



CITY OF CHICAGO

COMMITTEE ON THE BUDGET AND GOVERNMENT OPERATIONS
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COMMITTEE ON THE BUDGET AND GOVERNMENT OPERATIONS
MONTHLY RULE 45 REPORT
APRIL 2024

(Amended)

Pursuant to Rule 45 of the City Council Rules of Order, the Committee on the Budget and Government Operations (CBGO) submits the following Monthly Rule 45 Report for APRIL 2024.

Date, Time & Location of Meeting: On April 15, 2024, at 2:00 P.M., the Committee on the Budget and Government Operations held a meeting in City Hall, Council Chamber, 121 N. LaSalle Street, 2nd Floor.

Attendance: The following members were present: Chairman Ervin (28), Vice-Chairman Lee (11), La Spata (1), Robinson (4), Yancy (5), Quinn (13), Lopez (15), Moore (17), O'Shea (19), Mosley (21), Rodriguez (22), Scott (24), Burnett (27), Taliaferro (29), Cardona (31), Conway (34), Ramirez-Rosa (35), Villegas (36), Sposato (38), Nugent (39), Vasquez (40), Reilly (42), Knudsen (43), Martin (47), Hadden 49) and Silverstein (50).

The following members were present virtually: Dowell (3), Harris (8), Ramirez (12), Rodriguez (22), Sigcho-Lopez (25), Rodriguez-Sanchez (33), Robinson (4), Yancy (5), Mitts (37) and Martin (47).

The following members were absent: Mitchell (7) and Napolitano (41).

The following non-members were present: Beale (9), Gardiner (45) and Hoppenworth (48).

Internal witnesses present were: Chasse Rehwinkel, City Comptroller, Department of Finance; Annette Guzman, Budget Director, Chloe Belczak, Deputy Budget Director, Jacob Nudelman, First Deputy Budget Director, Office of Budget Management (OBM); Sandra Almaraz, Director of Grants Management, Karen Kolb, Manager of Family and Support Programming, Daniel Castaneda, Director of Homeless Prevention, Department of Family and Support Services (DFSS); Madeline Shea, Assistant Commissioner, Regina Meza Jimenez, Chicago Department of Public Health (CDPH); Scott Greene, Deputy Commissioner, Department of Water Management (DWM); Esther

Gutierrez, Program Director, Department of Housing (DOH); Mark Nobriga, Program Director, Mayor's Office for People with Disabilities (MOPD); Tomas Maulawin, Director of Grants Management, Office of Public Safety Administration (OPSA).

The Committee on the Budget and Government Operations addressed the following items:

➤ **Approval of the Monthly Rule 45 Report of March 2024.**

- 1. Annual Appropriation Ordinance Year 2024 amendment within Fund 925.
(O2023-0008345)**
- 2. An ordinance amending the 2024 annual appropriation ordinance.
(O2024-0008842)**
- 5. Transfer of funds within 39th Ward Wage Allowance/Aldermanic Expense Account for Year 2024.
(O2024-0008163)**

Chairman Ervin called the meeting to order, took roll call, and acknowledged a quorum was present. The Chair then made a motion based on Rule 59 to allow remote participation of Committee Members Dowell, Harris, Rodriguez-Sanchez, Ramirez, Sigcho-Lopez, hearing no objections, was so ordered.

Chairman Ervin proceeded to read the Rules of Conduct for Public Meetings, then opened the floor for public participation. The following speakers were present and given three minutes each for comments:

- George Blakemore
- Jessica Jackson
- Michael Young Bey
- Zoe Leigh
- Tiwon Sims

The Chair concluded the public comment period and next opened the floor for business, called for approval of the Monthly Rule 45 Report March 2024, which was transmitted electronically to the Membership and called for any requests for discussion. Hearing no such requests, Alderman Martin moved to approve the report. A vote was taken, all ayes, no nays, and the report was approved.

Chairman Ervin moved to Item #1 of the agenda, an Annual Appropriation Ordinance Year 2024 amendment within Fund 925. He then made a motion to accept a substitute ordinance on Item #1. Alderman Rodriguez so moved, hearing no objection, the item was adopted. Deputy Budget Director Chloe Belczak was acknowledged and reviewed the substitute ordinance amending the 925 Fund Appropriation for \$75,336,000 of funding from state/federal governments and public/private agencies for projects/programs for the Department of Housing, Mayor's Office for People with Disabilities, Department of Public Health, Department of Family and Support Services, Department of Police and Department of Water Management. The Chairman opened the floor for questions and comments.

The Chair recognized Alderman Lopez who referenced \$48 Million for the Asylum Seekers Shelter and Support Program and asked if former Mayor Lori Lightfoot's Emergency Executive Order #23-2 was still in effect? The Chair referred the question to Senior Assistant Corporation Counsel Rey Sanchez,

Department of Law, who replied he would provide the information through the Chair. Alderman Lopez stated that to his knowledge executive orders are in effect until another mayor repeals them, and that this executive order reads that with regards to the migrant crisis, which began August 31, 2022, one of the requirements was that the Chief Procurement Officer, aside from being directed to exercise emergency purchasing authority, was required to report on a quarterly basis and we have not seen any quarterly reporting by this Administration. When will we see reporting? Budget Director Annette Guzman responded there was a dashboard that is updated on a monthly basis, available to the city council and the public, which reflects all of the cost of the mission since August 2022. It links to the procurement website and has invoices as well as contracts associated with those costs. Alderman Lopez asked does it include all the departmental costs accumulated and associated directly and/or indirectly by this mission. Budget Director replied, directly yes, and indirectly no, offering like most indirect cost shared among a number of centralized costs that support departments. Alderman Lopez asked if there was a way to ascertain how much our indirect cost have been with regard to the migrant crisis, i.e. when opening a shelter, Streets & Sanitation, CDOT and other departments when preparing a location, are those soft costs incorporated in our budget. Can we get a true number of the direct and indirect costs. Budget Director explained that if one of those departments hire a contractor to do work, those costs are reflected on the dashboard, but if a department provides staffing to assist on a particular project that is not included in the cost on the dashboard but is reflected in our budget. Alderman Lopez then asked if the money is going to future or past expenditures. Budget Director replied that a combination of reimbursement costs incurred, the grants are time limited, the ESFP grant is for costs expended through May 15, 2024, and the IDHS fund's end date is June 30, 2024. We work to maximize our funding sources so any costs applicable during those times we will reimburse ourselves in order to have the funding appropriated in our budget to enable those funds last longer. Alderman Lopez referenced the \$38 Million from IDHS and asked if that will be part of the state's future package or is this separate from whatever commitment was made with the county and city? Budget Director replied that it's separate. The commitment from the state of the \$182 is in their FY25 Budget, the \$38 Million from IDHS is part of their FY24 Budget. Alderman Lopez next stated that migrant care is becoming a function of government and asked how many city positions have been created to address this crisis. Budget Director responded, 16 positions were included in the FY24 Budget, 13 within DFSS and 3 in OEMC. Alderman Lopez requested through the Chair the salaries/titles for the positions. Alderman Lopez concluded questions and the Chair recognized Vice Chair Lee.

Vice Chair Lee asked how many residents we anticipate serving with the additional funds for the small accessible repair program for seniors and the overall number for the year. MOPD Program Director Mark Nobriga responded that the cost of a lift is roughly \$21,000, so that would be divisible by \$625,000. Vice Chair queried if that was all that was being spent on the program as a whole or is the \$625 in addition to our existing budget. Director Mark replied, the \$625 is in addition to our existing budget. Vice Chair asked for the existing line item for this program? Director Mark answered \$4,023,000, which includes the \$625. Vice Chair asked for the number of residents served, how many are on the waiting list, is it first come first serve and how many applications do we get annually. Director Mark stated it averages out to about 180 to 215 based on cost of material and supplies, and as of yesterday there are 510 on the waiting list. It is a first come first serve program. We get 1.2 applications a day, that's a little under 400 a year. Vice Chair concluded and the Chair recognized Alderman Moore.

Alderman Moore requested clarification on the pass-through grant funds to DFSS, asking was it just given, did we have to apply for it, if so was there any matching funding attached? Budget Director Guzman replied it was one grant from two different sources. The EFSP grant is allocated. We received a direct grant from FEMA as well as the state, which they passed their allocation to the city. The \$38 Million in IDHS funds are directly from their general fund allocation, which they have been providing to the city over the course of 2023. This is in addition to the \$80 Million the state gave the city in 2023. Alderman Moore next asked if part of the \$80 Million was emergency funding. Budget Director answered no, and that it was funding in their 2024 appropriation to IDHS, which works on several

projects with the city including funding our unhoused population shelters. Over the course of 2023, they gave us \$80 Million through their annual appropriation as a grant to DFSS as part of the new arrivals. Alderman Moore asked if that was specifically for the Asylum Seeker Shelter Support Program. Budget Director affirmed the whole \$80 Million was strictly for new arrivals. Alderman Beale then expressed the city has spent, in the first quarter of this year, more than we have spent historically on the homeless population that's here every single day.

The Chairman acknowledge Alderman Beale, who then asked how much money has been allocated to the south and west side thus far this year. Budget Director Guzman responded, I don't have those figures with me today, but it's across a number of both Corporate funded programs, Capital funded programs and ARPA programs. Alderman Beale inquired what the city budgets every year for the homeless? Budget Director replied \$250 Million. Alderman Beale asked if the \$387 Million is on top of the \$250 Million? Budget Director answered yes. Alderman Beale commented, so we are on target to spend over a billion dollars this year with state, federal and city money. Budget Director replied, I don't know all the state dollars they put towards homelessness, the \$213 that's part of the FY24 Budget is specifically for new arrivals. Alderman Beale next asked, what are we projected to spend on our migrant crisis on top of the \$250 that we budget every year. Budget Director replied, the \$250 is the funding for homelessness. We budgeted \$150 Million for the new arrivals mission and another \$70 Million, it's estimated to be \$387 Million. In conclusion, Alderman Beale voiced his concerns with approving additional money towards the migrant crisis when we have residents living here who are in need of resources.

Chairman Ervin recognized Alderman La Spata who addressed some of his colleague's comments, by pointing out an ordinance in the previous committee meeting that would provide funding for more economic development and affordable housing programs. In addition, also offered to forward information related to \$15 million in funding for persons who want to upgrade their HVAC to make their properties more energy efficient. Alderman La Spata then quoted, "We are doing all of that work and voting to expand that work at the same time doing work to help those in need." Then proceeded to reference funding for CPD, which included in parentheses, the purchase of a helicopter and asked how we are procuring the helicopter on relatively short notice. CPD Tomas Maulawin replied, I believe Bell had a cancelled order, which allowed them to offer one to us. Vice Chair Lee was then recognized and referenced the \$48 Million and asked what is that going to cover and how far out will it take us. Budget Director Guzman responded, staffing and shelter leasing cost, as mentioned, two grants are time limited. We are likely going to reimburse ourselves for costs already incurred so the \$150 Million that was appropriated in the 2024 budget will actually go further into the year.

The Chair then acknowledged Alderman Lopez, who made a motion to divide the question and remove the \$48 Million from the substitute ordinance. The Chair put the motion on the floor to divide the question. Alderman Moore requested a point of information asking if the \$48 Million grant cannot be used for anything else, correct? Budget Director Guzman responded, correct. Alderman Hadden made a motion to table Alderman Lopez' motion to divide the question. Chairman Ervin took a roll call vote, and by a vote of 22 to 7 the motion to table passed. The Chair asked if there was another motion, and no motion was made. Alderman La Spata then moved do pass on the substitute ordinance, hearing no objections, all ayes, no nays, the item passed and was to be reported out for the April 17, 2024, City Council Meeting.

Chairman Ervin then called for discussion of Item #2, an ordinance amending the 2024 annual appropriation ordinance, opened the floor to Budget Director Annette Guzman to speak on behalf of the ordinance after which the Chairman opened the floor for questions/comments by both members and non-members alike, and acknowledged Alderman Quinn.

Alderman Quinn asked for clarity on the FY2022 set aside. Budget Director conveyed as part of the 2022 audit we had a sizable fund balance that was partially left within our unassigned or unrestricted fund balance as well as a portion left in our assigned fund balance, which is made up of a number of different items: rainy-day fund, which go towards really catastrophic needs of the city, a large portion went into the advanced pension fund which was part of the executive order administered through the Lightfoot Administration, then a portion of the '22 fund balance was set aside for any eventualities or additional resources needed for the new arrivals mission in future years. Alderman Quinn asked how much money is in the set aside. Budget Director referred the question to City Comptroller Chasse Rehwinkel, who responded the assigned fund balance is \$956 Million and the unassigned is \$307 Million. Alderman Quinn asked where did the funds come from that we are speaking of today. Comptroller Rehwinkel stated that this is an additional surplus over the years. Sometimes revenue comes in higher than projected, sometimes expenses come in less than we originally assigned, so both contribute to that number. Alderman Quinn queried what do you anticipate for our budget gap for next year's fiscal year 2025? Budget Director stated it's too early to know exactly what the budget gap is, we are currently running models to understand what it might be, looking at the economic indices as they are coming in, we build our budget on economic data later in the year, usually around September. Alderman Quinn asked if it's fair to say there's going to be a deficit? Budget Director then answered, a budget gap not a deficit. We do anticipate there will be some budget gap, but that's again our forecast based on data that's earlier in the year, then we work to close the gap over the course of several months. Alderman Quinn asked why the \$70 Million wasn't part of the budget that was passed last fall? Budget Director replied, at the time we passed the budget we were clear that we were only going to support a portion of the funding needed for this mission. Working at the time to get commitments and funding from all levels of government: federal, state and county. Around January of this year, we were engaging in an exercise with the state and county to model based on arrival rates and data from the border we believe will be the number of people sent to the city over the course of this year, and based on that work have arrived at what Chicago will support as it relates to the number of beds as well as supports within our shelter system. Alderman Quinn asked what we should anticipate in the third quarter of this year? Are we going to be back here again asking for another \$70 Million. Budget Director responded no, we do not anticipate coming back to council based on the work we have done to model out how much the program will cost through the end of the year. Alderman Quinn concluded, and the Chair recognized Alderman Lopez.

Alderman Lopez referenced a briefing in which it was stated there was \$1.26 Billion in our assigned and unassigned surplus balance fund, correct? Comptroller Rehwinkel replied correct, and clarified that it is not in a fund, it's the assigned and unassigned balance. Alderman Lopez asked if this is separate from the lease and concession reserves, i.e. parking meter deal. Comptroller Rehwinkel replied correct. Those are technically called our reserve funds even though there are restrictions on the lease items. Alderman Lopez asked what restrictions are there on the assigned fund balance? Comptroller Rehwinkel answered, there aren't really restrictions on assigned balances, they too have to go before city council like the unassigned. They were reserved potentially for usage. There are encumbrances from prior years. If those expenditures do occur down the road, then we would use them for that. Alderman Lopez inquired if the designation of assigned and unassigned is an arbitrary designation based on our own governmental needs? Budget Director Guzman replied, its good financial practice to have an amount in your unassigned fund balance, which can be used for any purpose. Above that, it's good to reserve funds for a purpose, if and when they're needed to be appropriated by the legislature, that is national standard. Alderman Hadden requested a point of clarification from Comptroller Rehwinkel, and queried the thought the money in the assigned definition were for things that had been encumbered or actually budgeted for a specific purpose, yet unexpended. Comptroller Rehwinkel explained that is only a portion of the assigned from prior years.

Sometimes there's items that have not been sufficient and have less attachment to them, none of those funds are involved in this item today. Alderman Lopez referenced the Operating Liquidity Fund (referred to as the rainy-day fund) and asked what the balance is to date. Budget Director Guzman responded, \$50 Million. Alderman Lopez asked if we can do additional things at any point with the \$1.26 Billion, how did we get to that amount from departmental savings. Budget Director gave a point of clarification, none of the \$1.26 Billion is budgeted. It is a reserve and can only be used if appropriated by city council. Alderman Lopez asked how did we get to that amount in departmental savings, \$1.2 Billion. Budget Director responded that budgets are estimates. We budget for personnel for the entire year, but we have attrition and vacancies within our budget. The largest portion of our budget is within personnel costs, both for salaries, wages, benefits and the like. Projects take time to get off the ground. There's contracting and construction delays, so revenue comes in stronger and comes in less, you also have expenditures that come in more as well as less, it's a balancing act, which happens every year. We saw the largest fund balance increase in 2022, the funding from our surplus was immediately directed into our pension advance fund, so largest portion currently in our fund balance will go to pay out our pension advances over the next three years to make sure our pension funds tread water so we are not losing assets each year. Alderman Lopez inquired as to what departments contribute the most to this unassigned balance sheet and requested through the Chair the last three years of departmental balances. Budget Director conveyed she will provide the information. Alderman Lopez concluded his questioning. Chairman Ervin then asked Comptroller Rehwinkel to talk about the renouncements and Gatsby, about our fund balance and the amount of the fund balance available for a unit of government our size. Comptroller Rehwinkel replied, as a national standard every municipality should hold at least two months of operating liquidity in their unassigned balance, and for the city of Chicago that is roughly \$636 Million. We have not always met that standard in the past, but we should meet that standard as much as possible. Chairman then queried, this does not jeopardize meeting that standard? Comptroller Rehwinkel responded, that is correct. The Chairman then recognized Alderman Mosley followed by Alderman Moore.

Alderman Mosley asked for a point of clarification from Budget Director Guzman in reference to the \$20 Million coming from the federal government, Do we expect to see funding from other levels of government. Budget Director replied that the \$20 Million was part of the SSP FEMA Grant that is being allocated to the city and state. This year only half was set aside for the SSP Program, the other half is a competitive grant that we anticipate on applying for and asking more than \$20 Million. Alderman Mosley asked, if that money comes will we be in a similar position here in committee making more appropriations for those funds? Budget Director Guzman responded, we will accept the \$9 Million from the federal and state. In addition, if we are successful with our competitive grant application, we will accept those dollars as well because we don't know what's going to come to us from the border. Those dollars will support any additional needs that come up throughout the year. Alderman Mosely queried if we are tracking the level of participation that we are seeing from these dollars to M/WBEs, do you have dollar amounts and percentages for black and brown communities? Budget Director Guzman answered, we are currently shifting our approach to who manages and provides services within our shelters and within the operation itself. We have shifted our meals contracts to a competitive RFP, they are providers in the city of Chicago, at least one is MBE. We'll be doing the same with our shelter operators, two were awarded. We can get you the status of their MBE/WBE and the RFP that will be going out this week for the additional shelter operators. New Arrivals Director Dan Castaneda added that one of the meal providers is WBE certified and the RFP that the Budget Director mentioned, just went live today. There are six shelters included, so we will be looking for applicants over the next few weeks. Alderman Mosley asked if the information can be found on the dashboard. Budget Director Guzman stated it's not on the dashboard, we can get that to you.

The Chair called Alderman Moore with Alderman Reilly to follow. Alderman Moore referenced Alderman Quinn's question regarding what the expected forecasted budget gap will be, and it was stated we don't have that number. Budget Director Guzman replied, when we did the forecast last year, we forecasted for three years, 2024, 2025 and 2026, things change over the course of a year that can have an impact on revenues and expenditures, also some things happened at the state level that are going to change our forecasts. We have the number that was presented in last year's budget, the preliminary numbers for 2024, 2025 and 2026. Those numbers are changing because of updated economic indices. Alderman Moore asked what is the estimated number now? Budget Director responded I think it's a billion dollars for FY25. Alderman Moore voiced his concerns with the current Administration, the issues he's facing in his ward, and why he cannot support the \$70 million appropriation for the new arrival services.

Alderman Reilly commented on Aldermen Quinn and Moore's question in regard to the forecasted budget gap and referenced a Sun-Times article last fall regarding Mayor Johnson's 3-year budget projections quoting, "Chicago's budget shortfall could skyrocket to \$1.9 billion by 2026 if the economy takes a hit, and even under the rosier scenario the gap between revenue and expenses would be \$789 Million by then." He continued to voice his concerns about the state of the city's budget in the coming years and how difficult it is to vote on this ordinance knowing the situation that is coming right around the corner. Alderman Reilly concluded, and the Chairman acknowledged Alderman Sposato.

Alderman Sposato asked if this will be the final ask for the asylum seekers, and if so, is it because the county, state and feds are going to take this over? Budget Director Guzman replied we don't anticipate coming before the city council to ask for additional dollars in 2024. We do anticipate the feds providing something and we haven't got a signal that they will be taking this over. We will coordinate this effort in the foreseeable future, no longer working two separate systems but as one unified system for unhoused populations within the city of Chicago.

The Chairman recognized Vice Chairman Lee who referenced a previously received slide deck noting 2024 city funding that did not include grants utilized by CDPH to cover public health cost. Then asked, do we know how much these grants amount to. Budget Director Guzman replied CDPH has hundreds of millions of dollars in grant funds that support numerous operations and programs that they administer; infectious disease program which includes vaccinations, those grants don't just support new arrivals they support all of the city of Chicago. Vice Chair Lee asked how CPDH is modeling or forecasting for potential outbreaks when we are seeing a response to measles, tuberculosis, and herpes. Also, how are they anticipating increased expenses due to outbreaks that are happening citywide, but specifically in migrant shelters, which has a trickle effect. I would like through the Chair how we are planning for that because it is not reflected in the additional money we are asking for. Budget Director Guzman responded, CDPH works directly with IDPH, which provides some funding as well as the CDC. Vice Chair requested more information through the Chair on the CDPH, IDPH and CDC and how does that trickle down, how are we contact tracing and communicating with migrants that are in shelters and those who come out. Vice Chair requested clarity on the dollar amount of the unassigned funds being \$304 million. Budget Director replied, yes prior to the finalization of the 2023 audit. Vice Chair Lee asked in addition to the advanced pension payments, what else do we fund out of the assigned unrestricted fund? Budget Director affirmed that we don't fund anything out of reserves. The assigned fund balance currently has assignments for our operating liquidity fund, advanced pension fund, funding for open encumbrances that have yet to be paid out, funding for reappropriation for prior year budgets that have been used for migrant

funding that we set aside. Vice Chair asked will this \$70 Million impact our ability to make additional advanced payments on the pensions. Budget Director answered, it won't, the funding is separate, it's a particular assignment within our assigned fund balance, it has already been accounted for. Vice Chair inquired, looking out a few years how does this affect the pension ramp that we're working towards? The funding that was satisfied for the pension fund would cover payments of 2024, 2025 and 2026 until the permanent casino is online which is slated to be finalized in 2026, and once online payments for the pension fund, actuarial payments and any additional supplement would come from the revenues of the casino. Vice Chair then asked the Comptroller to explain the city's financial policy around the 2-month worth of reserves. Comptroller Rehwinkel replied it is a national standard by Gatsby, that all municipalities should have at least 2 months of operating liquidity within your assigned and unassigned balance, for us that is \$636 million. This would not harm us if we take out the \$67 Million plus the \$3 Million, that is an accounting standard. Vice Chair Lee further asked, do we know what this will do to our bond rating? Budget Director Guzman stated this shouldn't have any impact to our bonds. Vice Chair Lee asked what is the timeline we have to move from temporary emergency shelter to the CBO, faith-based shelter system then towards the unified shelter system. DFSS Deputy Commissioner Dan Castaneda responded, the RFP that went live today will include six of the current operating new arrival shelters. It will remain open for 30 days. We anticipate awarding contracts starting July 15th. Those contracts will go through the end of the year with an opportunity to extend if needed. For the one initiative being taken on by the state we anticipate having a final report of next steps by June. Vice Chair Lee asked how many shelters is the city running today? Deputy Commissioner Dan answered, 8 run by Community-Based Organizations, so there is a total of 18 city new arrival shelters in operation. Budget Director pointed out that the faith-based run shelters work is happening through the Unity Initiative as well as the shelter that's coming online at St. Barts through the Archdiocese. It's a model we would like to see replicated and extended to other nonprofits because it's at no cost to the city. Vice Chair asked, what's the division of labor and funding between the city, state, and county in the execution of this larger plan? Budget Director responded, the state \$128 Million FY24, \$182 Million FY25, county \$70 Million on top of what they have in their health care budget, city \$220 Million. Vice Chair Lee requested through the Chair the exact amount the county has spent, then continued, referencing the long-term plan for the migrants, and the modeling that the city has done, further asking will that model include the people that are leaving the temporary housing because of the 60-day policy and the people in housing that may not be able to maintain it because they are being rejected for TPS. Budget Director Guzman replied the model takes into account both, those who are newly arriving in the city of Chicago re-entrance into the shelter system after their 60-day temporary stay has ended as well as those who might come back because their Ace Wrap emergency rental assistance funding has expired. Vice Chair Lee asked if we have a plan for new arrivals that aren't eligible for the EAD? Deputy Commissioner Dan replied, the pathway for those who are not eligible for TPS or expedited work authorization is still an asylum case, so IDHS in partnership with the Legal Aid Society, Metropolitan Family Services is hosting workshops for new arrivals, both in shelter and those who never accessed the shelter system or those who accessed but exited some time ago. They still have access to legal immigration supports to file their asylum which they have to do within the first 12 months of being in the country. Vice Chair queried, does the city or any other branch of government have a mechanism to centralize communication with new arrivals. Deputy Commissioner Dan responded, we don't have a mechanism to track everyone but what we are well positioned for is the Illinois Welcoming Center infrastructure that the state funds on an annual basis. It's a one stop shop for immigrant communities. It has been a huge help for us when we need to relay something to new arrivals that are no longer in the shelter because many of them are still accessing services through this infrastructure. Vice Chair Lee offered to talk offline about a tech company that has an app that could help with the communication gap. Vice Chair Lee concluded, and the Chair recognized Alderman La Spata

who voiced his concerns with how the federal government handled the migrant crisis as it relates to Chicago and why he's voting in support of the ordinance. The Chairman then acknowledged Alderman Taliaferro.

Alderman Taliaferro referenced the heavy flooding on the West Side last year and how inadequate the response was from the federal government and concern with the set aside of \$500 Million in unassigned funds. How much of that money was allocated from the city to those that experienced flood damage? Budget Director Guzman replied, we currently have not set aside for flood damage in our unassigned fund balance. It is still before the city council as part of the bond ordinance. We anticipate continued changes in our weather patterns which is why Department of Planning & Development and Department of Housing have made the decision that they want to set aside funding moving forward for those types of eventualities. Alderman Taliaferro continued to express his reasons for not supporting this measure by giving different scenarios his constituents are currently experiencing with their homes, in addition to asking his colleagues when voting to consider their residents who are not getting the services they so desperately need. Budget Director Guzman made clear that the FY24 budget actually appropriated additional dollars into the home modification program and for the first time actually dedicated corporate dollars to that program whereas in the past we've only relied on grant funding to the city and what's before the city council is a dedicated funding source to enhance that on top of the corporate dollars and grant dollars through bond dollars to support home modification and disaster recovery for homes throughout the city. Budget Director concluded response and the Chairman opened the floor to Vice Mayor Alderman Burnett.

Vice Mayor Burnett thanked the Chairman after being recognized, then acknowledged former Congressman Bobby Rush, who walked into the chambers. Chairman Ervin interjected, welcome Congressman and further, recollected Congressman Rush was a former member of the council body. Burnett stated, that's right. Chairman continued, so welcome back to the chambers Congressman Rush. Vice Mayor Burnett again addressed the floor, thanked the Chairman and continued, stating he only had two questions. He prefaced the first by stating his ward had the most migrants of all wards, admitting it goes without saying that there are challenges always. Enlarging that he'd traveled to several world locations, and every other world location has their problems when people migrate to their respective areas. He offered it was unfortunate in this instance the federal government isn't helping as much as they should be, as they did with the Afghans and the Ukrainians. It would be a lot smoother if the government would do more. Some folks don't know they put those two groups together. It was more of them than it was of the Venezuelans right now and people don't even notice it. As evidence by media accounts, Vice Mayor conveyed the Mayor was reluctant to come up with the money [\$70 Million], not necessarily agreeing with the media, but edify in raising funding in conjunction with the Governor and Cook County Board President, offering that in government however we always need each other. He then queried the Budget Director that if we did not put in \$70 Million to tie in with the other two bodies, then what? Budget Director Guzman responded there would be a number of circumstances with an inability to provide additional funding. Recollecting as presented last week, this is a comprehensive funding stack and with any gap in funding something would not be able to happen. There are a certain number of beds and capacity we are trying to maintain until the end of the year based on the modeling we did of the arrival rate to the state and into the city of Chicago in particular. So that means we did a lot of work to address people who were not in jails and not in our airports. If we cannot meet the modeling, you will see the return of migrants who will be in our parks or trying to stay at police stations, God forbid not at our airports, and throughout our neighborhoods. With the modeling you will see more resources being used at our hospitals then are currently being called upon by our fire and police. Then referenced Alderman Lopez' commentary of avoiding indirect and unintended costs currently being incurred as a result of an orderly system to manage the migrants coming into Chicago. Chairman Ervin recognized Alderman

Taliaferro who made a point of clarification the Vice Mayor was asking what would happen if we did not allocate the money, which the Chairman affirmed was the question. Vice Mayor Burnett continued, how would that reflect on our relationship with the state and county, and not to ignore the feds. I know the federal government appreciates what everybody in the country is trying to do in this effort, like the city supporting recent grants with other government entities, could these relationships become financially strained? Budget Director Guzman replied, I think the financial relationship could be strained. She did not disclose specifics of closed-door meetings but conveyed the scope of collaboration includes ongoing meetings with the White House, across the state and county, suburban municipalities, FEMA, etc. in the effort to address the mission. And that the various city asks go beyond money. Vice Mayor Burnett then spoke about the many services needs across the city, some of which will take time to come to fruition that are in the budget, and the frustrations and the resources to address a myriad of challenges in this budget, resolutely culminate with we're all in this together. His questions/comments concluded and the Chairman next recognized Alderman Conway.

Alderman Conway initially expressed that he will be voting no based on his concern with the use of the rainy-day fund, advanced pension fund, federal funds and ARPA funds, as it relates to the police, fire and municipal employees pension fund. Budget Director Guzman made a point of clarification, stating that the funding source is not impacting and not coming out of the advanced pension fund at all. Alderman Conway replied, according to Gatsby the rainy-day fund is fully funded so by definition this would go to the advanced pension payment if it wasn't going here. Budget Director Guzman pointed out that every year we've done actuarial studies and calculated how much we will be putting in as an advanced payment on top of our statutory pension payments. Alderman Conway stated that the fire pension fund alone is less than 25% funded and we should be using these dollars towards that, then concluded his questions.

The Chair recognized Alderman Beale who asked what changed with the initial denial of the \$70 Million that was requested, the Mayor initially said no and now we are saying yes? Budget Director Guzman responded, an exercise was done with the state and county to determine what the funding needs was across the entire year to support the number of beds that we have agreed to support through the end of this year. Alderman Beale inquired if this is state and county money and if it's coming to us for disbursement. Budget Director answered, the \$70 Million dollars from the county and a portion of the state's \$182 Million (that is the portion that is not going to the direct cost of the mission) is coming to the city. Alderman Beale stated the total is \$167 million, if you divide that by the number of months left in this year: 8, is that going to get us through the rest of the year when we are spending \$40 million a month? Budget Director stated yes, the \$40 million a month was based on 28 shelters being open from January 1, we closed 10 of those shelters, so we are currently at 18. We will close more as the parks continue to close and the shelters close, the monthly amount goes down. In addition, the state is bringing in 2,000 beds this spring implementing contracts that incur cost savings because we are shifting from contracted staffing to CBOs for the administration of our shelters. Alderman Beale asked what our pension payment will be for 2025? Budget Director replied we have to wait for our actuarial estimation to come out later this year as part of the budget process. Alderman Beale referenced Alderman Reilly's statement regarding the Administration's projections, we are looking at over a billion dollars give or take for 2025, is the \$387 million in that projection? Budget Director responded no, that is based on the number of shelters that are reflected to have been open throughout the course of 2024. Alderman Beale commented that we are looking at a \$1 Billion deficit and over a billion dollars in the reserve allocated and unallocated and we are trying to do something for the people of the city of Chicago, can this body potentially vote for \$500 Million out of the fund to go to black and brown communities? Budget Director Guzman replied that this body has the authority to appropriate funding for the operations of the city of Chicago. Alderman Beale ended his questions.

Chairman Ervin made a motion based on Rule 59 to allow remote participation of Committee Members Martin and Mitts, hearing no objections, was so ordered.

The Chair acknowledged Alderman Sigcho-Lopez who commented on his colleague's remarks in regard to the pension crisis, migrant crisis, the federal government's responsibility in funding this mission and increased funding needed for the porch and roof repair program. In addition, encouraged the body to continue to work together then made a motion for a roll call vote on the item. The Chair held the motion and called Alderman Lopez who referenced weekly or bi-weekly conversation with the White House about work permits and things of that nature. Are we discussing having field offices set up to start adjudicating whether or not people have merit for their Asylum claims, so we don't have to wait for 6-8 years to determine if someone has status to remain in the city of Chicago. Budget Director Guzman conveyed she was sure that has been a part of the list of asks of the federal government. I think part of what we are focused on is funding and helping our residents that have come here move to self-sufficiency. Alderman Lopez requested through the chair the list of requests that are being made to the White House to see if that particular question is being asked. Follow-up question, if there is an unfriendly administration, unsupportive of Chicago and the Asylum Seekers, what is going to be our contingency plan come 2025, 2026 and 2027? Budget Director Guzman responded that it is likely that the ask for money will be more difficult of the federal government depending on who is the victor of the election cycle, on the flip side you probably won't see the flow of migrants in Chicago. Alderman Beale then stated for the record that we are abusing our Rule 59 privileges in this body.

The Chair then recognized Alderman Sposato, who gave a point of information for the record in regard to the floods. There are five Aldermen here that represent Portage Park, which got slammed and we didn't get much help. We have needs as well when it comes to the flooding.

Chairman Ervin next called Alderman Vasquez to close. Alderman Vasquez asked how much did we ask from the federal government compared to how much we got, just give me a sense of what we've been asking for. Budget Director Guzman replied around \$150 to \$200 Million. Alderman Vasquez asked how much did we actually get so far? Budget Director responded, when you add federal ARPA dollars we used last year, it is around \$150, without the ARPA it's \$50 Million over the course of two years. Alderman Vasquez stated, something that would help our colleagues and we had a conversation about is unified shelter. What are the next steps in that conversation? DFSS Deputy Commissioner Dan Casteneda answered, the state is funding a group of consultants that are working in partnership with the city and state to determine what those next steps are. We expect to have a report in June of this year. Budget Director Guzman added that the state as well as the city hired their Chief Homelessness Officer, those two people will be leading this effort along with consultants from the state. Alderman Vasquez referenced some of his colleague's comments, the option to use unassigned funds for other communities that need support, asked what the possibility is of having a conversation about addressing the flooding or some other things through the use of those funds. Budget Director stated that she is open to conversations and helping to think through the use of our reserves. As the Comptroller noted, there is prudence in keeping a certain level of reserves for purposes of catastrophic instances when our own revenues take a hit. The credit rating agencies also look for us to maintain a certain level to ensure we can satisfy our debt obligations. Alderman Vasquez requested through the Chair that the Comptroller and Budget Director provide a margin that you feel more comfortable with, that doesn't jeopardize our credit rating. This would help Members of the Council as well as the Black Caucus to figure out what could go towards some of the community concerns. In addition, he thanked the Budget Director for making clear

that this is not affecting any of the pension debt money. Alderman Vasquez proceeded to ask why is it from the 2022 reserves and not 2023. Comptroller Rehwinkel replied, the 2022 reserves are determined July 1, 2023, it's the most recent reserves. We do an audit every year and it concludes July 1st, you wouldn't know 2023 until July of this year. Alderman Vasquez requested through the Chair the report once the assessment is completed. He then continued to ask about the \$70 Million 2-months ago to the \$70 Million now, did the state agree to take on operations to some of the shelters as opposed to what wasn't the case before? Budget Director Guzman explained we had no understanding or commitment of any of the funding the state put in their FY24 or FY25 budget that would be committed to directly funding the city. Also, the state was closing their one shelter with no understanding if they were going to bring any additional beds online, but now in addition to that shelter they are opening one on the south side by May and then an additional 2,000 beds by the end of spring. Alderman Vasquez asked if there has been any calculation or conversation as to what the cost of not doing this looks like from a financial standpoint and operational when you think about DFSS, OEMC, CPD and everything else by not having this system. Budget Director Guzman responded that we have started some of those calculations. I have to say those are a little bit amorphous than direct cost. Operationally we saw every police station hosting new arrivals, airports having to support new arrivals, ambulance runs, increased medical needs for this population when not in a shelter. We have information about how this taxes our system, the State of Illinois and Cook County. We will be working through the effort of this working group under one unified system to bring a more precise calculation about the unhoused population and what that cost depending on how large or small that population is. We will be able to include that in the report the Managing Director mentioned. Alderman Vasquez concluded his questions and moved to vote on the ordinance. Chairman Ervin made a motion do pass, by a roll call vote, publishing 20 ayes and 8 nays, declaring the motion passes and was to be reported out at the May 22, 2024, City Council Meeting.

Chairman Ervin then moved to address Item #3, a transfer of funds within 39th Ward Wage Allowance/ Aldermanic Expense Account for Year 2024. Alderman Hadden moved do pass on Item #3, hearing no objections, all ayes, no nays, the item was approved by the same roll call used to establish a quorum and will be reported out at the next City Council Meeting on May 22, 2024.

The Committee on the Budget and Government Operations having no further business, on motion made by Alderman Ramirez Rosa for adjournment, meeting was adjourned.

(A video recording of the full meeting with committee members, internal and external experts, as well as any/all public speaking content can be reviewed on the Chicago City Clerk website under Committee Meeting Web Stream Archive dated April 15th.)

Respectfully submitted by:



Jason C. Ervin, Chairman
Committee on the Budget and Government Operations