



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
SEPTEMBER 2024

(Amended with Clerical Corrections)

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 SEPTEMBER 2024 Meeting.

Date, Time & Location of Meeting: On September 05, 2024 at 11:00 A.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), Yancy (5), Mitchell (7), Quinn (13), Lopez (15), Moore (17), O'Shea (19), Mosley (21), Rodriguez (22), Sigcho-Lopez (25), Burnett (27), Taliaferro (29), Sposato (38), Nugent (39), Vasquez (40), Reilly (42), Martin (47) and Hadden (49).

The following members attended virtually: Dowell (3), Robinson (4), Harris (8), Ramirez (12), Scott (24), Ramirez-Rosa (35), Knudsen (43) and Silverstein (50).

The following members were absent: Cardona (31), Rodriguez-Sanchez (33), Conway (34), Villegas (36), Mitts (37) and Napolitano (41).

Internal witnesses present: **Office of Budget Management (OBM):** Managing Deputy Budget Director Matt Schmitz, Deputy Budget Director Chloe Belczak; **Department of Law:** Assistant Corporation Counsel Senior Rey Phillips Santos; **Chicago Department of Public Health (DPH):** Director of Program Operations Patrick Stonehouse, Projects Administrator Keyoka Parks, Assistant Commissioner Madeline Shea, Assistant Commissioner Regina Meza Jimenez; **Department of Planning and Development (DPD):** Deputy Commissioner James Harbin, Project Administrator Joshua Son, William Grams, Financial Planning Analyst; **Department of Family and Support Services (DFSS):** Deputy Commissioner Daniel Castaneda, Director of Grants Management Sandra Almaraz; **Chicago Department of Transportation (CDOT):** Director of Grants Management Grant Davis.

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

- **Approval of the Monthly Rule 45 Report of July 2024**
 - **August 2024 ARPA Road to Recovery Report**
 - **2024 ARPA Road to Recovery Plan Performance Report**
- 1. Annual Appropriation Ordinance Year 2024 amendment within Fund 925.
(O2024-0010956)**
 - 2. Amendment of Municipal Code Section 16-14 regarding Neighborhood Opportunity Fund Program.
(O2024-0011016)**
 - 3. Redevelopment agreement with Plant Chicago, NFP to provide neighborhood opportunity funds for renovation of former firehouse at 4459 South Marshfield Avenue.
(O2024-0010966)**
 - 4. Transfer of funds within Committee on Workforce Development for year 2024.
(O2024-0011009)**
 - 5. Transfer of funds within 30th Ward Wage Allowance/Aldermanic Expense Account for year 2024.
(O2024-0010576)**
 - 6. Transfer of funds within 40th Ward Allowance/Aldermanic Expense Account for year 2024.
(O2024-0010317)**

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

- George Blakemore
- Doris Lewis
- Jessica Jackson
- Zoe Leigh
- Theresa “TJ” Hughes
- Tiwon Sims

The Chair concluded the public comment period, took roll call, took roll call, and recognized a quorum was present. The Chair then made a motion to allow Committee Members, Aldermen Dowell, Robinson, Harris, Ramirez, Scott, Knudsen and Silverstein to join virtually pursuant to Rule 59, so moved by Alderman Mitchell, hearing no objections, the Aldermen were added to the roll.

Chairman Ervin then proceeded to the approval of the Monthly Rule 45 Report of July 2024, which report was transmitted electronically to the Membership. The Chair asked if there were any requests for discussion. Hearing no such requests, Vice Mayor Burnett moved to approve the report. A vote was taken, and the report was approved.

The Chairman next moved to address the August 2024 ARPA Road to Recovery Report and the 2024 ARPA Road to Recovery Plan Performance Report, which was transmitted electronically to the Membership. He then acknowledged Managing Deputy Budget Director Matt Schmitz who gave an overview of the monthly report for the ARPA Grant, which included ARPA Fund Level Summaries, Obligation Reporting: Tracking & Progress by Policy Pillar and by Departments, Federal & State Grant Pursuits Updates and State and Fiscal Recovery Funding (SLFRF) by Program. In addition, the ARPA Road to Recovery Plan Performance Report. The Managing Deputy Budget Director concluded, and the Chairman opened the floor to questions from the Members then recognized Vice Mayor Walter Burnett.

Vice Mayor Burnett asked what the timeline is and what are the plans to spend all of this money. Managing Deputy Schmidt replied, the obligation deadline at the federal level is 12/31/2024 and the expenditure deadline is 12/31/26. We are currently on track to hit 100% by the end of this year. The City has plans A, B and C to make sure all of this money is 100% obligated by the deadline in addition we have an apparatus within our office that works with different departments, to monitor spend progress and to make sure that we don't give any money back at the end of the 2026 deadline. Vice Mayor inquired if we can make plans right now for what we're going to spend money on up until 2026, correct? Managing Deputy Budget Director responded, we went through a process in the spring, then did an ARPA Subject Matter Hearing with this body to go through how this administration has analyzed and reallocated money to ARPA community initiatives. As of now, all of the money is earmarked to those same initiatives brought to you in April. As part of the budget process, both this year and next we are working again to analyze the progress that those initiatives are making in terms of obligation and expenditures. We are prepared in certain case to make decisions to reallocate funding as necessary, but right now there are no intentions to based off the current progress that these programs are making. The Vice Mayor concluded, and Alderman LaSpata was recognized.

Alderman LaSpata referenced the \$151 million that is allocated and unencumbered on page 5 of the ARPA monthly report, asking if there is a page in the report that elaborates on the allocated and unencumbered and what our plans are in making sure we get those dollars out the door. Managing Deputy Budget Director replied allocated and unencumbered means the money was earmarked for a specific program through the budget reallocation exercise we did in the Spring, but the money is not necessarily encumbered by the most narrow definition, meaning you have a purchase order in hand to spend those funds. I don't know if this report provides the delta between each program allocation and encumbrance, we can get that to you through the Chair. In addition, because of updated treasury guidelines we have flexibility in how we hit that obligation, we don't necessarily have to strictly encumber funds with a purchase order to make them obligated. We have strategies in place for programs that currently have allocations that are too close to the deadline, we have plans in place to make sure that they are obligated by the federal definition so that we don't have to return any funds. Ald. La Spata asked what programs or categories have the greatest gap between allocated and obligated amount. Managing Deputy Budget Director stated that he does not have the information on hand but will provide it through the chair. The Chair recognized Alderman Lopez.

Alderman Lopez read that we have \$1.887 billion since 2021. Correct? And we have until midnight of this year to assign? Managing Deputy Schmitz replied, that is the total award amount received from the federal government and we have until 12:31a to obligate any remaining balance. Ald. Lopez referenced 6 pillars as the basis for where funds go; Housing & Homelessness supports at \$70 million, Mental Health & Wellness at \$82 million, Human Rights/Arts & Culture at \$31 million, Community Safety at \$114 million, Effective Governance at \$36 million and Youth & Economy at \$240 million, then asked if

that is what we have yet to be spent? Managing Deputy Schmitz answered, those are just the total allocations. Ald. Lopez asked based on the 6 pillars, how many full-time and part-time city positions were created in our government using the program funds, the totality of this money. Managing Deputy Schmitz stated he will provide the information through the chair. Ald. Lopez requested a breakdown of the \$1.3 billion spent under the Essential City Services expenditure. Is this entirely police reimbursements from 2020. What exactly does this equate to? Managing Deputy Schmitz responded that the exact breakdown will be provided through the chair. He then mentioned to his understanding that the majority of the Essential City Services, what we call revenue replacement went to cover shortfalls in the city's operating budgets over the last few years for Public Safety payroll. Ald. Lopez asked what is Management and Administration? Managing Deputy Schmitz replied, it is a separate category under the grant that allows for certain eligible expenditures to be used to actually help administer community initiatives. Various departments receive an allocation to hire either staff or contractors to help implement the community programs. Ald. Lopez inquired if that is separate from whatever staffing upgrades are from the other 6 pillars? Managing Deputy Schmitz answered yes, each pillar would have positions assigned to it, the majority of the positions outside of Public Health and Youth Services would be more M&A positions. Ald. Lopez requested through the chair a breakdown of the 5 different subsections of Effective Governance. He continued to address a concern pertaining to vacant lots, particularly on the South and West sides, inquiring about the Vacant Lot Reduction Strategy in which \$4.6 million was allocated to it of which \$232,395.00 remain. Can you provide through the Chair what was expended in the \$3.1 million and where was it spent by ward? In addition, for many years, requests from our communities to rehab houses in our neighborhoods, which one of these pillars dealt with the rehab of housing. Managing Deputy Schmitz responded, it would likely be under Housing & Homelessness Supports pillar, but in terms of hard cost of housing developments, most of those if not all of them are on the bond portion of these funds not the federal portion. Ald. Lopez inquired if any of the federal dollars went toward rehabbing vacant home/buildings in our communities. Managing Deputy Schmitz replies, not in any of these programs before you. Ald. Lopez requested through the chair a breakdown of spending by ward and with whom of the rehousing, reentry and navigation programs. In addition, a list of all recipients that received money through the Nonprofit Relief & Capacity Building program under Effective Governance. Ald. Lopez concluded and the Chair acknowledged Alderman Nugent.

Ald. Nugent requested a point clarification asking if 92% of the funds were currently obligated with 8% that still haven't been obligated, so that's about \$140 million unobligated. Managing Deputy Schmitz answered yes then stated that it's roughly \$144 million unobligated. Ald. Nugent mentioned the very dire budget deficit numbers and asked if the 8% unobligated funds can be used for programing that we would not have to use our budget for, so that our deficit less. On the housing and homelessness do accelerated moving events fit in with any of the programs on page 22. Can DFSS address that? Maura McCauley, Managing Deputy Commissioner replied it's under rapid rehousing. Ald. Nugent stated that she has been told that we don't have capacity to help do more rapid rehousing and accelerated moving events in her ward. She asked if it was possible to put some of the outstanding 8% unobligated funds in this bucket to help in our wards. Managing Deputy Schmitz stated that the administration went through a process in the spring to reallocate money to certain programs based off need that was identified at that time. Our office will work you and the administration will obviously entertain any ideas for reallocations as part of this budget process. Ald. Nugent respectfully requested that additional funds be put in the rapid rehousing bucket because there is a need in her ward and across the city. In addition, I would like to request a follow up on that and next steps. Ald. Nugent continued and inquired about grantees that have received ARPA funding with respect to monitoring them but not looking into subcontractors or subgrantees. Is that true? Managing Deputy Schmitz replied, according to Federal Regulations, the city is required to monitor

subrecipients, but we are not allowed to monitor contractors or subcontractors with the same degree of scrutiny. Ald. Nugent asked if there was a plan in place to do a sweep to ensure that people are spending money? My guess is that the unobligated numbers would be higher if we determine the folks that can't spend their money, it will give us an opportunity to re-obligate in buckets that are really necessary. Managing Deputy Schmitz informed the Alderman that they are currently doing an analysis of expenditure progress as part of the 2025 budget, we will look at what it reveals then with you and the administration we can make a decision about how to reutilize those funds. Ald. Nugent asked, will you come back to the committee to share what that sweep looks like so that we can work with you to determine how to spend some of that money. Managing Deputy Schmitz replied, I will speak with the Budget Director and get back to you. Ald. Nugent concluded, and Chairman Ervin referenced the charts in the report and asked if the total allocation, total expended, total available and the FY 2025-2026 reserve. Is what's left what is unallocated? Is that approximately correct? Managing Deputy Schmitz responded, there's a portion of the 2024 funds that have yet to be obligated, that is part of the progress that we need to make ahead of the deadline. Generally speaking, money in the last column FY 2025-2026 Reserve is earmarked for a program, but because it's not going to be projected to be spent until next fiscal year it's technically available, it's not locked up in a contract right now. The Chairman concluded and Alderman Moore was called upon.

Alderman Moore thanked Alderman Lopez for his line of questioning and voiced his concern with contacting OBM for information and being told it can be obtained through the portal, one of the things asked about was housing and homeless support by ward and the additional \$10 million that was put into the porch program. He stated that he was told by DOH that a letter was emailed to him in reference to how the funds would be spent, but the letter was never received. He then touched upon the \$70 million for housing and homelessness asking for a breakdown of how those dollars were spent by zip code or ward, who are the organizations, who did they serve, what services were done and the ethnicity? Managing Deputy Schmidt explained there are limitations to what levels we can breakdown our expenditures and there is no systematic way the city tracks how delegate agencies are allocating dollars. Ald. Moore expressed his concern with the delegate agencies not reporting back to the city. Managing Deputy Schmidt stated they will look into it and further explained that delegate agencies are required to provide certain support documentation to be reimbursed by the city, what they provide is negotiated on an individual basis between departments and delegate agencies. If you have specific agencies from the list we provided, we can work with the departments to see what information exists and provide that to you. In addition, a lot of the programs track the areas where people are served, so we tell you on a program by program basis. Ald. Moore closed and the Chairman acknowledged Alderman Taliaferro.

Alderman Taliaferro requested a point clarification of what Alderman Moore requested through the chair and if the information will include all of the delegate agencies receiving ARPA funds. Chairman Ervin stated that all of the items requested through the chair will be made available to all committee members. The Chair then called Alderman Mitchell.

Alderman Mitchell requested through the chair on the housing and homelessness support pillar, I would like to see the back up for all of this information particularly the total expended to date.? What does community wealth building mean? Also, provide a breakdown of what the \$612,000 was spent on? In addition, provide a breakdown for all the pillars and categories under each. Ald. Mitchell then asked what does community wealth building centered around housing mean? Managing Deputy Schmitz replied that he is not an expert in the community wealth building program and there was not a representative from DPD there to speak specifically to the development, but they can get a description of what that process is

through the chair. Ald. Mitchell continued to voice his concerns pointing out the vacant lot/properties in his ward and citywide that have been sitting 10-20years, and how the city needs a mechanism in place to go after those properties in an effort to revitalize communities. [1:11:12]

Chairman next called VC Lee, who posed a few followed up questions to ensure being on track with what was covered. Referred to the Deck around page 20 through 22, FY 25-26 budget reserve. Asked if the 8% equaled or totaled basically the balance of what is allocated at this point. Managing Deputy Schmitz responded, it would make up the vast majority and there could be some funds that could still need to be allocated but you are correct. It's safe to assume that it would make up that 8%. VC Lee acknowledge and asked, if we've obligated all the funds what sort of flexibility do we have. Let's say an agency is no longer able to fulfill their commitment, e.g. using \$1M, what happens to that \$1M. Managing Deputy Schmitz responded, now with the Treasury releasing new guidance we're happy to say that they provide a lot of flexibility in terms of if we make that obligation for a certain purpose between now and the end of the year, which is our deadline we have the ability to go back and use those funds for another grant use under a different obligation past the deadline so before 2026. VC Lee affirmed that was good news to have a little bit of flexibility. Can you tell me what corporate fund items could be covered using ARPA funds at this point. I think we're all very concerned about the budget gap between now and the end of the year. This looks like a very nice plug if that is possible. Managing Deputy Schmitz replied, sure. So, there's a vast list of enumerated categories that are eligible expenditures. I will say broadly speaking because of the city's ability to declare ARPA funds as revenue loss to replace essential city services, to answer your question in the broadest sense possible, almost any corporate fund expense could be considered algebra within certain specific restrictions based on federal guidelines around lobbying and certain ineligible activities for federal funds, but there is a lot of flexibility there as well. And to double back on a question from Alderman Nugent about looking at areas around our corporate funds where we have costs that maybe where we could redirect some of those funding to, so that was a key component of the analysis we did in April. And what we learned as we went through the exercise is that a lot of these programs that you see actually existed before these ARPA funding and we use the term braided funding, we actually used ARPA funding that braided them in to existing corporate funds to expand the scope of the work not necessarily to do new unique work and so that's not a blanket statement. There are some programs with the Road-To-Recovery that are brand new to the city. A lot of the programs, especially in the Health and Human Service spaces are expansions of what the city wasn't able to do before we had this money and right now we are in the process of conducting a sustainability analysis to understand the impact on city services as this funding does go away. So as we think about how to use this money strategically our office is factoring in kind of the relationship to these funds and existing city operating expenses on our corporate fund. VC Lee thanked Managing Deputy Schmitz, and affirmed that was good news leading into her next question, and asked how are we tracking the metrics of success for these ARPA funded programs? And again, as you said some of these were existing programs that were expanded. Eventually we're going to lose the additional funding, what are we doing to track the impact? Because a lot of these, I mean there's one of these for capacity building, what have we seen from that? I think that's going to be really very important to every single category of this. I think we need to be able to provide that level of information and feedback to constituents about how these funds were spent. And in addition to that, how do we wind things down because we haven't talked about that yet. I know that's the next elephant in the room. We got a lot of looming budget issues, but also you know that when we lose all of the ARPA funding period, we should be able to lead up to that. So, can you speak to any of those conversations that are going on now at the budget level? Managing Deputy Schmitz replied, sure. So, to ask about performance measures, one of the agenda items was the actual release of the annual performance report we're required to release per federal guidelines. I do recommend again, the

information that we report back to the feds is not necessarily at the ward level and that's something we can work to get, but it's a very robust document that actually provides a very detailed breakdown of what each of these programs are doing, what the model is, what policy issue they're addressing and how we're measuring whether or not it is addressing it. Good thing about the release of this money from the federal government is there was a special emphasis on program evaluation and putting infrastructure in place to collect better data. So, while the data we're collecting is not perfect it's, I will go out on a limb and say, better than some of our historical grant data that we collected because of the emphasis on this. So you asked the question about capacity building. I think it's a great question. I think there's an administration we're trying to get to a point where how do we pivot from output to outcome reporting, and we're not quite there yet, but in terms of output we can tell you, okay, we've served X amount of nonprofit organizations or small businesses. But a more interesting question is how long did that business stay in business or how [VC Lee chimed in with] many more clients the nonprofit was able to serve. Managing Deputy Schmitz continued, exactly. And so again, we're not quite there, but we are starting to grow those areas of discussion. So I do recommend looking at this report. And for your second question, about the ramp down. So just kind of a disclaimer, I know the rightfully so interested in the body to look at this fiscally 25, 26 reserve funds as a potential area to close other budget holes, but I think Chairman Ervin, you know amply mentioned that when we did this exercise in April we strategically allocated money in the future out years to sustain programs at certain levels. So while we absolutely can reallocate these funds we're not necessarily taking money from a program that's not going to use it and giving it to another need where for lack of a better word robbing Peter to pay Paul. So we have strategically used the reallocation process to give us a longer runway for these ramp down discussions. Most of these programs are now seeing clips in 2026 because of the work we did in April not clips this upcoming fiscal year. So again, these reallocation discussions absolutely could happen as part of this budget process, but that we need to have maybe some additional ramp down discussions depending on what programs we're talking about VC Lee interjected, I just think we were, we had a different budget outlook in April than we do today. Managing Deputy Schmitz acknowledged sure. VC Lee continued, and we've all said it right, the Mayor said it, there's going to be very tough decisions that have to be made and I think we have to look at holistically and I know we're going to do that, but my last question just on the, and you know you mentioned a couple of times, efforts to improve your ability to work on certain things. Can you talk about, do we have, have we directed ARPA funds towards like ERP systems, or you know better systems within the budget department that can also be used by contractors and delegate agencies to track that information because we have, we always have more questions than we have information, and we have to address that. So, I'm wondering how much if any ARPA dollars that we have because it seems like a great use one-time payment kind of thing. Can you talk about any efforts in that realm? Managing Deputy Schmitz responded, to my knowledge, on the federal side of what was originally the Chicago Recovery Plan, no federal dollars were specifically earmarked to IT development because IT development is an eligible capital expenditure. A lot of the bond proceeds that were issued on the Chicago Recovery Plan were earmarked for such improvements. I don't know specifically around, you know, if you know certain databases or certain applications, but I know as part of the larger project ERP projects we are looking to completely overhaul our entire grants systems and so we can get that better data. And you know again, I'm always referring to the portal, it's not necessarily something that we want to point you to just to say leave us alone. It's something that we're proud of to say like we're actually trying to be more transparent with the data we have. And we'll admit the data that we have is not great and can improve, but with the data we have at the level we have it, we're trying to put it out there for more public consumption and we've done that and we will be doing that with ARPA, launching our dashboard in October on the 10th of the schedule and we've done that with the migrant mission so far with the expenditures around that and

we'll continue to do that again and work out improving the data, but make it available as we have it in the current state. VC Lee thanked Managing Deputy Schmitz, then the Chairman, which concluded her Q&A.

The Chairman next opened the floor to Alderman Reilly, who conveyed it refreshing that a lot of his colleagues had made comments he had planned to make. He continued it was refreshing to hear a call for more scrutiny related to the outcome of the spending and that is something that a number of us have been calling on previous administrations to do. I think Aldermen Lopez and Nugent and to a degree Alderman Moore all in different ways, hit on the same point, which is wherever possible, we need to prioritize every dedicating every unobligated ARPA dollar that we can to that massive billion-dollar problem that we have. And you know each of us had different opinions on last year's budget appropriation. And I certainly had some criticism for it and predicted that we might end up in a place like this. And you're right when you say in your comments that we didn't necessarily create tons and tons of brand-new programs out of thin air to, you know, solve all the world's problems, but you did admit that we have seen pretty substantial scope expansion and given the nature of the pandemic and all of the different crises that the city was confronting at that time. One could argue that a lot of folks need help and this money need to be spent, but now here we are staring down a \$1 Billion plus budget abyss. And it's quite clear that while I would love to see certain programs scope expanded and frankly preserved over the long haul, we have this fiscal reality and, frankly taxpayers who feel put upon and stretched thin after the last several years of untenable inflation and soaring cost of living costs. And so, you know we should look at some of the monies that we think we'd like to allocate to preserve some of the program expansion to pull some of that money back. I know that won't be popular with a lot of folks, you know. All these programs provide good services and help people and you know that's one of the missions of our government, but again it has to be affordable. The other thing that is also refreshing and I look forward to working with the Budget Office and also with Chairman Ervin after the Hearings, is to really get a handle on is what you described as the need for better data. I know that it is virtually impossible to conduct a responsible return on investment analysis unless you have really good data and I know that the nature of grant programs is that the focus is typically external. It's to be providing services to your client base if you're a nonprofit and a lot of the data collection is perfunctory it's secondary to the mission, right? And I get that, you know, nonprofits have to make every dollar count, but for us as an appropriating body without that good data we don't know if we're making meaningful investments on behalf of taxpayers and so this isn't a critique of the department, you're the folks who are there now, you're the ones who are in charge now, and I know that the first year of the administration frankly had to be all hands on deck to get your arms around the budget, but you've been here a bit now and you are in charge. So, that's something that I really want to nail down with you sooner than later, because certainly we have the upcoming budget, we have to deal with in the next two months, but budgets aren't a problem. They're going to go away anytime soon. This is an annual exercise, right? And so, you know more than anyone I want to better data and useful data that helps us make these big important decisions about how we're spending people's money. And so I'm not going to make any request specifically of you right now, but certainly want to understand more about better clarifying what our performance measures are and obviously based on the department or the bucket of money or the service provided you know those metrics are going to be very different, but I think if we can develop some that are consistent and that we can track annually that going to do us a lot of good. And not just this administration and the folks sitting in this room here today, but folks 10 and 20 years down the road and we're not here working for the city government. And so those are mu big ticket requests, but in the short term, I really hope that we can work together to focus on shifting some of these ARPA funds to help mitigate immediate budget pressures in lieu of preserving program scope expansion that perhaps we can't sustain with local dollars over the long haul. So really Chairman, thank you. It wasn't questions, but I wanted to make that statement as we're kind of heading into this very important season. But thank

you for your indulgence, Chairman Ervin. Chairman affirmed that Reilly's statements are appropriate given the nature of what we're looking at. So that was all I had on this. Then the Chair acknowledged Alderman Lopez, then Alderman Mitchell for follow-ups and then we'll go into the general Agenda.

Alderman Lopez conveyed he would be quick and then conveyed, we keep hearing about supplementing departments that basically refers to reimbursing for all costs covered under the final rule, correct? Managing Deputy Schmitz then asked Alderman Lopez to clarify what was meant by "supplementing." Alderman Lopez clarified, well when you say some of these expenditures and buckets supplement department or buckets. Managing Deputy Schmitz affirmed, oh, correct. Alderman Lopez continued, so we're referring to whatever is reimbursable basically for the federal government's requirements, correct? Managing Deputy Schmitz replied, yes. So essentially there was an exercise done to align way back under the prior administration to align some of the work that the departments were already doing with those aforementioned enumerated categories for eligible expenditures. Alderman Lopez interjected, and we still do that, correct? Managing Deputy Schmitz continued, correct. We are generally always looking for grant funding to help us supplement locally. Alderman Lopez address the Chairman, stating, so the question that I have Chairman is when the City of Chicago's budget is passed and we're issuing property tax levy for the corporate fund or what have you, to pay for various city services, for example police and fire and we use the federal money to reimburse ourselves for what we consider covid-related or pandemic-related expenses, where does that money go? Chairman clarified that's your question? Alderman Lopez continued, I would like to know where that money goes because we've seen that if we are, for example, budgeting \$1.3 Billion for police and we're able to reimburse ourselves \$250 Million with federal money that \$50 isn't given as a rebate to taxpayers. It's actually put aside in a surplus account somewhere. So, I'd like to know how much of this document has created surplus level reimbursements since this money was accepted and where those surplus monies have gone to because I will remind the committee that in a December 29, 2023 this administration unilaterally \$95 Million without any type of vote toward migrant housing. And that was based on the fact it received a reimbursement of federal dollars and used that extra excess already. Pre-tax dollars from the taxpayers on things that were not listed in the budget, so that Mr. Chairman is what I'd like to know and can I have that provided to us from either this individual or from the appropriate agency to let us know how much of what has been reimbursed has been surplus and has been redirected to things not originally included. Then expressed, thank you and concluded his commentary. Chairman acknowledged and opened the floor to Alderman Mitchell.

Alderman Mitchell conveyed he just had one clarification. He referred to Alderman Reilly's comments, specifically asking if it included a request for metrics. And asserted Alderman Lee asked for the same thing. Chairman affirmed, no and further clarified that Reilly made no request of any information. Alderman Mitchell acknowledged and went on to ask, specifically under Community Safety for Community Violence Intervention, I'm not sold on outcomes of these particular programs, and this is a lot of money. So can I get content on what the outcomes have been? Because again, I'm just not sold and we're spending a lot of money on violence intervention, violence interruption and things like that, so can I get data through the Chair. Managing Deputy Schmitz affirmed to provide the most comprehensive report they have, the one we produced for the Treasury. So, it list out the metrics for every single program in this report. Alderman Mitchell responded, okay I'll be waiting for it Jim. Thank him and concluded his remarks.

Chairman next acknowledged Alderman Vasquez, who want to ensure inclusion for attendance, then went on to state, when we have conversations about the ARPA funds and allocations, part of what a number of us were in agreement was to have information that was discussed regarding metrics that was not in the report or in a portal and asked for the status of the portal or dashboard to have access to some of this data.

I acknowledge appreciation for a book being printed but expressed frustration that year after year when we talk about budget, we only rely on eBooks or PDFs absent of data that can be inputted and actually have ability to breakdown and calculate ourselves. He conveyed how his office had created its own budget and literally had to use the PDF to create a spreadsheet. OMB responded, sure. And further conveyed that the portal was on track to launch in October, and that the data was in the Road-to-Recovery Report and that Managing Deputy Schmitz could get the data in an Excel spreadsheet and as for the appropriations themselves are actually on the data portal and we can download those into a CSV or spreadsheet. Alderman Vasquez acknowledged that'd be great. He went on to discuss a program that would be available for Alders, could it be sustainable budget wise. Managing Deputy Schmitz affirmed that was the goal and referenced a sustainability report and program, inclusive of revenue reporting. Alderman Vasquez concluded. Chairman added Alderman Rodriguez to the attendance role and Alderman Ramirez-Rosa, Alderman Burnett and Alderman Sigcho-Lopez were acknowledged to be included virtually, Moved by Alderman Lee, and affirmed by unanimous vote.

Chairman moved the agenda forward to address Item #1 of the Agenda, which had a substitute ordinance placed on the floor for adoption. He was interrupted by Alderman Dowell, who had raised her hand. Chairman duly acknowledged. Alderman Dowell thanked Chairman Ervin for providing the report, wanted to go on record as supporting the points made specifically by Aldermen Moore, Reilly, Lee, Nugent and Mitchell regarding all the things they are asking for, then posed one question, which related to Covid 19. I noticed that there's not a lot of money earmarked for emergencies and vaccinations and I'm seeing reports of increased Covid rates in hospitalizations and I'm wondering if any thoughts have been given to moving more money into those categories just as a precaution. Managing Deputy Schmitz responded, at this time our office is committed to seeing through the funding as it was allocated in April for these programs. However, as part of the budget process, we are working with departments to identify different needs and in parallel identify potential salvage based on underspend in these current programs that could be reallocated to address those needs. I will say the Health Department does have a significant amount of ARPA funding that's outside of this portfolio from the CDC and those funds have bigger balances and longer runways in terms of expenditure deadlines. So I think we would definitely want to work with them to identify the best possible use of funds to address those vaccine needs. Alderman Dowell continued, okay, because you know we're starting with the vaccination clinics for flu vaccinations, and I just want to make sure that we also have enough for the addition of perhaps some Covid 19 vaccinations if we need them. Alderman Dowell then thanked the Chairman and concluded. Chairman then queried if there were any other virtual questions. Acknowledged none, he returned to address the substitute ordinance for Item #1.

Alderman Lopez Motioned to accept the substitute, Chairman placed into vote, and it was unanimously adopted and acknowledged as being before the Body. Chairman then acknowledged that Managing Deputy Schmidt was rolling along well and to keep going. He then addressed Item #1, conveying he was here to request the Body to amend the FY24 925 Ordinance to appropriate an addition of \$36.7 Million in federal state grant awards itemized as follows for different city departments and programs. The Chicago Department of Public Health has been awarded an addition \$575,000 in state funds from the Illinois Department of Human Services for their Family Connects Program. The Chicago Department of Public Health has also been awarded an addition \$55,000 in Illinois Department of Human Services funds for the women, infant and children nutrition program. The Chicago Department of Public Health has been awarded an additional \$1.2 Million from the U.S. Department of Health and Human Services for the ending HIV Epidemic Ryan White Program. The Chicago Department of Public Health has been awarded an additional \$595,000 from the U.S. Department of Public Health and Human Services for a newly created high impact HIV prevention and surveillance program for health departments. As part of that

request, they are transferring the appropriated existing balance of \$8.5 Million to that new program. The last but not least, the Chicago Department of Public Health has received an additional \$600,000 from the U.S. Department of Health and Human Services for the support and scallop of HIV prevention program. The Department of Family and Support Services has received an additional \$1 Million from the Department of Homeland Security for their Shelter Services Program. The Department of Transportation has received an additional \$1 Million from the Illinois Department of Transportation for their Bridge Investment Program to begin Phase 1 of engineering work for the 106th Street Bridge over the Calumet River. The Chicago Department of Transportation has received an additional \$12.8 Million for the congestion mitigation and air quality program. That money will be partially used for transit signal priority improvements on Ashland Avenue and also Phase 1 engineering work for various traffic signal upgrades around the city. And last, the Chicago Department of Transportation has been awarded \$3.8 Million from the U.S. Environmental Protection Agency to, under the Diesel Emission Reduction Act program, upgrade bucket trucks. And we have members here from each department who can answer further questions at this time.

Chairman Ervin posed the first question in relation to HIV age-related funding, I previously asked about plan coordination and we're dealing with black-led organizations, want to know where the department is as it relates to that. Managing Deputy Schmidt queried someone from the Health Department to respond. Patrick Stonehouse, Director of Program Operations. So yes through the funds that are listed in these documents there is a small amount allocated toward building up capacity of black lead federally qualified health centers to be able to provide clinical care, included \$1 Million in funding and work to build capacity. Chairman then queried, so of the \$15 Million how much was going toward black-led organizations. Chairman also asked about the percentage of blacks affected by the communicable diseases addressed. He was given an approximate 30%, which he corrected with 52%. Chairman was dissatisfied with the disparity in service in the communities more impacted were not more relevant in service. Conveyed this was a focused undertaking of the Black Caucus and community membership partners. He concluded and recognized Alderman Lopez.

Alderman Lopez addressed the floor and conveyed being in complete agreement with the racial disparity in HIV and AIDS' provider service. He then provided data supporting data from the Public Health website of diagnosis, etc. Lopez offered additional commentary regarding the need to revamp and address the disparity, including hosting a hearing to address. He switched next to address a Family and Support grant for \$16 Million grant asking if this funding was a reimbursement or for future costs with relationship to migrant expenses. Managing Deputy Matthew Schmidt responded, it was a reimbursement for shelter costs and services. Alderman Lopez concluded following Managing Deputy Schmidt answering his inquiries and Chairman Ervin, observing no other questions, asked for a Motion to pass the Fund 925 Amendment. Alderman Mitchell Moved, Chairman called the vote, and it was unanimously passed to be reported out at the next regular City Council on September 18, 2024.

The Chairman continued to Item #2 an Amendment of Municipal Code Section 16-14 regarding Neighborhood Opportunity Fund Program. The Chair made a motion to accept a substitute ordinance on Item #2, Vice Chair Lee so moved, hearing no objection, the item was adopted. James Harbin, Deputy Commissioner, Department of Planning and Development (DPD) was acknowledged and provided a PowerPoint on the proposed enhancements to the NOF Program. The Vice Chair Lee opened the floor for questions and comments then recognized Alderman Mitchell.

Alderman Mitchell asked other than notify, what is the Alderman's involvement in this process? Deputy Commissioner Harbin replied, there are four time periods we notify Alderman; when the application

period opens, then we send out a list of applicants that come in your ward, after the review process we send out an announcement with a list of recommendations for applicants we want to refer to the program, then we make an announcement of the awardees and where the projects are going to be in your ward and invite you out to the ceremonies. Ald. Mitchell stressed the importance of the decision-making process and the selection of businesses in our corridor. Alderman Mitchell closed, and Alderman Moore was recognized.

Alderman Moore piggybacked on his colleagues comments and expressed the importance of vetting out these applicants and having conversations with our constituents to insure these are things they would like to see on the corridor. There was a situation based on factual information of an applicant trying to open a salon to launder drug money. We need get back to sitting down with DPD and go over our top priorities based on the list of applicants (ie; rating them 1-7), then following up with a letter of support. Deputy Commissioner Harbin agreed with Alderman Moore's comments and stated that when the list of applicants is sent out feel free to reach out to my team so that we can walk you through the reasoning behind our recommendations and at that time let us know if you have flags that we need to be aware of based on the information you just provided because it is going to impact decision-making not only with our team but also our advisory committee. Alderman Moore thanked DPD then closed. The Chairman acknowledged Vice Chairman Lee.

Vice Chair Lee voiced her concern and disappointment with 29% of the people that dropped off because they couldn't complete the paperwork and the ones that voluntarily dropped off which makes up 42% of the applicants, then asked DPD to talk about this in more detail. Deputy Commissioner Harbin responded, we're finding that the small businesses that are applying for our program are really good at what they do in terms of their business but have little to no experience in doing a construction process. We found that applicants need additional support, someone to walk them through the documentation that the city requires in order to participate in this program. Also, these projects take on average 2yrs or longer and most people are not aware of that and become frustrated. Vice Chair Lee asked if there is a prep session or workshop that people can take advantage of? Joshua Son, Projects Administrator for NOF Small Program, DPD answered one of the enhancements we are looking at is a quarterly webinar that will be offered in different languages, English, Spanish, Chinese and Mandarin, we'll do 2 in-person, a few recorded and webinars that are online. It is a way to engage with communities, especially those that we haven't seen applicants from. Vice Chair Lee inquired as to what applying looks like today. Is there a online portal where all of this is being tracked and how are we interfacing with the delegate agencies that are administering the program. Deputy Commissioner Harbin informed Vice Chair that they have support with the delegate agencies across the city, we have found that they need to better understand the construction processes, many of those agencies are there to support small businesses but our grant is focused on a capital improvement process which takes a more professional support to help people understand. So we are shifting to bringing professionals to the table to help inform them on how the process works so they can better take better care of their constituents and have the same professional support for our grantees and applicants. Vice Chair Lee asked what that practice looks like. Deputy Commissioner Harbin replied, our program administrator is tapping into resources such as Women Business Development Center and Chicago Urban League which have 10 & 12 week programs that tap into your business and capital improvements. Projects Administrator Son chimed in regarding the online application process which allows them to apply for different ones, it will be a rolling application every 4months and we will review every 3months to allow an applicant to leave and come back and wouldn't fall through the cracks. Vice Chair Lee asked if the process will then roll into a tracking; like you have been accepted into the program, been awarded a grant. Is there continuity in the

tracking from application to disbursement of funds? Projects Administrator Sun responded the program administrator will be doing most of the tracking. The difference between how it's currently done and this new improvement will be vetting, making sure that all applicants have site control or financing. We are looking to get stronger applications through the door so that we can actually see higher completion rates and for those that do not have the right resources we can direct them so they can come back and apply. Vice Chair Lee referenced the \$62 million of missed funds and asks what happens to those funds? Deputy Commissioner Harbin answered the 62 million was projects that didn't come to fruition but to your point we removed applicants and those dollars that were committed to come back into the program. Vice Chair Lee concluded. The Chair asked if there were any other questions or comments, seeing there were none, Alderman Burnett moved to pass on Item #2, a voice vote observed, hearing no objections, the item was approved and will be reported out at the next City Council Meeting on September 18, 2024.

Chairman Ervin proceeded to Item #3 a Redevelopment agreement with Plant Chicago, NFP to provide neighborhood opportunity funds for renovation of former firehouse at 4459 South Marshfield Avenue. William Grams, Financial Planning Analyst, DPD, gave an overview of the ordinance. The Chairman opened the floor for questions and comments then asked if there was a letter of support from Alderman Lopez. William Grams stated yes and with no further questions by the members, Alderman Quinn moved to pass on Item #3, a voice vote observed, hearing no objections, the item was approved and will be reported out at the next City Council Meeting on September 18, 2024.

The Chairman continued to Items #4, 5 & 6, a Transfer of Funds within the Committee on Workforce Development and the 30th and 40th Ward Wage Allowance/Aldermanic Expense Account for Year 2024. The Chair asked if there were any questions or comments, seeing there were none, on a motion made by Alderman Quinn to accept Items 4, 5 and 6 as 1, a voice vote observed, hearing no objections, the items were approved and will be reported out at the next City Council Meeting on September 18, 2024.

The Committee on the Budget and Government Operations having no further business, on motion made by Alderman Moore for adjournment, acknowledging all ayes and no nays, the meeting was adjourned.

(A video recording of the full meetings 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 September 5th, respectively.)

Respectfully submitted by:



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