



CITY OF CHICAGO

DEPARTMENT OF FINANCE

MEMORANDUM

To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Chasse Rehwinkel
City Comptroller
Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor’s Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-01

The following information is provided in response to questions posed at our department’s hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Harris asked for the FY23-FY24 YTD estimated revenue collection data per parking violation tickets, red light tickets and speeding tickets.

Please see the estimated revenue collection data for parking violation ticket, red light tickets and speeding tickets on the following page:

Year	Parking	Red Light	Speed
2003	\$140,566,383.22	\$45,000.00	N/A
2004	\$151,413,761.24	\$4,790,000.00	N/A
2005	\$154,802,193.84	\$12,440,000.00	N/A
2006	\$165,669,669.57	\$22,530,000.00	N/A
2007	\$24,610,201.63	\$24,608,313.00	N/A
2008	\$167,038,533.00	\$44,891,688.00	N/A
2009	\$168,708,773.15	\$58,945,721.00	N/A
2010	\$151,024,808.00	\$69,301,471.00	N/A
2011	\$151,403,582.00	\$68,512,679.00	N/A
2012	\$167,757,298.00	\$69,098,698.00	N/A
2013	\$182,542,748.29	\$68,381,381.00	\$347,257.00
2014	\$181,383,730.70	\$59,350,680.00	\$32,318,714.21

Year	Parking	Red Light	Speed
2015	\$184,950,609.83	\$55,031,888.49	\$51,128,327.25
2016	\$181,230,171.04	\$55,842,959.50	\$51,858,197.58
2017	\$180,777,124.57	\$53,687,560.73	\$49,414,025.72
2018	\$185,701,546.09	\$54,348,724.10	\$47,464,934.09
2019	\$167,821,615.19	\$53,195,674.33	\$45,737,365.69
2020	\$108,350,655.73	\$46,448,816.78	\$36,499,987.44
2021	\$132,308,571.34	\$59,346,483.18	\$69,001,513.17
2022	\$134,687,383.06	\$55,401,765.39	\$85,044,423.28
2023	\$141,418,880.21	\$58,802,144.75	\$68,959,631.68
2024 thru 9/30	\$112,188,147.83	\$37,418,551.71	\$45,038,288.27

As always, please let me know if you have any further questions.



CITY OF CHICAGO • OFFICE OF THE MAYOR



MEMORANDUM

To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Jill Jaworski
Chief Financial Officer
Office of the Mayor

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-02

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman La Spata asked for ratings agency comments on advance pension payments in ratings reports for the City. Alderman La Spata also asked about cost if ratings are downgraded.

CREDIT RATING REPORT SUMMARIES

The following language is from the most recent rating reports released by the four major credit rating agencies – Fitch, Kroll, Moody's and Standard & Poor's (listed alphabetically).

Fitch (July 2024):

- Last Rating Action: In July 2024, Fitch upgraded the City's GO bonds one notch to A- from BBB+ and assigned a stable outlook.
- Summary of Report: "The upgrade and stable outlook assume the city will continue to adhere to sound fiscal practices and a commitment to solving budget gaps through recurring measures, with limited reliance on one-shots, including draws on existing fund balance."
- Statements on Pensions: "Failure to fund the full statutory pension contribution" could result in negative action while "improved pension funding contribution practices, including consistent advance pension payments that close the gap between the actual contribution level and the actuarially determined contribution level" could result in positive action.

Kroll (July 2024):

- Last Rating Action: In July 2024, Kroll revised its outlook on the City's GO bonds to stable from positive and affirmed its rating of A.
- Summary of Report: "The outlook revision...reflects increased uncertainties with respect to impact of more recent budgetary pressures that have been exacerbated by asylum seeker spending needs, sharply elevated fixed costs, depletion of COVID era federal recovery funds and the likelihood of increased pension liabilities due to Tier 2 and Tier 3 adjustments."
- Statements on Pensions: "Dedication of specific revenue sources to meet actuarial requirements for all four pension funds" would be credit positive while "failure to adhere to established financial policies and debt policies" and "inability to effectively accommodate actuarial pension funding requirements" would be credit negative.

Moody's (January 2024):

- Last Rating Action: In January 2024, Moody's revised its outlook on the City's GO bonds to positive from stable and affirmed its rating of Baa3.
- Summary of Report: "The [City] has substantially improved its pension contribution strength" and "as a result of its far higher contributions, Chicago is now in line with peers from the standpoint of its annual contribution strength measured against the needs of its pension systems". However, "Chicago has the highest long-term liabilities ratio, the highest fixed cost ratio, and weakest asset/benefit coverage of the 50 largest local governments."
- Statements on Pensions: Moody's said an upgrade is possible with a "continuation of [advance] pension funding policy" while a downgrade is possible if there is a "weakening of adherence to [advance] pension funding policy."

Standard & Poor's (July 2024):

- Last Rating Action: In July 2024, S&P reaffirmed the stable outlook and rating. In February 2024, S&P revised its outlook on the City's GO bonds to stable from positive and affirmed its rating of BBB+.
- Summary of Report: "We revised the city's GO rating outlook to stable from positive...because we believed that mounting cost pressures related to areas such as public safety, pensions, and incoming migrants had meaningfully reduced the city's outyear budgetary flexibility."
- Statements on Pensions: "The stable outlook reflects our expectation that the city will maintain very high reserves and continue to make advance pension contributions to preserve pension plan funded status" and also said a lower rating could result if there is "movement away from the city's policy regarding advance pension fund contributions." A higher rating "would be predicated on the city's ability to maintain structurally balanced operations and increase pension funding levels without overleveraging operations."

FINANCIAL IMPACT OF RATING DOWNGRADES

The following is an estimate of the cost if the City's ratings are downgraded.

The rating agencies have signaled that not making the advance pension payments may lead to a downgrade or downgrades. The City analyzed the impact of a rating downgrade on (1) expected bond borrowings for capital projects from 2024 through 2028 and (2) expected bond refinancing opportunities from 2024 through 2028. The estimated total interest cost difference across that time period is \$410 million to \$450 million assuming all four rating agencies downgraded the City. The estimated average annual interest cost of a downgrade is \$80 million to \$90 million assuming all four rating agencies downgraded the City. Generally, the City estimates that a downgrade by all four rating

agencies would result in at least a 15 to 20 basis point increase in borrowing costs. The analysis makes other reasonable assumptions about the repayment term of the borrowings (e.g., 30 years for capital project borrowings) and utilizes current market interest rates.

Additionally, after Moody's upgraded the City in November 2022 from "junk grade" to "investment grade", a significant number of investors that had not participated in the City's municipal bond sales throughout the 2010s began to participate once again. Certain investors place restrictions on their funds by either limiting exposure or having no exposure to "junk graded" municipalities. If Moody's or any other agency were to downgrade the City to "junk grade", the City's borrowing cost could be higher than the estimated ranges listed above because of such investment restrictions. The City's current rating from Moody's is "Baa3"; a downgrade would result in a Moody's rating of "Ba1", which is "junk grade".

As always, please let me know if you have any further questions.



CITY OF CHICAGO

DEPARTMENT OF FINANCE

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To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Chasse Rehwinkel
City Comptroller
Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 19, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-03

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Hadden asked for a tax-rate summary document, showing how much we currently generate per each tax and how much more we expect with the increase.

Please see exhibit 27-03 Exhibit A for the tax-rate summary.

There are 3 tax types with proposed increases:

1. Liquor Tax – expected increase in revenues is \$10.6 million for 2025, based on a 35% increase to the different tax rates on beer, wine, and spirits that is tied to what the rate of inflation on alcohol prices has been since the last time these rates were adjusted at the beginning of 2008.
2. Parking Tax – expected increase in revenues is \$3.1 million for 2025, based on changing the tax rate for parking on weekends (meaning Saturday or Sunday) from 20% to 22% and changing the tax rate on valet parking from 20% to 22%. This change results in a single, consistent rate for all types of parking on all days of the week, as the current rate for regular (non-valet) parking Monday – Friday is already 22% and won't change under the current budget proposal.
3. Bag Tax – the expected increase here is \$4.6 million for 2025. In this instance, the fee amount paid by the customer/user of the checkout bag is not changing, as it will still be \$0.07. What's changing is that the City will keep the \$0.02 per bag that retailers were being

allowed to keep since the inception of the tax 8 years ago in 2017. There is no effect on the customers with this change – just the retailers.

OBM's projections for each of these tax types for the 2025 budget have taken these changes into consideration.

As always, please let me know if you have any further questions.



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From: Chasse Rehwinkel
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CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 19, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-04

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Moore asked for the wholesale fee costs related to square footage.

The proposed 2025 Budget recommends increasing the Wholesale Food License Fee to \$1,320 for a two-year license (\$660 per year) from the current \$660 for a two-year license (\$330 per year). The wholesale food license fee is not determined based on square footage.

As always, please let me know if you have any further questions.



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From: Chasse Rehwinkel
City Comptroller
Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-05

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Waguespack asked for the Comptroller to share the math on interest income from 2023 actuals.

As Comptroller Rehwinkel stated during the hearing, we would like to schedule a meeting with Ald. Waguespack, and any other alderperson, to discuss the math on interest income from 2023 actuals.

As always, please let me know if you have any further questions.



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From: Chasse Rehwinkel
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CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-06

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Hall asked for more information on illegal gaming fines, specifically around fine amounts for illegally operating slot machines in a business. The alderman also wanted specifics on how much revenue is generated from these fines for the City.

The fine range for Municipal Code of Chicago (MCC) section 8-12-050 (slot and tape machines) is provided in MCC 8-12-100 (violation - penalty) and is \$25.00- \$200.00 for each offense. For fiscal years 2023 and 2024, no revenue has been generated from these fines. However, please note that DOF does not have data related to criminal actions filed by the state for this type of offense.

As always, please let me know if you have any further questions.



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From: Chasse Rehwinkel
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CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-07

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Hall asked for the percent of tax revenue from casino/gaming that goes to the City.

The table below outlines the tax structure:

CHICAGO CASINO PRIVILEGE TAX STRUCTURE**(P.A. 101-0648)**

AGR Range	Electronic Gaming Device Tax			Table Game Tax		
	State Tax	Chicago Tax	Total Tax	State Tax	Chicago Tax	Total Tax
< \$25 million	12.0%	10.5%	22.5%	8.1%	6.9%	15.0%
\$25M to \$50M	16.0%	14.0%	30.0%	10.7%	9.3%	20.0%
\$50M to \$75M	20.1%	17.4%	37.5%	10.7%	9.3%	20.0%
\$75M to \$100M	21.4%	18.6%	40.0%	11.2%	9.8%	21.0%
\$100M to \$150M	22.7%	19.8%	42.5%	11.2%	9.8%	21.0%
\$150M to \$175M	24.1%	20.9%	45.0%	11.2%	9.8%	21.0%
\$175M to \$225M	24.1%	20.9%	45.0%	13.5%	11.5%	25.0%
\$225M to \$275M	26.8%	23.2%	50.0%	15.1%	12.9%	28.0%
\$275M to \$375M	26.8%	23.2%	50.0%	16.2%	13.8%	30.0%
\$375M to \$1.0B	26.8%	23.2%	50.0%	18.9%	16.1%	35.0%
AGR > \$1.0B	40.0%	34.7%	74.7%	18.9%	16.1%	35.0%



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From: Chasse Rehwinkel
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Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-08

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Hall asked the amount of MBE/WBE debt collection businesses employed by the City.

DOF employs Mintex, Inc., an MBE-certified firm, to collect outstanding debt for the City. The remaining collections work is performed by law firms retained by the City's Department of Law.

As always, please let me know if you have any further questions.



CITY OF CHICAGO

DEPARTMENT OF FINANCE

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To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Chasse Rehwinkel
City Comptroller
Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 19, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-09

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Lopez asked for the number of outstanding property liens that are currently active throughout the city and by ward.

Collection law firms retained by the Department of Law file liens for City debt on property. The liens are recorded by the law firms with the Cook County Clerk. DOF does not track the filing of these liens. The data DOF has is very limited and pertains to when a law firm submits a law firm status update of "lien" to the Automated Referral Management System (ARMS) for an administrative hearings debt (this does not include water or parking debt). In addition to this data being narrow, there have been changes over the years regarding which law firms are being retained to collect City debt, therefore these updates in ARMS may not accurately reflect the current status. The only way to verify the accuracy of these status updates would be to manually review the applicable title on file with the Cook County Clerk for each judgment, which would be extremely time consuming and burdensome.

As always, please let me know if you have any further questions.



CITY OF CHICAGO

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To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Chasse Rehwinkel
City Comptroller
Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-10

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Lopez asked what is the City doing to recoup damages against City property?

Currently, the Department of Finance manages claims related to the damage of City property through the City's Cost Recovery Program. Cost Recovery claims include the collection and recovery of damage to City property by third parties. Linebarger Goggan, Blair & Sampson was engaged through the RFP process to handle the day-to-day administration of the claims.

From January 1, 2024 – October 31, 2024, there were 798 new claims opened related to damage to City property. As of October 31, 2024, the claim amount for all 2024 claims is \$4,263,446.39. The amount collected is \$2,684,687.

In 2023, there were 1,483 new claims opened, and the amount collected was \$3,697,163.

As always, please let me know if you have any further questions.



CITY OF CHICAGO • OFFICE OF THE MAYOR



MEMORANDUM

To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Jill Jaworski
Chief Financial Officer
Mayor's Office

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-11

The following information is provided in response to questions posed at our department's hearing on November 6, 2024 to discuss the proposed 2025 budget.

Alderman Lopez asked if the City of Chicago can create a separate levy specifically for pensions and securitize it?

When the City extends a property tax levy, it must be for a specified purpose. The City already extends a separate levy specifically for each of the four pension funds.

The City also extends a separate property tax levy for debt service, which secures the City's general obligation bonds. Every time the City issues general obligation bonds, a levy sufficient to pay debt service on those bonds is placed on file with the County Clerk to be extended unless otherwise abated.

The City does not have a vehicle to securitize the property tax levy such as the Sales Tax Securitization Corporation. Issuance of Pension Obligation Bonds (to fund additional pension contributions) to be repaid with a property tax levy would be issued as General Obligation Bonds. Pension Obligation Bonds carry multiple risks and the current market environment is not favorable to the successful issuance of Pension Obligation Bonds.

As always, please let me know if you have any further questions.



CITY OF CHICAGO

DEPARTMENT OF FINANCE

MEMORANDUM

To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Chasse Rehwinkel
City Comptroller
Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 8, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-12

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Lopez asked what was the FY2022 and FY2023 surpluses by department.

Please see the Office of Budget and Management response ID# 05-22 for this response.

As always, please let me know if you have any further questions.



CITY OF CHICAGO

DEPARTMENT OF FINANCE

MEMORANDUM

To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Chasse Rehwinkel
City Comptroller
Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 19, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-13

The following information is provided in response to questions posed at our department's hearing on 11/6/2024 to discuss the proposed 2025 budget.

Alderman Lopez asked what is the anticipated FY2024 unassigned surpluses/fund balances by department.

OBM published a document named the 2025 Budget Forecast at the beginning of August that included a 2024 end-of-year forecast showing expected expenditures as compared to budget. The 2025 Budget Forecast is available on OBM's website ([\(OBJ\)](#)) or at [Chicago.gov/OBM](https://www.chicago.gov/content/dam/city/depts/obm/supp_info/2025Budget/2025-Chicago-Budget-Forecast.pdf) [HYPERLINK "https://www.chicago.gov/content/dam/city/depts/obm/supp_info/2025Budget/2025-Chicago-Budget-Forecast.pdf" \(OBJ\)](#) or at [\(OBJ\)](#) [HYPERLINK "https://www.chicago.gov/content/dam/city/depts/obm/supp_info/2025Budget/2025-Chicago-Budget-Forecast.pdf" 2025-Chicago-Budget-Forecast.pdf](#). The 2024 surplus forecast is presented based on data through July 2024. The 2024 year-end estimates can be found in the Income Statement – Corporate Fund chart found on page 13.

The City also publishes 2024 surplus actuals in the Annual Comprehensive Financial Report that will be released in 2025 by the Department of Finance.

As always, please let me know if you have any further questions.



CITY OF CHICAGO

DEPARTMENT OF FINANCE

MEMORANDUM

To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Chasse Rehwinkel
City Comptroller
Department of Finance

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 12, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-14

The following information is provided in response to questions posed at our department's hearing on November 6, 2024 to discuss the proposed 2025 budget.

Alderman La Spata asked is revenue and the associated cost counterparts for speed enforcement being collected correctly in being housed in the corporate fund per the state revenue code.

DOF can confirm that speed camera revenues are collected and allocated to a specific CAPS code (2721) for separate accounting. We defer to OBM for questions regarding how the revenue that is generated is spent.

As always, please let me know if you have any further questions.



CITY OF CHICAGO • OFFICE OF THE MAYOR



MEMORANDUM

To: The Honorable Jason Ervin
Chairman, Committee on the Budget and Government Operations

From: Jill Jaworski
Chief Financial Officer
Mayor's Office

CC: Kennedy Bartley
Chief External Affairs Officer
Mayor's Office of Intergovernmental Affairs

Date: November 20, 2024

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 27-15

The following information is provided in response to questions posed at the Chicago Public Library's department hearing on November 8, 2024 to discuss the proposed 2025 budget.

Chair Ervin asked for an overview of the Library's outstanding debt-load.

The Chicago Public Library does not currently have outstanding debt. The Fund Name "0521 - Library Note Redemption and Interest Tender Notes Series "B" Fund" is left over from how library operations used to be funded.

The library has a separate tax levy on file with the County Clerk. Because the property tax levy for a given budget year is received in the following calendar year, the City used to issue annual short-term notes at the end of the year to fund the library's operations for the year. These notes would then be repaid from the library property tax levy when it was received in March and August of the following year.

A few years ago, to save on interest costs, the City replaced the issuance of short-term notes with an interfund transfer from corporate. This interfund transfer is then reimbursed when the property tax revenue arrives. The property tax revenue still arrives in Fund 521, but the funds are used to reimburse the corporate fund rather than to pay an outside bank/lender.

We are in the process of changing the fund name to reflect its current purpose, such as the "Library Property Tax Levy Fund."

As always, please let me know if you have any further questions.
