

**COMMITTEE ON FINANCE
MONTHLY RULE 45 REPORT
November 2019**

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On November 12, 2019, at 10:02 am, the Committee on Finance held a meeting in City Hall, City Council Chambers.

The following members were present: Hopkins, Dowell, King, Mitchell, Harris, Thompson, Cardenas, Quinn, Moore, O'Shea, Scott, Burnett, Ervin, Taliaferro, Reboyras, Austin, Villegas, Mitts, Sposato, Reilly, Smith, Tunney, Silverstein, Vice Chairwoman Hairston, and Chairman Waguespack.

The following members were absent: Sawyer, Beale, Sadlowski-Garza, Burke, Lopez, Curtis, Brookins, Tabares, Napolitano, and Osterman.

The Committee addressed the following items:

1. Approval of October Rule 45 Report of the previous meeting of the Committee on Finance.

Chairman Waguespack asked if there were any changes or corrections. There were none. Ald. Harris moved do pass. Motion carried on a voice vote.

Chairman Waguespack noted that the next meeting of the Committee would be Tuesday, Nov. 19, at 10 am.

2. Direct Introduction A communication recommending the approval of the independent firm of Deloitte & Touche, LLP and a consortium of minority and women-owned accounting firms to perform the audit for the City of Chicago fiscal year ending December 31, 2019.

Chairman Waguespack invited Comptroller Reshma Soni to explain the communication, which she did. Vice Chairwoman Hairston asked which minority firms were participating in the audit, and Soni provided that information.

Ald. Hopkins asked if the scope of work had changed from previous years. Soni replied that the audits would cover all required areas and would integrate new accounting standards. Ald. Hopkins asked about the relationship between changing standards and municipal leases, and Soni explained the relationship. Ald. Hopkins asked if the Workers' Compensation program would be part of the audit. Soni replied that there is a separate actuary review process because it is a specialized area. Ald. Hopkins asked about the differences between the audit and the actuary review, and Soni explained them. Soni also said a separate management audit of Workers' Compensation might come in the future.

Ald. Smith asked if there was a vote on this, and Chairman Waguespack replied that no vote was required.

Ald. Burnett asked for the list of MBE/WBE firms participating, and he was provided the list.

Vice Chairwoman Hairston expressed concern that Deloitte & Touche was still doing 70 percent of the work under the contract and asked for future review of the contract, especially in the area of MBE/WBE participation.

Ald. Burnett asked that, in the future, firms provide diversity information of their teams, similar to the process for bond deals, to encourage more diversity in leadership. Soni agreed that it was a good idea.

Chairman Waguespack, to Ald. Smith's earlier question, clarified that the full City Council would not vote on it, but the Committee would take a vote under municipal ordinance. Ald. Smith indicated that she would recuse herself since her spouse works at Deloitte & Touche, although in a different specialty.

Chairman Waguespack opened the floor for public comment. George Blakemore expressed his displeasure with the contract and the Committee.

Vice Chairwoman Hairston moved do pass. Motion carried on a voice vote, with Ald. Smith recusing herself.

3. O2019-8065 A communication recommending a proposed ordinance concerning the authority to enter into and execute a Redevelopment Agreement, to enter into and execute a Loan Agreement, and to approve qualified Donative Tax Housing Credit Program assistance with Roosevelt Road Veterans Housing, LP, ASH V LLC and A Safe Haven Foundation for the acquisition of city-owned property.

Chairman Waguespack invited Department of Housing Project Manager Barbara Taylor to speak regarding the ordinance, which she did. Ald. Villegas expressed support for the proposal and praised A Safe Haven.

Ald. Sposato expressed support for the proposal and praised A Safe Haven.

Ald. Moore asked which year's tax credits were being used, and Taylor said 2017.

Vice Chairwoman Hairston asked how big the studio apartments are, and Taylor said 285-to-330 square feet. Vice Chairwoman Hairston asked how that size was determined.

Chairman Waguespack invited Devin Rowland, Vice President of Real Estate at KMA Property Management, to speak regarding the ordinance, which he did. Rowland explained that larger units are cost prohibitive. Vice Chairwoman Hairston asked if there was concern studios would remain vacant. Rowland explained that with the VASH vouchers for 75 units, they expect them to fill quickly and stay full. Vice Chairwoman Hairston said that veterans should receive larger units, and Rowland said that in a similar building with even smaller units, they are consistently 95% occupied. Taylor noted that both A Safe Haven and the U.S. Department of Veteran's Affairs have offices less than 2 blocks from the site.

Ald. Burnett offered his support for the proposal and asked which TIF it is in. Taylor said the Midwest TIF. Ald. Burnett said part of that TIF is in his ward, and he is happy TIF money is being spent on this proposal. Ald. Burnett asked how much of the project is being funded with TIF, and Taylor said 21 percent.

Ald. Dowell spoke in support of the proposal and asked how much the furniture costs. Taylor said \$234,916. Ald. Dowell asked about the division of the units based on income, and Taylor said that 60 of the units are for veterans making 30 percent or less of AMI. Ald. Dowell asked if there is a wait list. Rowland said most of the units would be occupied by currently homeless veterans, and the VA identifies residents for the units.

Ald. Ervin spoke in favor of the ordinance and noted that the general contractor is 100 percent MBE. Additionally, he noted that the building is esthetically pleasing, and that housing and services are needed.

Ald. Moore asked what the land capital contribution is. Rowland explained that 3 of the 4 parcels were previously owned by the City, and the 4th is owned by A Safe Haven. Ald. Moore asked how much the City land was worth, and Taylor said about \$875,000.

Chairman Waguespack opened the floor for public comment. George Blakemore said he wanted to know who would be providing professional services in the building, how many jobs would be created, and the race of the vendors providing the furniture.

Ald. Hopkins moved do pass. Motion carried on a voice vote.

Ald. Austin offered here congratulations to Ald. Ervin for securing the project in his community and expressed the desire to have something similar in her ward.

4. Direct Introduction A communication transmitting a list of cases in which judgments or settlements were entered into for the month of October 2019.

Chairman Waguespack noted that Item 4 would be placed on file with the Clerk.

5. Direct Introduction A proposed order authorizing the payment of various small claims against the City of Chicago.

6. Direct Introduction A proposed order denying the payment of various small claims against the City of Chicago.

7. Direct Introduction A proposed order authorizing the payment of senior citizen rebate sewer claims.

Ald. Ervin moved to consider Items 5-7 at the same time. There being no objection, it was so ordered by Chairman Waguespack.

Chairman Waguespack opened the floor for public comment. George Blakemore said transparency is important, and he needs to see things.

Ald. Ervin moved do pass on Items 5-7. Motion carried on a voice vote.

The Committee having no further business, on a motion by Vice Chairwoman Hairston the meeting was adjourned at 10:58 am.

On November 19, 2019, at 10:08 am, the Committee on Finance held a meeting in City Hall, City Council Chambers.

The following members were present: Hopkins, Dowell, King, Sawyer, Mitchell, Beale, Sadlowski-Garza, Thompson, Cardenas, Quinn, Lopez, Moore, O'Shea, Brookins, Tabares, Scott, Burnett, Ervin, Taliaferro, Reboyras, Austin, Villegas, Mitts, Sposato, Reilly, Smith, Tunney, Osterman, Silverstein, Vice Chairwoman Hairston, and Chairman Waguespack.

The following members were absent: Harris, Burke, Curtis, and Napolitano.

The following additional aldermen were present: Cardona, Nugent, Vasquez.

The Committee addressed the following items:

1. Truth in Taxation Hearings pursuant to Title 6, Article 18, Division 2 of the Illinois Property Tax Code, 35 ILCS 200/18-55 et seq.

Chairman Waguespack opened the Truth in Taxation hearing on the 2019 levy amendments and read the legal notice. Chairman Waguespack invited written comments. There were none. Chairman Waguespack introduced Budget Director Susie Park to explain the levy, which she did. Chairman Waguespack opened the floor for public comment. There was none. Chairman Waguespack closed the 2019 Truth in Taxation hearing at 10:17 am.

Chairman Waguespack opened the Truth in Taxation hearing on the 2020 levy at 10:17 am and read the legal notice. Chairman Waguespack invited written comments. There were none. Chairman Waguespack introduced Budget Director Susie Park to explain the levy, which she did.

Ald. Osterman asked if state capital money might offset property taxes levied for capital infrastructure. Park said that would figure into the 2021 levy.

Ald. Ervin asked what happens when the City doesn't collect everything levied, especially in regard to pensions. Park said they budget for that loss.

Ald. Moore asked for a breakdown of how the levy would impact the average household. Park agreed to provide it.

Chairman Waguespack opened the floor for public comment. There was none. Chairman Waguespack closed the 2020 Truth in Taxation hearing at 10:27 am.

2. O2019-8520 A communication recommending a proposed ordinance concerning approval of the revised property tax levy of the City of Chicago for the year 2019.

Amount of Tax Levy: \$1,474,222,000

Chairman Waguespack introduced Budget Director Susie Park to explain the levy, which she did. Ald. Ervin asked when the levies are collected, and Park provided the information. Ald. Ervin asked why the levy needed to be approved now. Chairman Waguespack invited Deputy Corporation Counsel Jeff Levine to explain the requirements of state law, which he did.

Ald. Dowell asked to have the amounts of each section of the levy repeated, and Park did so. Chairman Waguespack opened the floor for public comment. There was none.

Ald. Ervin moved do pass. Motion carried on a voice vote.

3. O2019-8521 A communication recommending a proposed ordinance concerning the approval of the property tax levy of the City of Chicago for the year 2020.

Amount of Tax Levy: \$1,539,033,000

Chairman Waguespack introduced Budget Director Susie Park to explain the levy, which she did. Chairman Waguespack opened the floor for public comment. Rabbi Shlomo Soroca of Agugath Israel of Illinois expressed his support for libraries being open on Sundays so that observant Jews have better access. Maureen Warren expressed support for libraries being open on Sundays.

Ald. Silverstein echoed those comments and expressed her support.

Ald. Dowell moved do pass. Motion carried on a voice vote. Aids. Hopkins, Reilly, and Smith asked to be recorded as voting no.

4. O2019-8527 A communication recommending a proposed ordinance authorizing amendments to various sections of the Municipal Code of Chicago, which relate to revenue derived from certain taxes, fines and fees.

Chairman Waguespack introduced Budget Director Susie Park to explain the levy, which she did. Ald. Osterman asked if there were any Chicago Infrastructure Trust projects in progress. Park said there were, and they would be reassigned to the appropriate departments. Ald. Osterman asked if funding would be more conventional in the future, and Park said it would. Ald. Osterman asked if the Department of Law would again look at the parking meter concession agreement and asked how much of the additional parking meter revenue would go toward the annual true-up. Park said about \$7.8 million.

Ald. Silverstein expressed opposition to provisions in the ordinance regarding City trash collection for nonprofits and asked how much revenue it would create. Park said about \$215,000. Ald. Silverstein asked how the black cart limit was determined. Chairman Waguespack invited Streets and Sanitation Commissioner John Tully to explain, which he did. Ald. Silverstein said she believes not for profits that have received the service should continue to and that the Administration continues to work on this. Park said they would.

Ald. Austin asked about driveway fees. Chicago Department of Transportation Acting Commissioner Tom Carney said they are reviewing all their fees to ensure they are accurately capturing their costs, but driveways are not in this ordinance. Ald. Austin said aldermen should be consulted before parking meters are installed in their wards. Park said the meters in the ordinance are in the Loop and West Loop. Chairman Waguespack invited Comptroller Reshma Soni to speak to the question, which she did.

Ald. Thompson asked about the Chicago Infrastructure Truth and its existing liabilities. Park said there is about \$1.9 million that will be coming back to the City, and the ordinance requires an audit of the CIT. Ald. Thompson asked if that should be done before CIT is unwound. Chairman Waguespack invited the Chief Financial Officer Jennie Huang Bennett to speak to the question. Bennett said there are energy projects and litigation but that is accounted for in the budget estimates.

Ald. Lopez asked about building permit in-person review fees. Park said this is an upfront cost that is now being charged. Ald. Lopez asked how 2 different costs for the same permit is justified. Park said that fees are determined by looking at how much work is needed to review and process the permit. Ald. Lopez expressed opposition to a two-tier fee. Chairman Waguespack invited Department of Buildings First Deputy Commissioner Matthew Beaudet to explain the fee. Beaudet explained that the in-person review is more of a “concierge” type service for larger projects, and this change is moving the fee to a different section of the municipal code.

Ald. Lopez asked how much the rideshare taxes would generate, and Park said \$40 million. Ald. Lopez asked about an editorial where Uber officials said they had a tax model that would generate \$50 million and asked why the City is not proceeding with that option. Park said the focus of the tax was on congestion reduction, and that the City’s \$40 million estimate was conservative. Ald. Lopez asked if there is a way to find a compromise. Park said this is just a first step, and they’ll keep studying it. Park also questioned the revenue “guarantee” that Uber officials expressed in the newspaper.

Ald. Lopez moved to strike the rideshare tax provisions, Art. VIII, from the Ordinance. Ald. Dowell moved to lay on the table Ald. Lopez’s motion. Chairman Waguespack noted that the Administration had studied this, while Uber just wrote an editorial.

Park addressed the revenue estimate. Department of Business Affairs and Consumer Protection Commissioner Rosa Escareno said they had seen proposals from Uber, all of which were extremely questionable. Escareno also questions how a smaller tax would generate more revenue without generating more congestion.

Ald. Ervin, on a point of order, questioned if there was a motion on the floor. Chairman Waguespack asked if Ald. Lopez would renew the motion. He did. Ald. Dowell renewed her motion to lay on the table. Deputy Corporation Counsel Jeff Levine explained the parliamentary procedure.

Chairman Waguespack recessed the meeting at 11:24 am. Chairman Waguespack called the meeting back to order at 11:31 am.

Ald. Reilly, on a point of information, asked if a “yes” vote on Ald. Dowell’s motion would keep the ordinance intact. Chairman Waguespack said it would. Ald. Lopez requested a roll call.

Roll call on Ald. Dowell’s motion to table Ald. Lopez’s motion was taken, and Ald. Dowell’s motion carried. Aids. Dowell, King, Sawyer, Mitchell, Sadlowski-Garza, Thompson, Quinn, Moore, O’Shea, Tabares, Scott, Burnett, Taliaferro, Reboyras, Austin, Villegas, Mitts, Sposato, Reilly, Smith, Osterman, and Silverstein voting yes; while Aids. Hopkins, Beale, Lopez, Ervin, and Vice Chairwoman Hairston voted no.

Ald. Lopez expressed concern about the nonprofit garbage collection fee. Park noted that if anything was removed from the ordinance, the budget would no longer be balanced. Park said the fee for collection would start at the beginning of the year, but they are open to continuing to conversation. Tully explained that the fee was in response to an Inspector General audit. Tully also explained that they would legally need to open the service to all nonprofits, and he doesn’t know if Streets and Sanitation has the capacity to do that.

Ald. Lopez moved to remove the non-profit garbage fee provisions, Art. X, from the ordinance. Ald. Reilly moved to lay on the table Ald. Lopez’s motion. Vice Chairwoman Hairston requested a roll call. Levin explained the parliamentary procedure.

Roll call on Ald. Reilly’s motion to lay on the table Ald. Lopez’s motion was taken, and Ald. Reilly’s motion carried. Aids. Dowell, King, Sawyer, Mitchell, Sadlowski-Garza, Thompson, Quinn, Moore, Tabares, Scott, Taliaferro, Reboyras, Austin, Villegas, Mitts, Sposato, Reilly, Smith, Osterman, and Vice Chairwoman Hairston voting yes; while Aids. Hopkins, Beale, Lopez, Ervin, and Silverstein voted no.

Ald. Hopkins asked about the CIT and if the audit would identify why it didn’t work better. Park said they are doing that and will provide that through the Chair once it is complete.

Ald. Dowell asked about McCormick Place surcharge in the rideshare section and if it includes area hotels and Wintrust Arena. Escareno said it does not.

Ald. Beale asked about changes to water revenue and ambulance reimbursement. Park said they match revenue and expenditures monthly and if the ambulance reimbursement doesn’t come through, they will be back to the Committee. Ald. Beale asked what has changed in the ordinance since the Administration’s lobbying of the Illinois General Assembly. Park said those adjustments were in the Committee on Budget and Government Operations. On water revenue, Park said it is its own enterprise fund, so expenditures are tied to revenue. Park said she would provide more information through the chair.

Ald. Reilly asked how big the fleet of wheel chair accessible cabs is. Escareno said there are more than 400. Ald. Reilly noted that reducing the fee on those cabs made sense, and as a policy, they should consider reducing it more. Ald. Reilly said he believes the fees for obstructing the public way in the Central Business District are still too low and asked for an explanation, which Carney provided. Ald. Reilly said that he'll be introducing an ordinance on the topic. Ald. Reilly also asked about dumpster permits. Carney said that these fees would apply to both construction and roll-off dumpsters. Ald. Reilly said they're too low, and because of that, they remain on the right-of-way for too long.

Ald. Reilly asked if right-of-way barricade permits will increase. Park said the application fee would increase. Ald. Reilly said it should be higher in the Central Business District. Ald. Reilly asked about the lack of filming fees and suggested there should be some sort of fee. Park agreed they would look into the issue. Ald. Reilly also asked about fees for art fairs, which typically are run by for-profits, perhaps with a distinction between for-profit and nonprofit. Chairman Waguespack noted that the issue has come up in Committee on License and Consumer Protection.

Ald. Moore, on a point of information, asked that nonprofit art fairs have some type of scale based on how much money they have. Vice Chairwoman Hairston, on a point of information, asked that neighborhood festivals also be included.

Ald. Reilly noted that Uber and Lyft were not interested several months ago in helping the city balance the budget. Park agreed. Ald. Reilly said the shared economy has not shown itself to be trustful and said Uber's latest proposal is nonsensical.

Ald. Reilly asked how many nonprofits might get City waste collection. Streets and Sanitation Deputy Commissioner Chris Sauve said about 4,000 total have the water exemption, and about 2,000 currently get garbage collection. Ald. Reilly noted that the vast majority of his constituents pay for private garbage collection despite paying the same taxes as everyone else.

Ald. Reilly expressed his displeasure with the CIT and praised its demise while noting that many bad deals never made it through the vetting process. Ald. Reilly, on the various fees he had discussed, said there should be a working group, perhaps a subcommittee of Committee on Finance and Committee on Budget and Government Operations.

Ald. Sadlowski-Garza asked how BACP will keep track of the number of riders in the vehicle. Escareno said they get data from the Transportation Network Providers. Ald. Sadlowski-Garza said she has an issue with those seeking building permits being able to pay more to get their permits quicker. Beaudet said that it costs the City more to have the in-person meeting, and these meetings are for zoning approvals on large developments. Ald. Sadlowski-Garza asked when new parking meters would be installed. Park said she wasn't sure.

Ald. Villegas asked if construction of the public safety academy should go to the Public Buildings Commission, instead of the Department of Fleet and Facility Management once the CIT is closed. Park said they will look at that.

Ald. Smith asked for clarification on dumpster fees. Carney said the fees are to cover the costs to review the application, and that this is just for temporary dumpsters. Ald. Smith on CIT said it

was clear that public private partnerships almost never actually help the public and expressed support for shutting it down.

Vice Chairwoman Hairston asked for clarification on where meter rates were increasing. Bennett explained that it is in the Loop and West Loop.

Ald. Dowell, on a point of information, clarified that the increase does not include the South Loop. Vice Chairwoman Hairston also clarified that there is no increase in the neighborhoods. Bennett agreed but noted the meter fees would be tied to the Consumer Price Index in the future.

Vice Chairwoman Hairston asked how water bills are determined when there is no meter. Deputy Comptroller Tina Consola explained that non-metered water accounts are billed by a number of factors like square footage and the number of fixtures. Vice Chairwoman Hairston expressed her support for doing away with CIT.

Ald. Ervin asked if any standing or loading zones would be removed for meters. Park said no. Ald. Ervin asked about the value of improvements for the determination of eligibility for City refuse collection for nonprofits, which is not included in wealth calculation on the water exemption. Soni said that it is the exact same calculation as the water fee exemption for nonprofits. Ald. Ervin asked if that could be added to this ordinance. Soni said it is part of the net assets calculation. Ald. Ervin wanted to clarify that improvements are not included in net assets.

Ald. Ervin asked about ambulance reimbursement, and Park said they still expect the funding will be set by the end of the month, and they would let the Committee know if that is not the case.

Soni on the garbage fee for nonprofits noted that there is an application, and the section that governs the asset calculation excludes improvements.

Ald. Ervin defended the CIT as providing some value and said there was a good team there. He also said that the city should consider more public private partnerships in the future. Park said they do intend to look at how such a program could be done better and what lessons can be learned.

Ald. Scott asked when the City will learn about an ambulance reimbursement increase, and how often the City receives it. Park said they would know by the end of the month, and the reimbursement comes monthly. Ald. Scott asked that word of the reimbursements, as well as updates on what revenue has been collected, could be provided monthly or quarterly through the Chair. Park said they would.

Ald. Scott asked how much the City would be collecting on the cannabis tax. Park said the projection increased because the City will start to collect it in July, not September. Ald. Scott expressed concern that, once prices drop, City revenue will drop. Park said their revenue estimate is very conservative. Ald. Scott asked if they have considered taxing it by weight. Park said they could look at that in the future. Ald. Scott also defended the CIT and said it did good work.

Ald. O'Shea, on CIT, also defended it and its staff. Chairman Waguespack said everyone appreciated the work of the CIT staff.

Ald. Lopez asked if there are monthly statements of City cash management. Park clarified that they would be providing the statements quarterly. Ald. Lopez asked what the forecast for the year, by month, was, as well as if monthly updates could be provided through the Chair. Ald. Lopez also asked about the City's rainy day fund. Park said it is not being used.

Chairman Waguespack opened the floor for public comment. Metropolitan Planning Council Director of Transportation Audrey Wennink said MPC supports the rideshare modifications and how they will help decrease congestion. Active Transportation Alliance Managing Director for Public Affairs Kyle Whitehead spoke in favor of the rideshare changes and how they will decrease congestion. Center for Neighborhood Technology Transportation Director Elizabeth Irvin spoke in favor of the rideshare changes and how they will decrease congestion.

Ald. O'Shea moved do pass. Motion carried on a voice vote, with Ald. Lopez asking to be recorded as voting no.

5. O2019-8927 A communication recommending a proposed ordinance concerning a bond refunding financial plan to retire or restructure city debt and revenue obligations by issuance of General Obligation Bonds (Refunding Series) and additional Corporation Obligations (Additional Sales Tax Obligations) subject to defined debt limits.

Chairman Waguespack invited Chief Financial Officer Jennie Huang Bennett to speak on the ordinance, which she did. Chairman Waguespack opened the floor for public comment. There was none.

Ald. Ervin asked which law firms are working on the deal. Bennett said she could provide it through the Chair. Ald. Ervin noted that, while the underwriters have MBE participation of more than 50 percent, the Committee didn't have information on the law firms. Bennett said the underwriting MBE is the second highest ever. Deputy Corporation Counsel Jim McDonald said that both African American and Hispanic law firms are working on the deal and noted which firms those are. Ald. Ervin asked what percentage of that work is done by African American firms, and McDonald provided the information. Ald. Ervin asked if there are enough MBE firms that can do this work. McDonald said there aren't as many as the City would like. Chairman Waguespack offered to have the list of firms doing the work provided through the Chair. Ald. Ervin noted that this information was previously provided to the Committee. Park agreed to provide it through the Chair.

Ald. Austin, on a point of information, noted that in past years, there was a summary of the MBE/WBE breakdowns. Park said that would be a great for the future practice.

Ald. Cardenas asked a question regarding the refuse collection in Item 4 and asked for a clarification on how much nonprofits will be charged.

Ald. Thompson noted that the Committee in the past received a list of the teams working on bond deals. Chairman Waguespack noted that that information had been requested and should have been included in the information that was provided.

Ald. Austin moved do pass. Motioned carried on a voice vote.

The Committee having no further business, on a motion by Vice Chairwoman Hairston the meeting was adjourned at 10:58 am.

Respectfully submitted,

A handwritten signature in cursive script that reads "Scott Waguespack". The signature is written in black ink and is positioned to the left of the typed name.

Scott Waguespack

Chairman, Committee on Finance