stated they are doing rolling tests, online, and being as flexible as possible with the exam, combined with a robust outreach campaign. Alderman Sposato provided background on CPD staffing. Executive Director of the Office of Public Safety Administration Annastasia Walker pointed out that the police hiring shortage is a nationwide issue. Alderman La Spata asked about the notice provided for the meeting. Chairman Dowell explained that it was noticed in advance of the 2022 Budget. Alderman La Spata continued by asking for additional staffing information, and personnel costs regarding uniform allowance for the purchase of firearms. Director Park responded that the City does not purchase firearms, and she doesn't know if officers are suspended if they keep their firearm. Alderman Sposato discussed the uniform allowance. Alderman Lopez discussed why the meeting was delayed and asked for CPD in attendance in the future. Alderman Lopez continued by asking about the employee assistance program. Director Park and Executive Director Walker responded with data regarding increased spending and staffing levels for CPD employee assistance and employee wellness.



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Chairman Dowell stated that there was no further business before the Committee and asked for a motion to adjourn by the same roll call vote as was applied to determine quorum. Alderman Sadlowski-Garza moved to adjourn. The Committee on the Budget and Government Operations Meeting adjourned at 11:46 am.

Respectfully submitted by:

Pat Dowell, Chairman
Committee on the Budget and Government Operations