

CHICAGO: For a Thriving 21st Century City



FINAL REPORT

November 6, 2008

The 21st Century Commission on City Government

Prepared for the City of Chicago

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From the Commission

In August 2007, Mayor Richard M. Daley named the 21st Century Commission to advise him on the direction Chicago's City government should take to meet the changing needs of the city, its residents, and its businesses in the decades ahead. This was a bold challenge, and the Commission saw this charge as a once-in-a-lifetime opportunity to step back from present concerns and reconsider the future scope and structure of Chicago's government.

The formal charge of the Commission was to make recommendations on:

- What is the best role for City government? What services should and should not be provided?
- What level of service is necessary, and how can we ensure its quality?
- How can services be delivered in the most efficient way possible to ensure that resources are channeled effectively?

As Mayor Daley noted when the Commission was announced, "Do we really need each separate City department to do our work or can they be consolidated, reorganized or redefined? Are all services government provides today services people really need? Do we need to provide new services? Are we providing the services people will need in the years and decades ahead to assure their ongoing progress, and our City's?"

The Commission's first task was to develop a perspective from which to consider what the City can best do, to set its goals, indeed to reach for its aspirations. The answer, in the end, was quite simple: it starts with you. Everything the City government does, it does for you. Who are you? Certainly you are the residents of Chicago, the almost three million men, women and children who make their homes here. You are also the throngs of people who come into our city every day to work, to attend conventions, and to take advantage of the thousands of cultural and recreational opportunities that Chicago offers. You are the businesses that employ our residents and fuel the local economy. And you are the thousands of people who work for the City and its agencies, the schools, and public transit and who serve the people of Chicago.

These are the eyes through which we looked for improvements to the City's government. And it is for you and for our City's future that we offer the recommendations put forth in this report.

Sincerely,
The 21st Century Commissioners

Executive Summary

ORGANIZATION AND PROCESS

The 22 Commissioners who served on the 21st Century Commission represented multiple sectors across the city. Led by co-chairs Sarah Pang, Senior Vice President for Corporate Communications, CNA, and Bennett J. Johnson, III, Budget Director for the City of Chicago, the Commission organized itself into committees to consider improvements to City services in three broad, topical areas: resident services; environment, infrastructure and business services; and internal support services. Each committee considered ideas for improvements and innovations within its area of focus, and then advanced its recommendations to the full Commission for discussion, deliberation, and refinement.

The Commission met, in whole or in part, more than 65 times to shape the recommendations included in this report. Management, staffing support, and *pro bono* resources were provided by the Civic Consulting Alliance, KPMG LLP, Lloyd Consulting, Inc., and O-H Community Partners. In addition to its work in committees, the Commission reviewed numerous reports and industry analyses, and benefitted from in-depth presentations by numerous public sector experts, including KPMG LLP and Deloitte Consulting, which both provided all of their services on a *pro bono* basis. City of Chicago department commissioners and staff supported the three committees with data and analyses to assist in evaluating ideas.

CONTEXT FOR THE COMMISSION'S WORK

At all times, the lens for the Commission's recommendations focused on a few basic yet critical questions: What does Chicago in the 21st Century need to thrive? What will ensure the highest possible quality of life for all the city's residents? What do businesses need to grow and compete in an increasingly global economy? How can the City improve its operations to maximize its own effectiveness?

Great strides forward

Chicago stands out for the boldness with which it often approaches major public issues, such as its comprehensive green initiatives and its efforts to rethink and restructure its education and public housing systems. Large-scale initiatives such as Renaissance 2010 and the Chicago Housing Authority's Plan for Transformation are tackling some of the city's toughest problems head-on. Benefiting from a dynamic and involved business community, Chicago has been recognized for its creativity in identifying innovative public-private partnership opportunities that provide critical funds for infrastructure investment and set the bar for other cities. Working to drive

internal efficiency and outcomes, the City has also launched a comprehensive performance management system that extends throughout its operations.

Historically a regional powerhouse and widely known for its livability and quality of life, Chicago is the only large Midwestern city that has managed not only to have maintained its strength into modern times but also to have evolved into a world-class city. Today, as one of the world's largest commercial and financial services centers, an academic stronghold that is home to some of the nation's best universities, and a source of internationally recognized culture and entertainment, Chicago claims a strong position within the global community.

Challenges ahead

Still, there are good reasons why this Commission was formed. Chicago shares many challenges in common with its global peers, such as London, Paris, Sydney, New York, and other major cities that can claim thriving economies and strong quality of life. Like those cities, Chicago will need to address significant challenges if it is to maintain and even build from its current position. Taxpayers must have confidence that our government is responsibly serving the needs of all people and all communities.

The education of Chicago's children, the preparation of its adults for jobs, public safety and crime, affordable housing, health care, aging infrastructure, and the quality of natural resources will dominate local government choices in the coming decades, much as they will elsewhere. With these challenges in mind, the City has been working toward the day when parents make the decision to live in Chicago because of quality schools, when people feel safe in all neighborhoods, and when people can get jobs locally that provide income and security for their families.

But especially at a time when budget gaps are widening dramatically, these challenges lack easy solutions. Along with issues such as changing demographics and climate change, these challenges will reframe the discussion about City services, requiring a reevaluation of traditional approaches and an understanding about which services will be necessary to best meet the needs of future generations.

Mayor Daley has spearheaded major infrastructure investments in Chicago. Yet local infrastructure – transit and rail, roads, water and sewer pipes, even the airports – competes for limited resources and is showing its age. Progress and ongoing rehabilitation are further hampered by the lack of a comprehensive land use plan and comprehensive investment strategies, especially among the different levels and units of government, to prioritize needs.

CHICAGO IN THE 21ST CENTURY

Against this backdrop of progress and challenges, the Commission formulated its vision for a thriving 21st Century Chicago and a set of supporting principles that guide the recommendations laid out in this report.

THE COMMISSION'S VISION FOR A THRIVING 21ST CENTURY CITY: In 21st Century Chicago, neighborhoods are safe, affordable, and economically viable. Every resident enjoys a healthy lifestyle and quality education, leading to long-term careers and lifelong earnings growth. Businesses of all sizes and types prosper and compete in a vibrant and supportive climate, which continuously attracts investments. Culturally diverse and inclusive, 21st Century Chicago is easy to travel to, through, and within. The City's natural assets – its water, land, air, natural life, and beauty – thrive. People, companies, and government all show leadership to minimize their environmental impact. City government runs seamlessly and efficiently, setting and meeting ever higher standards for itself. Quality of life in all areas and in all communities is exceptional.

Supporting Principles

The Commission further considered what would be necessary to attain this vision for Chicago and thus developed a set of supporting principles to guide its analysis of specific recommendations. Stepping back from what Chicago is today, what it aspires to be, and even where its challenges lie, the Commissioners drafted the following principles to be able to consider the key components that Chicago – or, really, any city – needs to emphasize to maintain and build its role in the 21st Century.

The Commission expects that the list of principles will come as no surprise to City leadership, who likely espouse a similar and possibly more complete set of goals. Yet the supporting principles proved exceptionally useful as the Commission weighed different options and recommendations for improvements and change. In short, to achieve its vision for a 21st Century city, the Commission believes that a local government should:

1. Operate with a vision for the future that reaches beyond present-day issues and problems to identify and address challenges and needs for the future.

2. View service to residents as its principal goal, and structure its operations to meet the needs of the people and businesses throughout Chicago.
3. Educate and prepare students and workers for opportunities that exist now and in the future, in an increasingly global economy.
4. Plan for and develop infrastructure that supports neighborhoods and dramatically increases access, expands mobility, and promotes sustainability.
5. Take a leadership role to preserve, restore, and sustain the city's natural assets.
6. Hire, develop, and retain highly talented people.
7. Drive continuous improvement in its internal operations.
8. Understand its leadership and collaborative role within a larger network of other regions, governments, nonprofit organizations, businesses, and community groups.

RECOMMENDATIONS

Guided by these principles, mindful of the City's willingness to embrace bold measures, and alert to the challenges we face, the Commission puts forward 64 recommendations.

A handful of these ideas were announced by Mayor Richard M. Daley in April 2008 as part of the Commission's early work. Other ideas, developed during the Commission's process, are already being explored and implemented. As a group, the recommendations represent a mixture of ideas, big and small, some complex and difficult, some quick and reasonably easy to implement. Many will be difficult to tackle, but we anticipate that the results will be dramatic.

Transform direct services to residents

Rich in its diversity and abundant in ethnic enclaves, Chicago has been recognized for its economic and cultural significance on a global scale.¹ Yet, as in many similar cities, looking at the city with a broad view masks the challenges faced by some residents on an individual and community level. If we do not address those challenges, there will be broad implications for the overall population.

Attention to the quality of life of all of Chicago's residents is critical. With income inequality on the rise here and in cities across the nation, Chicago should enhance its focus on individuals and families of more modest means, create more opportunities to

¹ GaWC Research Network. *Chicago in the World City Network Globalization and World Cities Study Group and Network*. Retrieved September 29, 2008 from <http://www.lboro.ac.uk/gawc/projects/projec16.html>

help low- and moderate-income households move into the middle class, and ensure the city's continued vitality. By addressing the needs of its most vulnerable residents, Chicago can ensure that it remains a city of opportunity for all and that people of all backgrounds, income levels, ethnicities, and religions continue to be welcome here.

With these objectives in mind, the Commission considered what low- and moderate-income people in Chicago need from the City. Is it help in managing an emergency, having the resources to obtain food and housing, having the tools to get a decent-paying job, access to health care, knowledge about living a healthy lifestyle?

Most of the Commission's recommendations target efforts that City departments, rather than sister agencies, can undertake to improve services.² Several of the following recommendations form an integrated approach to transforming the interaction between residents and the City's human services programs and the use of data to plan and deliver those programs. Through greater use of data to determine the distribution of resources and services, and greater use of technology to share information with residents and service providers, the City can create a more resident-centered, partnership-based and performance-driven human services system.

The Commission recommends that the City:

- 1.1 Improve the delivery of human services to vulnerable adults by establishing a combined department to serve them.³
- 1.2 Improve residents' access to and City management of human services:
 - 1.2a Expand the City's 311 system to provide easier ways to access human services.
 - 1.2b Revamp the City's web site to facilitate online problem-solving, self-referral and services planning.
 - 1.2c Use web-enabled technology to establish greater awareness of and access to public benefits, automatic eligibility determination, and electronic submission of applications.

² Specifically, regarding improvements to resident services, the Commission focused its deliberations on opportunities to increase the upward mobility and well-being of low- and moderate-income Chicagoans. Outside of the scope of the Commission's charge, the sister agencies include: Chicago Housing Authority, Chicago Public Schools, Chicago Park District, Chicago Transit Authority, City Colleges of Chicago, Metropolitan Pier and Exposition Authority, Metropolitan Water Reclamation District, and the Public Building Commission. The Commission also did not address recommendations regarding public safety improvements, given other, concurrent initiatives that were underway in the Chicago Police Department and the then recent arrival of the new Superintendent.

³ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

- 1.2d Prioritize the implementation of better internal information-sharing about residents' needs.
- 1.2e Cross-train front-line staff and align facility resources to maximize resident access and satisfaction.
- 1.2f Contract for an analysis of the social and economic conditions of residents to better plan services.
- 1.2g Formalize the involvement of community leaders and other experts in planning and resource allocation.
- 1.3 Sharpen the focus of public health programs to ensure more effective service delivery and take steps to strengthen the pipeline of clinical care providers:
 - 1.3a Refine performance measures for the Department of Public Health to focus on the most serious risks.
 - 1.3b Retain a third-party expert to measure the effectiveness of the delivery of public health services by delegate agencies and use the findings to inform funding decisions.
 - 1.3c Collaborate with the independent board of the Cook County Bureau of Health Services to identify a timeframe within which the County will assume responsibility for clinical care for overflow patients currently receiving City medical care.
- 1.4 Increase access to training and jobs in growth sectors to meet the needs of residents, businesses, and communities.⁴
- 1.5 Encourage ongoing efforts to create and maintain affordable housing:
 - 1.5a Continue to create and preserve affordable rental and homeownership options for Chicago residents, and support efforts through a community awareness campaign.
 - 1.5b Expedite efforts to develop a public-private initiative to put vacant, foreclosed properties quickly back into productive use.

Invest in infrastructure strategically

From reversing the flow of the Chicago River to operating the world's second busiest airport, Chicago's growth and competitiveness has often been attributed to its historic and ongoing investment in infrastructure. Over the last two decades, Chicago has invested billions of dollars to improve its streets, alleys, and sidewalks and to build new community anchors, such as schools, parks, libraries, and senior centers.

⁴ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

Yet similar to most older cities, much of Chicago’s infrastructure is aging rapidly, and is in need of upgrades or ongoing repairs. The squeeze on financial resources from the federal and state governments, once equal partners in financing infrastructure improvements, has put an extra burden on limited City funds.

With the following recommendations, among the Commission’s largest and most challenging, the focus is on planning for and investing strategically in bolstering and enhancing Chicago’s infrastructure – to bring the system into a state of good repair, to increase access, to expand mobility, and to promote sustainability. The impact of a comprehensive infrastructure investment strategy will reach far beyond the city limits.

Similarly, the Commission believes that Chicago can become a national leader in transit-oriented development (TOD) – the concentration of development near transit, which often draws better retail, housing, and services to the neighborhood. Offering countless environmental benefits, TOD also alleviates congestion, reduces travel times, and enhances the quality of life in neighborhoods. TOD is a critical method by which Chicago can reverse its population decline and in doing so also make the best use of the billions of dollars already invested in its existing transit infrastructure, increase options for people and businesses, and alleviate congestion. At a time when Chicago needs and deserves a world-class transit system, making TOD the norm in planning decisions can transform and revitalize Chicago’s communities.

The Commission recommends that the City:

- 2.1 Create and oversee a comprehensive infrastructure investment strategy:
 - 2.1a Lead the charge in assessing and addressing infrastructure needs across all sectors and agencies.
 - 2.1b Assess current assets and efficiently deploy resources for future investments.
 - 2.1c Develop evaluation criteria to prioritize infrastructure investment decisions.
 - 2.1d Establish mechanisms for centralized coordination and tracking of infrastructure projects across sister agencies and public/private sector lines.
 - 2.1e Elevate efforts to solve freight congestion in Chicago to a national priority.
 - 2.1f Continue the resourceful pursuit of appropriate revenue sources and public-private partnerships to finance and sustain infrastructure projects.

- 2.2 Aggressively incorporate transit-oriented development (TOD) principles into planning decisions to take full advantage of existing transit infrastructure:
 - 2.2a Through TOD, maximize existing infrastructure in order to alleviate congestion, reduce travel times, and enhance quality of life in neighborhoods.
 - 2.2b Adopt and use planning criteria that take full advantage of existing transit infrastructure.
- 2.3 Support projects that enhance access for passengers and cargo to and from O’Hare International Airport.
- 2.4 Improve access and transfers across transit modes:
 - 2.4a Offer integrated fare cards, valid on CTA, Metra and Pace.
 - 2.4b Enable riders of all transit systems to purchase fare cards using credit and debit cards, and consider expansion of electronic fare “smart cards.”

Improve services to businesses

Chicago competes on a global scale for economic growth and development, and businesses must be able to operate and prosper in Chicago. The City should adopt a more customer-centered approach to its interactions with businesses, streamlining the effort required by business owners to effectively operate in Chicago. Additionally, it is important to strengthen the ability of businesses to conduct their business safely and in compliance with regulations.

For example, one of the Commission’s recommendations is to create a 311 system for businesses, to help firms manage City requirements without the need to visit or contact multiple City departments. Through a record identification number and an online / call-in system, a business should be able to check its status on license applications and other records. The City should also continue to step up its efforts to promote Chicago on a global scale: new businesses and opportunities should be even more actively recruited and welcomed from around the world.

The Commission recommends that the City:

- 3.1 Create a 311 system for businesses (online and phone) that enables business owners to access records, obtain licenses, submit necessary forms, make payments, and comply with requirements in a convenient manner.

- 3.2 Consolidate and coordinate inspections to present a single, accessible interface for businesses and ensure compliance with safety requirements.
- 3.3 Increase the efficiency of building inspections by allowing private, professional certification of certain low-risk buildings.⁵
- 3.4 Improve business compliance and consumer protection efforts by merging the Department of Business Affairs and Licensing and the Department of Consumer Services.
- 3.5 Coordinate trade promotion and enhance trade opportunities for local businesses.
- 3.6 Increase tourism and travel to Chicago:
 - 3.6a Invest more in tourism marketing and require better coordination among tourism entities.
 - 3.6b Develop a presence in key overseas regions to bring international visitors to Chicago.

Make Chicago an even greener city

Chicago has emerged as a national green leader – through the greening of its own operations, the development of incentives for businesses and residents to introduce environmental practices into their activities, and the many cross-sectoral partnerships it has supported. Within this context, however, escalating challenges from climate change, air quality, water, and waste require continued attention. By introducing additional innovations in green planning and action, Chicago can move even closer to its goal of being the greenest city in the nation and set a new global standard for green cities. The Commission finds that it is of increasing importance and urgency that the City develop and report on environmental performance indicators that measure our progress in addressing ongoing challenges.

The Commission recommends that the City:

- 4.1 Publish environmental indicators that track Chicago’s progress toward becoming the greenest city in the nation.
- 4.2 Support the Climate Change Action Plan to reduce greenhouse gas emissions and adapt to challenges resulting from climate change.
- 4.3 Significantly reduce the amount of waste sent to landfills through leadership by example, provision of infrastructure for waste reduction and separate collection, incentives programs, and, where necessary, regulation and requirements.

⁵ Included in the Mayor’s April 2008 announcement of the Commission’s preliminary recommendations.

- 4.4 Franchise waste pickup by private haulers.
- 4.5 Complete the roll-out of blue cart recycling city-wide and privatize its collection.
- 4.6 Create a comprehensive water conservation strategy that includes automated meter reading, universal residential metering, accelerated water main replacement, consumer education, effective pricing, nonprofit reduction incentives, and water efficiency rebates.
- 4.7 Develop and implement an air quality improvement agenda.
- 4.8 Adopt policies that reduce traffic congestion for automobiles and trucks:
 - 4.8a Implement market-specific pricing strategies for curbside and public parking to mitigate automobile congestion.
 - 4.8b Link new revenue from congestion-priced parking to transit-oriented initiatives, providing a funding source for non-automobile infrastructure improvements for public transit, pedestrians, and bikes.
 - 4.8c Evaluate the full impact of truck congestion and adopt policies to mitigate its effects. Consider strategies such as off-peak deliveries, loading zone efficiencies, trucking route improvements, and congestion-based tolling.
- 4.9 Reduce the environmental impact of the City fleet through the conversion to biodiesel fuel

Drive continuous improvement in the City's internal operations

This year the City of Chicago will spend more than \$6 billion. In the face of projected revenue shrinkages, increasing personnel costs, and extensive infrastructure needs, some experts predict that cities nationwide will continue to face fiscal challenges for the foreseeable future. In this environment, taxpayers, who fund the City's operations, are likely to have higher expectations that their money is being spent wisely and efficiently. They will want assurance that City funds are being dedicated to areas of greatest need and that the City is reaping the maximum result out of every dollar spent. For people to know these goals are achieved, the City's operations – why they are taken on, what they cost and how effectively are they being delivered – should be transparent.

Performance management, asset management, human capital, procurement, and technology provide the best opportunities to introduce a continuous improvement system into the City's internal operations. By setting and meeting high standards for performance, the City can demonstrate and underscore the value it – and others – place on accountability and transparency.

Many of these changes, such as streamlining the procurement system, have historically been quite difficult to undertake; others may be quicker to implement, such as bringing together the City's real estate holdings under common strategic management or regularly updating progress on performance measurement on the City's web site.

The Commission recommends that the City:

- 5.1 Create a division of real estate management to optimize the City's real estate assets.⁶
- 5.2 Transform the City's procurement processes:
 - 5.2a Improve the procurement performance measures.
 - 5.2b Implement a streamlined procurement process, supported by upgraded e-procurement technology.
 - 5.2c Re-engineer the invoice payment process through technology, such as e-billing, to increase efficiency.
 - 5.2d Thoroughly train procurement personnel within the Department of Procurement Services and user departments.
 - 5.2e Make changes to the Minority- and Women-owned Business Enterprise (M/WBE) program to decrease the burden on businesses and increase program participation.⁷
 - 5.2f Partner with specialized procurement expertise.
 - 5.2g Share the purchasing model with the sister agencies as a step toward joint purchasing.
- 5.3 Develop and fund an information technology strategy and implement the necessary structural changes to enable successful implementation.
- 5.4 Improve the City's ability to hire and recruit effectively and establish the City as an Employer of Choice.
 - 5.4a Track and communicate the progress of new hiring and recruitment improvements through performance measures and regular updates.
 - 5.4b Implement a City-wide Employer of Choice program for all management to retain top performers.
 - 5.4c Restructure policies regarding the accrual and use of benefits to transfer when a person moves between the City and sister agencies.
- 5.5 Create sustainability in the City's pension funds.

⁶ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

⁷ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

- 5.6 Implement shared services for administrative functions:
 - 5.6a Adopt shared services for the delivery of administrative services across the City, including grants management, payroll, timekeeping, training, document / records management and inspections.
 - 5.6b Pilot in areas of grants management (i.e., hiring practices, fiscal monitoring) in human services departments.
 - 5.7 Transfer the responsibilities of the Board of Elections to Cook County to eliminate duplicate services.
 - 5.8 Overhaul the employee innovation system to generate big ideas, substantial cost savings, service improvements, and/or new revenue.⁸
 - 5.9 Implement managed competition.
 - 5.10 Cross-train cashiering resources to create one-stop customer service:
 - 5.10a Cross-train and combine the cashiering positions in the Office of the City Clerk and the Department of Revenue.
 - 5.10b Change the City sticker renewal cycle to a year-round program.
 - 5.11 Increase government transparency and improve operations through web-based publication of performance measures.⁹
-

Taken together, these ideas represent the potential to save millions of dollars per year. Even more importantly, the recommendations offer the City the chance to build prosperity and expand opportunities for its residents, businesses, and communities. While there will be an upfront cost to a number of these recommendations, the benefit to quality of life, the vitality of our city, and the strength of our neighborhoods and communities will pay off over time and ultimately be worth far more than the financial investment.

Through the implementation of the Commission's recommendations and other City efforts, we look forward to programs for Chicago residents that can better support individual opportunities and needs, and can create wealth in communities. We look forward to strategic infrastructure investments that further develop and strengthen neighborhoods, streamlined processes and programs for businesses, and enhanced environmental strategies. We look forward to fewer duplicated services and more effective overall operations. We look forward to an extended culture of transparency and accountability throughout the City.

⁸ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

⁹ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

In short, we look forward to Chicago further claiming its position as a visionary 21st Century global city.

The Commission's final recommendation is that we reconvene with the City in 12 months to learn about progress made and steps taken toward implementing these recommendations.

The City must continue its efforts to ensure that the services that Chicago municipal government provides are those that its people – its residents and its businesses – need, now and in the future, and that those services and the infrastructure that supports and delivers them are effective, efficient, far-reaching, and innovative.

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Organization and Process

The 22 Commissioners who have served on the 21st Century Commission come from multiple sectors across the city: community and nonprofit organizations, leading businesses and professional firms, the building and construction trades, the religious community, public safety, advocacy groups, and universities. The Commission was co-chaired by Sarah Pang, Senior Vice President for Corporate Communications, CNA, and Bennett J. Johnson III, Budget Director for the City of Chicago.

The Commission identified three broad, topical focuses and organized its work into corresponding committees:

- The **RESIDENT SERVICES COMMITTEE** focused on what services City departments ought to provide to ensure all of its residents have access to the full complement of factors that contribute to quality of life. This examination led to recommendations on quality human services, family financial stability, affordable housing, and effective public health.
- The **ENVIRONMENT, INFRASTRUCTURE AND BUSINESS SERVICES COMMITTEE** addressed the infrastructure that provides a critical backbone for a high-functioning city; the City's interactions with and support for businesses, small and large; and environmental leadership that is so essential to quality of life, economic health, and a viable future.
- The **INTERNAL SUPPORT SERVICES COMMITTEE** looked at how the City itself operates – its performance management, financial oversight and budgeting, workforce and personnel management, operations, technology, and asset management – to identify internal improvements that could streamline the way the City does business.

Each committee considered ideas for improvements and innovations within its area of focus, and then advanced its recommendations to the full Commission for discussion, deliberation, and refinement. The Commission met, in whole or in part, more than 65 times to shape the recommendations included in this report.

In addition to its work in committees, the Commission reviewed numerous reports and industry analyses, and benefitted from in-depth presentations by numerous public sector experts, including KPMG LLP and Deloitte Consulting, which both provided all of their services on a *pro bono* basis. Additionally, more than 85 individuals were interviewed to identify best practices and opportunities for improvements, and an

additional 27 individuals and experts spoke to committee and Commission meetings. (See Appendices A and B, respectively.).

Management and staffing support for the Commission and its committees was provided by the Civic Consulting Alliance, KPMG LLP, Lloyd Consulting, Inc., and O-H Community Partners. In addition, City of Chicago department commissioners and staff supported the three committees with data and analyses to assist in evaluating ideas.

The Commission wishes to thank the many individuals and firms that dedicated significant time, energy, and pro-bono resources to this effort:

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The Context for the Commission's Work

At all times, the lens for the Commission's recommendations focused on a few basic yet critical questions: What does Chicago in the 21st Century need to thrive? What will ensure the highest possible quality of life for all the city's residents? What do businesses need to grow and compete in an increasingly global economy? How can the City improve its operations to maximize its own effectiveness?

None of these questions can be tackled successfully without recognition of the decades, even centuries, that have led to the present moment. Any review of potential improvements must be based on the trends that have led us here; on past efforts, successful or perhaps not so successful, that have shaped Chicago of today; and on the new and developing forces that will affect our course in the future.

A comprehensive review of Chicago today points to a number of areas in which the City has committed to substantial improvement, often in a leadership capacity. Yet the ability of the City to take on that leadership role to effectively implement the recommendations in this Commission's report will be impacted by a number of challenges that will need to be overcome in the decade ahead.

Chicago's great strides in many areas

BOLDNESS IN PUBLIC INITIATIVES

Chicago has a history of imagining a different, better future and taking on bold projects to make that vision a reality. Whether it be the performance of the public schools, the current mortgage foreclosure crisis, or the rise of an invasive pest species, City leadership has shown its willingness to address trouble areas directly. In many cases the issues are complex and have yet to be solved, but Chicago has proved dogged in continuing to work toward improvement.

Education

Education plays an essential role in preparing students, in creating a strong middle class, and in shaping a robust city. In 1995, in an effort to address a growing crisis in the Chicago Public Schools (CPS), Mayor Daley took direct control over the school system. This strong move has since paved the way for other U.S. cities to follow with similar efforts. More than a decade of mayoral oversight of the public schools has led to improvements and many innovations at CPS.

Classroom attendance rates are up. More CPS high school students are taking Advanced Placement classes and tests than ever before. ACT scores of CPS students have outpaced gains made by students in other parts of Illinois and the nation, and more CPS students are going onto college.

Renaissance 2010, now a national model in urban school innovation, was created with the mandate of launching 100 new public schools by 2010 to create high-quality options for students and replace under-enrolled and under-performing schools. Recognizing the essential role that education plays in individuals' lives as well as in the health of the city, the business community and foundations responded to a call to action by the City to raise \$50 million to support the initiative. Run by independent education teams and given freedom to implement innovative education techniques, the new schools created through Renaissance 2010 are held accountable under five-year performance contracts with the district. CPS has also brought in major multi-million dollar funding from national partners, such as the Bill and Melinda Gates Foundation, to support its high school transformation initiative, which is working to rebuild the rigor of its high school curriculum and improve students' achievement.

Chicago is home to some of the most innovative examples of early childhood education in the country. For example, the EduCare Center, a collaboration between the City, Chicago Public Schools and the Ounce of Prevention Fund to improve school readiness, is now being rolled out in numerous cities across the nation.¹⁰

The City also partners with many of the universities and doctoral programs based here, such as its collaboration with the University of Chicago, which is compiling a wealth of data on children from birth to age five to identify trends and needs by community.

Housing

The City's response to the challenges of urban housing has been equally bold. The Chicago Housing Authority's Plan for Transformation, the country's largest public housing redevelopment effort, set out to re-conceive public housing by rehabilitating or replacing deteriorated high-rises with new housing options, by adopting a focus on resident self-sufficiency, and by introducing a new level of accountability for the agency itself. Today, dilapidated developments have been replaced with new and rehabilitated, mixed income communities – at an unprecedented scale of nearly 17,000 units (and an overall goal of 25,000 total units).¹¹

¹⁰ Ounce of Prevention Fund (2006). *EduCare: A Catalyst for Change*. Retrieved September 30, 2008 from http://www.ounceofprevention.org/user_nav.php?EditID=48&Level=3

¹¹ Chicago Housing Authority. Retrieved August 1, 2008 from <http://www.thecha.org>

Perhaps less visible but equally groundbreaking is the City's work to mitigate the effects of foreclosure on affordable housing. The City has responded to the mortgage foreclosure crisis that is shaking so many of its neighborhoods with a number of prevention and assistance efforts, developed within a larger and longer-term context of affordable housing objectives.

Environmental Leadership

The City has received much attention for its efforts to make Chicago a green and environmentally friendly city. In fact, in recent years, Chicago has regularly been rated as one of the greenest cities in the nation by GreenGuide, Earthlab, and other rating organizations.¹² Working to "lead by example," Chicago has emphasized the greening of its own buildings, infrastructure, and operations. Its Environmental Action Agenda was one of the first in the world to set forth a path for greening municipal operations.

The City has developed a number of programs and policies to encourage residents and businesses to be more environmentally friendly: from expedited permits for green building projects to grants for green roofs and solarthermal panel installation. New laws have been passed targeting construction demolition debris recycling, stormwater management, and invasive species.

The City has also developed many partnerships to protect natural resources and educate the public. One of several programs with universities, the City's work with the Illinois Institute for Technology is showcasing advances in green home design and technology. Similarly, the City has launched or participated in a number of efforts designed to mitigate natural threats to local and regional ecosystems, such as initiatives to protect the Great Lakes and the eradication of the Asian long-horned beetle epidemic in the late 1990s.

Chicago is one of the nation's largest and most diverse urban industrial regions, home to 13,000 manufacturers. The Chicago Waste to Profit Network leverages this diversity of businesses by creating a collaborative network in which one business' waste is another's resource. In 2007, the Network facilitated over 90 Chicago area companies to divert 22,000 tons of solid waste and reduce 45,000 tons of CO₂ through cost savings and additional revenue generation.¹³

¹² Park, A. (2007, July). Fast Cities 2007 (Green Leader category). *Fast Company SustainLane.com. The 2008 US City Rankings*. Retrieved August 1, 2008 from <http://www.sustainlane.com/us-city-rankings/>

¹³ Chicago Waste to Profit Network. (2008, January). *Collaborate* (newsletter). Retrieved September 30, 2008 from http://www.innovatenow.us/wdkm_in/wcm/resources/documents/articles/1813_2236001_24132/cmc_newsletter.pdf

Public – Private Partnerships

Chicago benefits from its dynamic civic, business, foundation, and nonprofit communities, which regularly work in partnership with the public sector in framing answers and supporting efforts to address some of the city’s toughest questions. The above examples in education, housing, and green leadership are just a handful of the many instances in which the City has collaborated closely and successfully with these other sectors.

Another example, the transformation of 24.5 acres of downtown property from open railroad tracks into a cultural park centerpiece – Millennium Park – underscores the potential that Chicago and its civic leaders have been able to realize for the city. Private citizens and local businesses raised \$220 million of the roughly \$490 million cost of the project.

Chicago has become a leader in identifying innovative privatization opportunities that provide critical funds for infrastructure investment where federal and state dollars are declining. Downtown public parking garages and the Chicago Skyway represent major privatization transactions led by the City. The first U.S. privatization of an existing toll road, the Chicago Skyway agreement provided a 99-year operating lease for a well-traveled 7.8 mile stretch of highway and brought in \$1.83 billion. As an operating lease, the privatization has provided an effective means of managing cost for a road system that had operated at a deficit for several years prior. The City has channeled the proceeds toward a permanent reserve fund, a neighborhood fund for human service programs, an eight-year annuity for the operating budget, and debt retirement, which has already improved the City’s credit rating and lowered its cost of capital for future projects.¹⁴

Modern City Management Practices

The City of Chicago has instituted new initiatives to drive efficiency and outcomes throughout its operations. In 2006, the City launched a notably comprehensive performance management system. Monthly reports cover the productivity, efficiency, and effectiveness of each department. Departments have regular performance reviews with the City's senior administrators to address challenges and find inter-departmental solutions to the City's needs. Performance management has been credited with a wider range of improved and more responsive City services and processes: quicker business license approval, street sign replacements, pothole

¹⁴ Narefsky, D. (2008, July). *Chicago: The “Silicon Valley” of Infrastructure Privatization – Accomplishments to Date, Initiatives in Progress, and Future Possibilities*. Presentation to the Environment, Infrastructure, and Business Services Committee.

repairs, and working streetlights, to name a few. In its first year, the program saved taxpayers \$22 million¹⁵ and attracted widespread attention from other governments, U.S. and foreign.

LIVABILITY AND QUALITY OF LIFE

Chicago offers a cost of living well below that of New York, Los Angeles, and other “livable” cities, such as Boston, San Diego, and San Francisco.¹⁶ In fact, Chicago does not appear within the top 50 most expensive cities in the world, but it sits solidly within the top 50 global cities for quality of living (4th in the U.S., behind only San Francisco, Honolulu, and Boston)¹⁷ and was recently named the U.S. City of the Year (2008) by *Fast Company*.¹⁸

Designated as one of the top 10 “alpha world cities” for its economic and cultural significance,¹⁹ many cite the city’s beauty – its architecture, the parks and lakefront, even the flowers and plantings throughout the downtown and neighborhood thoroughfares – as a major factor in quality of life and a source of pride.

Chicago is rich in history and brimming with culture. Chicago boasts more than 200 theater companies, including more regional Tony Award winners than any other city, and a downtown theater district that, thanks to millions of dollars in City investment, brings touring Broadway productions to four beautifully restored, historic venues. This year’s Pulitzer Prize in Drama and Tony Award for Best New Play were awarded to a Chicago playwright. The international music community recognized that the Chicago Symphony Orchestra scored a coup in attracting world-renowned conductor Riccardo Muti to helm the 117-year-old institution. The Lyric Opera is widely regarded as one of the top three U.S. opera companies.²⁰ And Chicago has recently discovered that its local music scene dwarfs that of live music capital Austin, Texas.²¹ For Chicago to remain a robust city, this cultural scene must continue to thrive.

¹⁵ City of Chicago (2006, October). *Budget Book*.

¹⁶ ACCRA *Cost of Living Index*. Retrieved from August 15, 2008 from <http://cgi.money.cnn.com/tools/costofliving/costofliving.html>

¹⁷ Mercer Human Resource Consulting. *Worldwide Quality of Living Survey 2007* and *Worldwide Cost of Living Survey 2006*.

¹⁸ Kotlowitz, A. (2008, June). U.S. City of the Year: Chicago. *Fast Company*. Retrieved July 8 from <http://www.fastcompany.com/magazine/126/us-city-of-the-year-chicago-soul.html>.

¹⁹ GaWC Research Network. op.cit.

²⁰ WFMT. *Opera Programs: Lyric Opera of Chicago*. Retrieved July 8, 2008 from <http://www.wfmt.com/main.taf?p=12,10,5,4>

²¹ Chicago Music Commission and the Cultural Policy Center at the University of Chicago (2007). *Chicago Music City: A summary report on the music industry in Chicago*.

The city also features 10 Major League sports franchises, no fewer than four major museums (and 70 total), and one of the country's only free zoos. Festivals, in the hundreds, abound during the summer months, and the City of Chicago takes pride in the amount of free public programming it offers residents and visitors through cultural centers and parks. The Chicago Humanities Festival draws scholar, artists, authors, plays and movies for a weeks-long series of events.

Chicago is a city of distinct and vibrant neighborhoods. Through initiatives such as the Chicago Public Library's rebuilding project, the City invests substantially to ensure that its neighborhoods thrive. The Library's aggressive and ambitious effort to transform neighborhood library services replaced, rehabilitated, or built 52 branches since 1989. Widely regarded as the most successful urban library capital project in recent history, the nearly 80 branches also make the Chicago Public Library one of the world's largest urban library systems.²²

A GLOBAL CITY

Historically Chicago has functioned as a regional powerhouse, one of the few Midwestern cities that have managed to maintain its strength into the modern day. Today, as a commercial and financial services center, an academic stronghold, and a source of culture and entertainment, Chicago is claiming a strong position within the global community.

The city's financial fortune grew out of its position as a hub for rail and air transportation, with some of the world's busiest airports, rail lines, and ports. Chicago has now grown beyond those roots to feature a tremendously diversified economy²³ that can compete on a global stage. The city's financial services industry and exchanges are prominent worldwide, but the economy balances industries as varied as information technology, manufacturing, printing, publishing, food, and consumer goods, among others.

Three of the country's top doctoral universities are based in Chicago, now an intellectual center that benefits from a multitude of higher education and research centers located here. City government often partners with its local higher education institutions to advance research and practical initiatives that address current and long-term issues affecting the local, regional, and global economy.

²² Chicago Public Library. Retrieved July 2008 from <http://www.chipublib.org/aboutcpl/history/hist1990.php> and <http://www.chipublib.org/aboutcpl/history/hist2005.php>

²³ Roeder, D. (2003, June 23). Moody's: Chicago's Economy Most Balanced in US. *Chicago Sun-Times*. Retrieved September 29, 2008 from <http://www.worldbusinesschicago.com/Portals/0/ChicagoSunTimes6-23-03.pdf>

With links to 27 sister cities around the globe, Chicago is increasingly developing a reputation as a destination for people from other countries. Long a national and regional destination, Chicago achieved record 8% growth in international tourism last year.²⁴ Overall, 2007 saw 1.15 million overseas tourists and more than 40 million domestic visitors arriving in Chicago. Navy Pier itself is the region's top tourist destination, drawing nearly nine million people every year.²⁵

Chicago's bid to host the 2016 Olympic and Paralympic Games offers an opportunity to showcase the city to the world. Media attention has focused not only on the local attractions and vibrancy, but also on the way the City inspires its business community (and vice versa) to invest and rally around opportunities to foster enduring improvements that benefit all residents.

Mayor Daley recently invited 50 Arab municipal leaders to join him for a landmark U.S.-Arab Cities Forum. The gathering featured a multi-day dialogue about economic development, education, and the environment. A year ago, the Mayor's Hemispheric Forum brought municipal leaders from North, Central, and South America. Each forum underscored the belief that the world's great cities share aspirations and challenges that transcend national differences and that can be better addressed collectively.

Through the Olympics bid, through multinational events, and through the sister cities program, Chicago is moving increasingly toward the center of important international and political dialogues.

Chicago's leadership in these and other public initiatives has helped achieve the high quality of life enjoyed by the typical resident, has created a destination renowned for its beauty and attractions, and has landed the city in an increasingly global sphere of influence. The key will be how the City responds to the many challenges and pressures of the decades ahead.

²⁴ Chicago Convention and Tourism Bureau. *Chicago Travel Statistics*. Retrieved June 2008 from <http://www.choosechicago.com>

²⁵ Chicago Convention and Tourism Bureau. *Metropolitan Pier & Exposition Authority Names Marilyn Gardner General Manager of Navy Pier*. Retrieved September 30, 2008 from <http://www.choosechicago.com>

Challenges in the decades ahead

Chicago shares much in common with its peers around the world, cities such as London, Paris, Berlin, Sydney, New York and others that can claim thriving economies and strong quality of life. And like those cities, Chicago will need to address certain critical issues if it is to maintain its current position. The pressing need to find solutions to essential challenges – changing demographics, the education of children, the preparation of adults for available jobs, public safety and crime, housing, health care, aging infrastructure, and declining national funding – will dominate the choices that local governments such as Chicago must make in the coming decades.

CHANGING DEMOGRAPHICS

As in so many modern cities, Chicago is a landscape of changing demographics, and the City should be mindful of these changes when it sets its agenda. Today's Chicago looks very different from the one seen by Carl Sandburg nearly 100 years ago – clusters of mostly European immigrants and their children grouped together in communities defined by common heritage and religious affiliations. Today, Chicago reflects true global diversity. No single group – Caucasian, African-American, Latino, Asian, or other – accounts for more than 50% of the population. Twenty-six different ethnic groups have populations of at least 25,000, and over 130 languages are spoken here.

Chicago has increased its profile in the world community. A city with a rich ethnic history, Chicago is attracting a growing number of international visitors. Local universities, businesses, and cultural institutions are drawing newcomers from around the world. This increase in immigrants is crucial to the vitality of the city: regions that attract newcomers have been shown to be economically stronger and more resilient.

Overall, Chicago's urban population as a whole has continued a steady decline begun roughly 50 years ago. In recent years, however, the rate of decrease has slowed (even reversing the trend in the past year), in part due to the city's cosmopolitan sensibility that continues to attract newcomers to this country.²⁶

Mirroring national trends, the population is also aging, which will place a growing burden on Chicago's health care infrastructure and other services. Nearly 23% of Chicagoans are 62 or older,²⁷ a number expected to grow. Continued increases in average life expectancy mean that the population will get older, need more medical

²⁶ The Brookings Institution. (2003). *Chicago in Focus: A Profile from Census 2000*.

²⁷ AreaConnect. *Chicago Population and Demographics*. Retrieved September 29, 2008 from <http://www.chicago.areaconnect.com/statistics.htm>

care (at a time when nurses are in short supply), seek assisted mobility options, likely contribute less to the tax base, and draw on pension benefits in large numbers.

These demographic facts have significant implications for City services and how they are delivered. Today's changing demographics provide a context for consideration of how to change and shape the City's work – to understand which services will still be relevant and necessary for future generations.

EDUCATION²⁸

Among the many factors that people weigh when making choices to live – or not to live – in a city, education, jobs, safety, and housing all play critical roles. Until parents make the decision to locate in Chicago because of the quality of the schools, we have not yet been successful. All parents should know that their children can access quality K-12 education in the public school system.

As the population ages and total numbers decline, forecasts predict a major drop in school enrollment. Yet the cost of educating students continues to rise. With funding allocations based on enrollment, Chicago public schools will increasingly feel squeezed – at a time when increasing student achievement is imperative.

Despite progress noted above in attendance, scores, and college pursuit, the 45% high school drop-out rate for Chicago Public Schools means that over 10,000 members of every entering freshman class will leave before graduation.²⁹ While many of the current reforms and innovations hint at progress, changes in a large urban school system come slowly. Test scores are still too low. Too few go on to college, and only a small portion of those complete their undergraduate programs. Inequities in state funding put CPS at a disadvantage, and cuts in federal and state education funding continue to be a challenge. CPS has recently noted that \$180 million in new state funding is the minimum that will allow the schools to implement further innovations targeting student achievement.³⁰

²⁸ The Commission's scope was largely focused on the City of Chicago and not the sister agencies, such as Chicago Public Schools. As such, the Commission's report does not make recommendations for improving the education system, but the Commission wishes to acknowledge the substantial attention that challenges in education are receiving from CPS, teams of experts, and other qualified collaborators.

²⁹ Chicago Public Schools. *Cohort Dropout and Graduation Rates*. Retrieved June 6, 2008 from <http://research.cps.k12.il.us/cps/accountweb/Reports/citywide.html>

³⁰ Hinz, G. (2008, February 14). Chicago schools to Springfield: We need \$180 million. *Crain's Chicago Business*.

JOBS

Despite Chicago's large and diverse economy, top educational institutions, and long-standing partnerships between the local government and the business community, Chicago businesses in certain industries are struggling to find skilled labor—be they nurses to work in Chicago's healthcare sector, signal maintainers to replace a retiring rail workforce, or individuals with the skills to meet the demands of the City's burgeoning technology sector.

At the same time, many residents are struggling to make ends meet. Forecasts show a steady increase in low-wage jobs and demand for middle-skill workers, which may soon account for more than half of the new jobs created in Chicago.³¹ Yet, simultaneously, the workforce development system appears to be producing fewer—rather than more—skilled workers. Inherent in these facts is a complex set of employment and job challenges: a workforce development system that cannot produce the skilled workers that businesses need and a growing number of low-wage workers, who will continue to struggle financially if they continue to lack skills needed to attain better-paying jobs. If these trends continue, businesses will be forced to look elsewhere for the labor they need. And low-wage workers will be forced to leave the city to seek a lower cost of living somewhere else. At stake is whether Chicago will remain home to middle class families who can prosper, or whether people will follow jobs to the suburbs and to other states.

PUBLIC SAFETY

Crime statistics indicate that the Chicago Police Department (CPD) is making some positive strides toward its goal to make Chicago the “safest big city in America.” Overall crime continues to decline in Chicago after a peak in 1991, and Chicago's success compares favorably to other cities nationwide. By 2005, violent crime had declined by 59% and property crime had dropped by 43%.³² Crime analysts attribute the decline in Chicago to a mix of factors, including increases in incarceration in the early 1990s, the effects of community policing in the late 1990s, and greater use of technology and data-driven, “smarter” crime reduction strategies in the early to mid-2000s.

The positive trends in public safety continued in 2006 and 2007; however, comparisons of the first four months of 2008 relative to 2007 show that violent crimes increased 6.1% and property crimes increased 2.1%, a trend experienced in

³¹ The Center for Tax and Budget Accountability, Office for Social Policy Research, Northern Illinois University, and Center for Governmental Studies, Northern Illinois University. (2007). *2007 State of Working Illinois Skills2Compete* (2008, September). *Illinois' Forgotten Middle-Skills Jobs: Meeting the Demands of a 21st Century Economy*

³² Skogan, W. G. (2007). *Reflections on Declining Crime in Chicago*.

other urban areas as well.³³ Recent gun and gang violence, including the shooting deaths of more than 30 students in the past school year, have caused too many Chicago residents to live in fear. The City appears to be working to address these circumstances. The Mayor went beyond traditional recruitment and compensation practices to attract and appoint radically new leadership for the police force, in the process raising the bar for improved public safety.

In addition, Chicago's 24-hour Crime Prevention Information Center coordinates with Chicago's Office of Emergency Management and Coordination to gather intelligence data and monitor criminal activity. CPD also continues to forge partnerships between the police and community residents to prevent crime and facilitate problem-solving. Just as Chicago was among the first cities to adopt community policing, its new groundbreaking CLEARpath information system connects data and residents in the service of public safety. Named an "Innovation in American Government" by Harvard University's Kennedy School of Government,³⁴ the CLEARpath system was co-developed by law enforcement personnel and neighborhood nonprofit organizations. Using CLEARpath, residents will be able to use cell phones and handheld devices to gain access to crime statistics and maps, safety alerts, other information about their communities.

Safe streets and personal security are critical to Chicago, now and in the future. Efforts to foster greater community engagement and joint problem-solving; to advocate for policy reforms to reduce the easy availability of firearms; and to increase the visibility of police, disrupt gang activity, and improve relationships with residents of high-crime communities must all continue.

HOUSING

The Chicago Housing Authority's Plan for Transformation envisions – and is putting into action – a new future for public housing. In the coming years, the City will need to support completion of the Plan not only by helping to generate the resources to wrap up the physical transformation but also by boosting the social and financial viability of the mixed-income developments so residents can benefit from the City's substantial investment in new infrastructure and supports for low- and moderate-income households.

It is also critical that Chicago maintain affordability in neighborhoods that are improving. Census Bureau statistics show that the median household income in

³³ Chicago Police Department Crime Summary, January - April 2008.

³⁴ Harvard University, John F. Kennedy School of Government. (2006). *Fifty Programs Compete for Good Government "Oscar" from Harvard*. Retrieved July 29, 2008 from http://www.trfund.com/stories/pdf/Harvard_Innovations_Release.pdf/.

Chicago in 2007 was approximately \$45,505, a 5.3% decrease since 1999.³⁵ During this time, home sales prices increased by more than 60%.³⁶

More broadly, as Chicago seeks to build the ranks of its middle class, housing in the average Chicago neighborhood must be affordable. The lack of affordable housing can be a significant factor in the "hollowing out" of a city's middle class residents. Already, Chicago is seeing an above-average decline in its middle class: from 1970 to 2005, Chicago's middle class dropped 14%, well above the average national decline of 10.7%.³⁷ Affordable housing - sufficient rental units, supports for home ownership, and available financing for credit-worthy individuals - must continue to be developed and preserved.

AGING INFRASTRUCTURE

Historically, Chicago built much of its economic success on the unique assets of its rail system. Today, Chicago remains the nation's leading rail hub: 50% of U.S. rail freight passes through the city (37,500 rail cars on nearly 3,000 miles of track), and demand is expected to double by 2020.³⁸ At the same time, Chicago's outdated rail infrastructure system is notorious for freight delays, adding significantly to the duration of a coast-to-coast trip.

The nation's second largest public transit system serves the Chicago region. When combined with the bus service, the Chicago Transit Authority (CTA) alone carries 1.55 million riders per day, yet operates through 111-year-old stations, uses cars with an average age of 24 years and a useful life of 25 years (some are as old as 40 years), and is generally in serious need of replacement and investment. One of the oldest public transit systems in the country, the CTA has amassed \$8.7 billion in deferred maintenance.³⁹ If the metropolitan population continues to disperse farther into the region, demand on infrastructure will increase concomitantly.

³⁵ As calculated by the Heartland Alliance Mid-America Institute on Poverty, from U.S. Census Bureau, 2000 Decennial Census and American Community Survey. *2007 Report on Illinois Poverty: Chicago Area Snapshot*. Retrieved August 25, 2008 from <http://www.csu.edu/cerc/documents/2007ReportonIllinoisPoverty.pdf>

³⁶ RealtyTrac (2006). *Chicago Area Foreclosures Increase 58 Percent in August*. Retrieved August 5, 2008 from <http://www.realtytrac.com/ContentManagement/pressrelease.aspx?ChennelID=9&ItemID=1200&acct=64847/>.

³⁷ Brookings Institution. (2008, July 12). *MetroPolicy: Shaping a New Federal Partnership for a Metropolitan Nation*. Retrieved July 30, 2008 from www.brookings.edu/reports/2008/06_metropolicy.aspx

³⁸ Chicago Metropolis 2020. (2004, December). *The Metropolis Freight Plan: Delivering the Goods*.

³⁹ Chicago Transit Authority. *CTA President's 2008 Budget Recommendations*. Retrieved on August 6, 2008 from <http://www.transitchicago.com/business/finance.html>, page C-1.

The local transit system is not the only piece of Chicago's infrastructure beginning to show its age: roads, water and sewer pipes, even the airports need rehabilitation. For example, some of the City's oldest water mains leak, wasting water and undermining the City's water conservation efforts. The O'Hare Modernization Program is the biggest of the City's major infrastructure efforts, but ongoing water main replacement and road improvements are also underway. Although Chicago has proven resourceful at identifying private and non-local government funding opportunities, essential federal and state dollars for improvements are limited.

COMPREHENSIVE LAND USE PLAN

One of the great sources of pride for Chicagoans is the visionary plan that Daniel Burnham created in 1909 to rebuild Chicago into the beautiful, wonderfully aesthetic city it remains today. Today, the Burnham Plan leaves many legacies in the city's streets, lakefront, harbors, park system, and Loop.

Yet the City lacks a next-generation land use plan – one that combines the great thinking of the many entities that have looked at Chicago's land use, actionable steps that the City can take, and specific timelines and targets for envisioned outcomes. While the City has demonstrated its ability to identify approaching threats and work to respond flexibly, a comprehensive land use plan would provide a vitally important roadmap for City government, civic leaders, nonprofits, businesses, and residents.

NATURAL RESOURCES AND A CHANGING CLIMATE

Chicago is blessed with a wealth of natural resources. Chicago sits on the edge of the prairie and adjacent to 20% of the world's freshest surface water, a source of beauty, recreation, and sustenance. The City touts its tap water as among the most drinkable in the country. We need the Great Lakes, Lake Michigan most dearly. In recent years various threats to the lake have been defended but we must maintain our vigilance.

We continue transporting our waste in record amounts to landfills, at increasing cost to City budgets and our neighbors. The urban heat island effect exacerbates high temperatures at a time when relief is needed most. Invasive species – pests, plants, fish, and wildlife – continue to push out our native species. Quality of life in Chicago is directly linked to the quality of our natural resources: the air, land, and water that make Chicago livable, beautiful, and healthy.

No longer simply speculation by academics and activists, climate change is now impacting our globe and cities around the world, including Chicago. Experts believe it will alter our weather, bring higher temperatures, and contribute to other

destabilizing changes.⁴⁰ Climate change will also require City leaders to rethink the strategy for infrastructure investments, materials usage, and the like – not just for efforts to mitigate future climate effects, but also to respond to a changing reality.

WIDENING BUDGET GAPS

On top of increasing demand for City services and investment, three additional and very troubling trends threaten to damage the City's fiscal health, if they are not addressed immediately: the increasing employee and retiree pension obligation, the cost of healthcare for City workers and retirees, and the heavy toll of tort liability claims from lawsuits against the City.

Three of the City's four pension funds – the Fire, Police, and Municipal funds – are severely underfunded, far below healthy limits. Even more troublesome, the funded levels are slipping. Between 2002 and 2006, the City saw its unfunded liabilities balloon by 125.1%, an increase of close to \$5.2 billion. The total unfunded liabilities in 2006 reached \$9.3 billion.⁴¹

Recently, the City has made important steps to rein in escalating health care costs. Through employee cost-sharing programs and a joint purchasing prescription drug plan, the City's cost for employee benefits rose a modest 6% or \$21.6 million from FY2004 to FY2008.⁴² Still, the rising cost of health care affects all employers, and the City, with its large labor pool (roughly 39,000 people), will be no exception in the years ahead.

Additionally, lawsuits brought against the City cost millions each in tort liability costs. In 2006, the City's total long-term tort obligations were over \$526 million for personnel, property and casualty claims.⁴³ While the City continues to pay against such claims annually, its tort obligations are expected to continue growing.

The squeeze in federal and state funding, increasing immediate and long-term local needs, and escalating liabilities combine to place an extra burden on City taxes and require that innovative solutions be identified.

⁴⁰ Figdor, E., & Madsen, T. (2007). *When it Rains, it Pours*. Environment Illinois Research & Education Center.

⁴¹ Civic Federation (October 2007). *City of Chicago FY2008 Proposed Budget: Analysis and Recommendations*.

⁴² Ibid.

⁴³ City of Chicago. *FY2006 audited financial statements*.

ETHICS AND OVERSIGHT

A constant challenge in any large bureaucracy, Chicago has faced some serious, high-profile ethical and criminal violations that have led to greater public scrutiny and formal external oversight. The City has responded with the adoption of new methods intended to increase accountability and transparency, including but not limited to audits, blind hiring review, and the creation of the Office of Compliance.

To sustain the public trust, City government in the 21st Century must demonstrate a transparent culture built upon ethical decision-making: all employees must understand that they are responsible to the taxpayers, and taxpayers must have confidence that our government is serving the needs of all people and communities.

The Commission cannot emphasize strongly enough how essential it is that the City continue to build upon its current efforts and clearly demonstrate evidence of concrete, indisputable improvements and constant vigilance in this area. Only with principled attitudes and behaviors – and systems in place to reinforce them – can Chicago achieve its other ambitious goals, so many of which require that residents place trust in City leadership and employees.

The historically ambitious steps taken by the City to address many of its toughest problems and the set of burgeoning challenges that will increasingly be faced by major cities around the world – and by Chicago in particular – provided the Commission with a rich and complex context for its deliberations and assessment of potential improvements to and innovations in services and operations.

Chicago in the 21st Century

Against this backdrop of progress and challenges, the 21st Century Commission formulated its vision for a 21st Century Chicago and a set of supporting principles that guide the recommendations laid out in this report.

THE COMMISSION'S VISION FOR A THRIVING 21ST CENTURY CITY: In 21st Century Chicago, neighborhoods are safe, affordable, and economically viable. Every resident enjoys a healthy lifestyle and quality education, leading to long-term careers and lifelong earnings growth. Businesses of all sizes and types prosper and compete in a vibrant and supportive climate, which continuously attracts investments. Culturally diverse and inclusive, 21st Century Chicago is easy to travel to, through, and within. The city's natural assets – its water, land, air, natural life, and beauty – thrive. People, companies, and government all show leadership to minimize their environmental impact. City government runs seamlessly and efficiently, setting and meeting ever higher standards for itself. Quality of life in all areas and in all communities is exceptional.

Supporting Principles

The Commission further considered what would be necessary to attain this vision for Chicago and thus developed a set of supporting principles to guide its analysis of specific recommendations. Stepping back from what Chicago is today, what it aspires to be, and even where its challenges lie, the Commissioners drafted the following principles to be able to consider the key components that Chicago – or, really, any city – needs to emphasize to maintain and build its role in the 21st Century.

The Commission expects that the list of principles will come as no surprise to City leadership, who likely espouse a similar and possibly more complete set of goals. Yet the supporting principles proved exceptionally useful as the Commission weighed different options and recommendations for improvements and change.

In short, to achieve its vision for a 21st Century city, the Commission believes that a local government should:

1. Operate with a vision for the future that reaches beyond present-day issues and problems to identify and address challenges and needs for the future. By shaping its strategy and allocating its limited resources based on data about changing needs, City government can act with critical flexibility and foresight. When a threat does emerge, the City mobilizes to respond rapidly and aggressively.
2. View service to residents as its principal goal and structure its operations to meet the needs of the people and businesses that are based there. The foundation of any great city is its people. Understanding and responding to the needs of its people can drive a city to greatness. Residents must know about, get easily connected to, and benefit from a wide range of resources. Similarly, 21st Century local government must serve its business community seamlessly to ensure that businesses of all sizes and types can develop, grow, and compete in the local and global marketplace. A thriving 21st Century City views prosperity and opportunities for residents and businesses as primary goals.
3. Educate and prepare students and workers for opportunities that exist now and will in the future, in an increasingly global economy.
4. Plan for and develop infrastructure that supports neighborhoods and dramatically increases access, expands mobility, and promotes sustainability.
5. Take a leadership role to preserve, restore, and sustain the city's natural assets.
6. Hire, develop, and retain highly talented people.
7. Drive continuous improvement in its own operations by setting and meeting high standards for efficiency, performance, rapid response and outcomes, within a climate that values accountability and transparency.
8. Understand its leadership and collaborative role within a larger network of other regions, governments, nonprofit organizations, businesses, and community groups to ensure the city remains economically vibrant and provides a high quality of life for its people.

Guided by these principles, mindful of the City's willingness to embrace bold measures, and alert to the challenges we face, the Commission puts forward the following 64 recommendations.⁴⁴

As a group, the recommendations represent a mixture of ideas, big and small, some complex and difficult, some quick and reasonably easy to implement. Other ideas, developed during the Commission's process, are already being explored. Many will be difficult to tackle, but we anticipate that the results will be dramatic.

⁴⁴ A subset of these ideas was announced by Mayor Daley in April 2008 as part of the Commission's preliminary recommendations.

Recommendations

Transform direct services to residents

Chicago has always been defined by the diversity of its citizens and the vibrancy they bring to its neighborhoods and economy. From every part of the world, people have come to Chicago, planted roots, worked hard, and built their families. Rich in its diversity and abundant in ethnic enclaves, Chicago has been recognized for its economic and cultural significance on a global scale.⁴⁵

Yet, as in many similar cities, looking at the city with a broad view masks the tremendous challenges faced by some residents on an individual and community level. If we do not address those challenges, there will be broad implications for the overall population.

Attention to the quality of life of all of Chicago's residents is critical. With income inequality on the rise here and in cities across the nation, Chicago should enhance its focus on individuals and families of more modest means and create more opportunities to help low- and moderate-income households move into the middle class. By addressing the needs of its most vulnerable residents, Chicago can ensure that it remains a city of opportunity for all and that people of all backgrounds, income levels, ethnicities, and religions continue to be welcome here.

By most estimates, a family of three in Chicago needs roughly \$44,000 to pay for housing, transportation, food and other basic necessities.⁴⁶ Yet workers in Chicago have seen median earnings decline in recent years, from \$29,800 in 1999 to \$27,494 in 2006. More than half of Chicago's renters are "rent-burdened," that is, they use more than 30% of their income to pay for housing.⁴⁷ And an estimated 26% of Chicagoans under the age of 65 are uninsured, limiting their access to quality health care.⁴⁸ Chicago's urban population dropped by more than 60,000 residents from 2000 to 2006. In particular, Chicago's middle class decreased by 14% between 1970 and 2005, above the 10.7% average decline for 100 metropolitan areas.⁴⁹

To address these and similar trends, the City must make strategic choices and investments to build, retain, and attract middle class individuals and families and to support increases in quality of life. When people feel safe on the city streets, when

⁴⁵ GaWC Research Network. op.cit.

⁴⁶ Chicago Heartland Alliance. (2007, October). *Low-Wage Work in Chicago*.

⁴⁷ Chicago Department of Housing. (2008, April). *Overview*.

⁴⁸ The Gilead Outreach and Referral Center. (2008). *In Their Own Words: The Voice of The Uninsured: A Detailed Description of the Uninsured in Illinois*.

⁴⁹ Brookings Institution. (2008, July 12). op. cit.

parents know that their children can access high-quality public education, when people can afford to rent or purchase homes in the city, when people can get local jobs that provide income and security for their families, they stay and thrive in the city. By expanding and focusing City efforts to address these and other quality of life measures, Chicago will remain home to its existing middle class and create the resources that can ensure its continued vitality.

With these objectives in mind, the Commission considered what low- and moderate-income people in Chicago need most from the City. Is it help in managing an emergency, having the resources to obtain food and housing, having the tools to get a decent paying job, access to health care, knowledge about living a healthy lifestyle? The Commission determined that if Chicago is to offer a high quality of life in the decades ahead, the City should enhance its investments in low- and moderate-income individuals and families to better enable them to acquire skills and good jobs, meet basic needs, achieve financial stability, and move into the middle class.

Most of the Commission’s recommendations target efforts that City departments, rather than sister agencies, can undertake to improve services.⁵⁰ Specifically, regarding improvements to resident services, the Commission focused its deliberations on opportunities to increase the upward mobility and well-being of low- and moderate-income Chicagoans.

Recommendations for resident services

With this frame in mind, the Commission recommends that the City:

- 1.1 Improve the delivery of human services to vulnerable adults by establishing a combined department to serve them.⁵¹
- 1.2 Improve residents’ access to and City management of human services:
 - 1.2a Expand the City’s 311 system to provide easier ways to access human services.

⁵⁰ Specifically, regarding improvements to resident services, the Commission focused its deliberations on opportunities to increase the upward mobility and well-being of low- and moderate-income Chicagoans. Outside of the scope of the Commission’s charge, the sister agencies include: Chicago Housing Authority, Chicago Public Schools, Chicago Park District, Chicago Transit Authority, City Colleges of Chicago, Metropolitan Pier and Exposition Authority, Metropolitan Water Reclamation District, and the Public Building Commission. The Commission also did not address recommendations regarding public safety improvements, given other, concurrent initiatives that were underway in the Chicago Police Department and the then recent arrival of the new Superintendent.

⁵¹ Included in the Mayor’s April 2008 announcement of the Commission’s preliminary recommendations.

- 1.2b Revamp the City’s web site to facilitate online problem-solving, self-referral and services planning.
- 1.2c Use web-enabled technology to establish greater awareness of and access to public benefits, automatic eligibility determination, and electronic submission of applications.
- 1.2d Prioritize the implementation of better internal information-sharing about residents’ needs.
- 1.2e Cross-train front-line staff and align facility resources to maximize resident access and satisfaction.
- 1.2f Contract for an analysis of the social and economic conditions of residents to better plan services.
- 1.2g Formalize the involvement of community leaders and other experts in planning and resource allocation.
- 1.3 Sharpen the focus of public health programs to ensure more effective service delivery and take steps to strengthen the pipeline of clinical care providers:
 - 1.3a Refine performance measures for the Department of Public Health to focus on the most serious risks.
 - 1.3b Retain a third-party expert to measure the effectiveness of the delivery of public health services by delegate agencies and use the findings to inform funding decisions.
 - 1.3c Collaborate with the independent board of the Cook County Bureau of Health Services to identify a timeframe within which the County will assume responsibility for clinical care for overflow patients currently receiving City medical care.
- 1.4 Increase access to training and jobs in growth sectors to meet the needs of residents, businesses, and communities.⁵²
- 1.5 Encourage ongoing efforts to create and maintain affordable housing:
 - 1.5a Continue to create and preserve affordable rental and homeownership options for Chicago residents, and support efforts through a community awareness campaign.
 - 1.5b Expedite efforts to develop a public-private initiative to put vacant, foreclosed properties quickly back into productive use.

⁵² Included in the Mayor’s April 2008 announcement of the Commission’s preliminary recommendations.

**IMPROVE THE DELIVERY OF HUMAN SERVICES TO VULNERABLE ADULTS
BY ESTABLISHING A COMBINED DEPARTMENT TO SERVE THEM⁵³**

The City’s human services are dispersed across various agencies, departments, initiatives, and programs. Not only does the current organization of human services lead to confusion; it also results in unnecessary duplication of services and considerable administrative redundancy.

In addition, in many cases, those responsible for designing the City’s human service strategies and policy responses are disconnected from those most knowledgeable about and responsible for the delivery of assistance. As a consequence, the City’s policymakers are not well-positioned to take advantage of the expertise of the nonprofit agencies with which it contracts for the delivery of services, or to take full account of the complexities of program implementation.

RECOMMENDATION 1.1: Bring together the Department of Human Services, the Mayor’s Office on Domestic Violence, the Mayor’s Prisoner Re-Entry Initiative, the Ten-Year Plan to End Homelessness, and Veterans Assistance to create a combined department organized to serve vulnerable adults.

Instead of organizing services based on particular population characteristics or current life circumstances, the new department will be able to address the multiple needs of individuals at first point of contact and arrange for the mix of services that meet their needs.

Based on best practice in human services delivery and the City’s own success linking services for children and youth, the consolidation of disparate programs and services for adults will result in better service delivery, with less overlap and duplication. It will also help make more visible the City’s commitment to residents across their lifespan: the new department will join the Department of Children and Youth Services and the Department of Senior Services to comprise the City’s human services delivery system. With service improvement being the primary impetus, the consolidation of departments, initiatives, and programs for vulnerable adults is expected to yield modest cost savings in the range of \$500,000 per year.

⁵³ Also included in the Mayor’s April 2008 announcement of the Commission’s preliminary recommendations.

The Commission acknowledges that such a consolidation is not without its challenges. It will necessitate a thoughtful organization that equates to more than just a simple consolidation of the various departments and initiatives, and that is designed in a way that best meets the needs of the target populations. It will require that staff and providers be oriented to a new and different approach to service delivery, and that frontline staff be cross-trained; it will likely meet with some resistance from groups who fear the loss of services or status; and it will take rigorous process mapping and pilot testing prior to full implementation. Importantly, it will require careful public education and targeted communications to ensure that vulnerable adults know how and where to gain access to the assistance they require.

However, the potential benefits of a combined department to serve vulnerable adults are considerable. In addition to reaching more adults with better services and freeing up resources for those services, the consolidation will begin to establish the infrastructure necessary for subsequent improvements, particularly technology improvements such as a web-enabled case management system that allows City and delegate agencies to access client information in real time; full implementation of web-based screening and enrollment of eligible individuals in public benefits programs; further consolidation of back-office functions across departments; and other improvements in service planning and contracting for delivery of human services. Many of these improvements are detailed in the following recommendations.

IMPROVE ACCESS TO AND THE MANAGEMENT OF HUMAN SERVICES

Six different City departments – the Department of Children and Youth Services, the Department of Human Services, the Department of Senior Services, the Department of Public Health, the Mayor’s Office for People with Disabilities, and the Mayor’s Office of Workforce Development – are responsible for delivering emergency and other human services to residents of Chicago.

Each department offers a set of services to a particular population to address a specific problem or achieve a specific outcome. For example, each year the Department of Children and Family Services administers a network of service providers to prepare approximately 17,000 children for successful entry to school through childcare and early childhood education. The Department of Public Health immunizes some 85,000 children, makes 10,000 home visits to mothers and their children, and provides mental health services to 13,000 residents. The Department of Human Services works to prevent or intervene in thousands of cases of homelessness and hunger. And the Department of Senior Services provides some 3.3 million meals to frail and elderly citizens. Taken together, these six departments annually assist

approximately 550,000 individuals with a combined staff of about 2,500 full-time equivalents and a budget of approximately \$588 million.

However, from the perspective of a typical resident, the current organization of human services departments can be confusing. At present, individuals and families must know about and visit different departments to obtain all of the services they require. Some residents have a hard time knowing where to turn for help. They do not know how to access the emergency and other human services they need. Too often services are not offered at convenient times and locations. Responsibilities for these services are dispersed across divisions and programs that, in turn, contract with external delegate agencies to deliver specific services to specific populations, making it difficult for residents to obtain comprehensive assistance, for providers to deliver unduplicated services, and for administrators to ensure that effective services are being delivered. Service planning, service quality, and provider performance vary greatly.

To truly transform the delivery of human services to individuals and families, the City must reshape the system into one that is easier to access and better managed, and does not require navigation through a complex bureaucracy of City departments. Through greater use of data to determine the distribution of resources and services, and greater use of technology to share information with residents and service providers, the City stands to create a more resident-centered, partnership-based, and performance-driven human services system. In such a system, residents would easily find information about services, in many different ways, 24/7. In addition to current drop-in services, they would have immediate access to some services online and by telephone, and would be able to obtain problem-solving assistance and referral at any time.

All City and City-funded agencies would be able to connect individuals with the services they want and need and, wherever feasible, complementary programs would co-locate in areas of greatest need. Agencies would have differing levels of secure access to basic information about individuals and families being served, as well as data about needs and performance to be used to ensure continuous improvement and quality services. In addition, the City would revamp the organization of its administrative functions, such as grant and contract management, eliminating unnecessary redundancy and expense for providers and streamlining contracting and payment procedures.

The Commission encourages the City to implement the following changes as a set of improvements that together would greatly transform access to and management of human services.

Chicago already operates an extensive and nationally-recognized 311 call center that has been used as a model by many other municipalities. Chicago's 311 connects residents to a broad range of City services, such as abandoned car removal, tree trimming, and sidewalk repair, with help available around the clock in 14 languages. Currently, 20% of all calls to 311 are for human services requests.

Recognizing the growing demand for human services and the need to connect residents with these services in the most efficient manner possible, many states and municipalities are now developing new call centers dedicated to human services. Forty-three states and municipalities have 211 systems in place through which they provide information and referral services to callers in need of human services.⁵⁴ In April 2008, and in partnership with the United Way, New York City expanded its 311 center to provide human services referrals.⁵⁵

RECOMMENDATION 1.2a: Expand the City's 311 system to provide more referrals for human services.

Chicago has an opportunity to expand its 311 system to encompass human services; in partnership with nonprofit providers, it can develop a database of resources and train current and transferred human services workers to help 311 callers define and solve problems, identify resources, and connect with services.

Many City programs currently offer web-based applications that enable residents to enter a description of their needs and certain characteristics, such as where they live, in order to identify the relevant programs that are offered. For example, the Department of Children and Youth Services and Chicago Public Schools have collaborated on the Chicago Early Childhood Program Locator, which enables people to specify the type of program they want and identify all the facilities that match their request. After School Matters operates a similar search engine for after school and summer programs.

While these individual search capabilities do connect people with the specific information they need, it takes a bit of searching to know where to find each of them

⁵⁴ United Way/AIRS National 211 Call Center. *About 2-1-1*: Retrieved July 28, 2008 from <http://www.211.org/documents/211GeneralFactSheet.pdf>

⁵⁵ New York City, New York. (2008, April 21) *Mayor Bloomberg Announces and Expansion of 311 to include Human Service Referrals and Launch of Seven Language Ad Campaign about How 311 Can Now Help with Both Nonprofit and Government Services* press release.

on the City's web site. Nowhere are all the search functions grouped or even listed comprehensively so that a person can more easily locate their useful information.

RECOMMENDATION 1.2b: Revamp the City's web site or create an independent site to facilitate online problem-solving, self-referral, and services planning in a comprehensive manner.

With Chicago's newly named Department of Innovation and Technology and strong partnerships with other public and private data providers, the City is well positioned to plan and implement a web-based solution.

Chicago residents would be able to go to one comprehensive web site with links to information about programs and services in their area. Such a resource would be useful not only to residents, but also to the approximately 27,000 nonprofit and civic organizations that serve the region.

Los Angeles County's Collaborative for Healthy Active Children provides an interesting example of how an interactive data platform can be used to strengthen service delivery, promote collaboration, and facilitate local service planning. Roughly 30,000 computers used the system more than 120,000 times in 2007 to get information and connect with social services programs and other assistance.⁵⁶

At the City's six Community Service Centers and at some delegate agencies' facilities, residents can sit with a case worker, who guides them through a software package, *RealBenefits*, to determine which public benefits they qualify for. Programs such as *RealBenefits* have been shown to streamline the benefits application process and to be particularly helpful to people with limited English proficiency. While the current program is based in a supportive system of casework assistance, there are some limitations: it does not allow people to automatically determine their eligibility on their own and also does not support electronic submission of applications.

While determining benefits eligibility is an important service, the Commission believes it can be made even more effective when paired with automatic application and enrollment. New developments in technology and software offer an opportunity to deliver this type of substantially enhanced assistance.

⁵⁶ Healthy City Project. *About Us: Healthy City Project*. Retrieved July 28, 2008 from <http://www.healthycity.org/c/au>

RECOMMENDATION 1.2c: Use web-enabled technology to establish greater awareness of and greater access to public benefits through automatic eligibility determination and electronic submission of applications.

With new web-enabled technology, individuals and families would be able to assess whether they are eligible to obtain public benefits, such as food stamps and tax credits, which supplement low wages and contribute to family financial stability. Then by entering household information using web-enabled software, users could automatically get a complete list of programs for which they are eligible, print applications, enroll directly in some programs, and find locations to get further assistance.

A number of municipalities have started using these technologies, which include The Benefit Bank, *RealBenefits*, and Nets to Ladders. ACCESS NYC permits anonymous searches, offers help in seven languages, and screens for over 30 public and employer benefits. Nebraska's N-FOCUS is a fully automated eligibility determination system that integrates 27 human services programs, and links to state and national systems. ACCESS Wisconsin enables residents to apply for state benefit programs. Nets to Ladders is piloting its program with self-enrollment capabilities in another major city.⁵⁷

With an estimated initial investment of \$1 million, Chicago can build on these models to establish a web-enabled way for residents to gain access to benefits, either independently or with the help of a social services provider. In addition, together with other providers, the City should encourage the State of Illinois to participate in the creation of this and other tools to benefit low- and moderate-income households. In this way, the software can be developed to facilitate online application to state and federal programs.

In 2002, the City contracted for the development of a centralized, secure, web-enabled software application to permit data sharing to improve service coordination and provide more comprehensive assistance to residents. Problems with the initial vendor have led to a sluggish pace of implementation.

RECOMMENDATION 1.2d: Recharge and prioritize implementation of a software platform that enables better information-sharing about residents' human services needs across the departments and agencies that serve them.

⁵⁷ The city's identity has not been disclosed.

Full implementation of the technology would allow the City and service providers to manage programs more efficiently, deliver services more effectively, and capture data to ensure compliance and evaluate performance.

Having negotiated a new contract with a new vendor, the City should now make the full implementation of the system with City departments, sister agencies such as the Chicago Housing Authority, and delegate agencies a top priority.

The Chicago Department of Human Services (DHS) is responsible for delivering emergency and other assistance to low-income families and individuals in the city, including residents of public housing, homeless people, and victims of fire and other disasters. The department also operates six Community Service Centers, staffed by 87 workers who provide information and referral, counseling, and case management services to approximately 68,000 persons each year, and contracts with 135 delegate agencies to deliver a range of programs and services.

In 2007, DHS conducted a review of its current configuration and determined that there are opportunities to streamline services, leverage resources, and realize operational efficiencies. The Commission recommends that these efforts be continued.

The Commission also encourages DHS to make two specific changes: 1) cross-train frontline staff at the Community Services Centers and other locations to provide problem-solving and referral services and gradually reduce its direct delivery of case management services, and 2) rethink facility use to foster co-location and alignment of complementary services.

RECOMMENDATION 1.2e: Cross-train front-line staff and overhaul facility use to maximize resident access and satisfaction.

At present, four of the six Centers have other City departments or nonprofit partners on-site. Building from this base and in partnership with local communities, the City should consider population- and location-specific data to determine the most appropriate service mix for each Center. In the process the City should be able to create a more effective, distributive system that connects facility users to local nonprofit providers, improves residents' experience and satisfaction with services, and makes better use of limited resources.

Recognizing that people move and their needs change over time, the City should have a way to keep current its knowledge about the economic and social situation of its residents and neighborhoods and to match programs with the services people in those areas require.

RECOMMENDATION 1.2f: Contract for an analysis of the social and economic conditions of communities and residents to plan more effectively for the location, delivery, and types of services that should be offered.

Technological advances of recent years have made it relatively easy and inexpensive to produce population- and location-specific data, and to make that data available to a wide variety of users. For example, Los Angeles County's Collaborative for Healthy Active Children has formed partnerships with more than 100 public and private entities to create a site that serves as a referral tool for residents, and enables community leaders to assess needs and allocate resources.⁵⁸

Closer to home, the Chicago Metropolitan Agency for Planning (CMAP) is working with the Chicago Department of Planning and Development, the Department of Innovation and Technology, and other regional and state data providers, to improve data sharing in Illinois. The providers have established Illinois Data Exchange Affiliates (IDEA). This voluntary group of government agencies and nonprofit organizations is creating a web-based, real-time data exchange network that establishes technical standards for organizing and sharing data, and meets security, confidentiality, and proprietary requirements.⁵⁹

The City should contract with CMAP or another entity to produce periodic analyses of the social and economic conditions of residents in Chicago communities. Such a shared statistical package should then be used by City departments and community leaders to determine areas of greatest need.

⁵⁸ County of Los Angeles Public Health. *Los Angeles Collaborative for Healthy Active Children*. Retrieved on September 25, 2008 from <http://publichealth.lacounty.gov/nut/lacollab/lacollab.htm>

⁵⁹ Illinois Data Exchange Affiliates. Retrieved on September 19, 2008 from <http://www.chidataexchange.net>

Currently, there is no transparent or accountable process to identify needs in communities, gather input to inform service and resource decisions, or evaluate the effectiveness of services.

RECOMMENDATION 1.2g: Formalize the involvement of community leaders and other experts in planning and resource allocation.

The availability of a shared statistical package, to be used as a management tool by nonprofit and public providers, such as that described above, will make it possible for the City to strengthen and rely on partnerships with civic and community leaders in new and different ways.

With this in mind, the Commission recommends that the City convene community representatives, data analysts, service providers, advocates, and other experts to consider data analyses and discuss the optimal range of human services for their community. The Commission also recommends that localized data be used to guide similar deliberations at the community level, with local providers and residents involved in determining the desirable service mix and monitoring service quality for particular communities. Outside funding sources, such as foundations, nonprofits organizations, or universities, could assist the City in the evaluation of human services agencies.

The Commission anticipates that these recommendations, taken together, will yield a transformed human services delivery system for the City of Chicago. Such an overhaul will not be without specific challenges. Changes to the delivery of human services require careful process mapping, detailed planning, and rigorous pilot testing. They also require the active involvement of the departments, providers, and people likely to be most affected by the new design and assessment. A well-crafted, community-based public education campaign will be needed at key points in the process.

In addition, the recommended reforms will likely result in changes in the responsibilities of City and delegate agencies, their relationship to one another, and the backgrounds and skills of their staff. They will require upfront investments in technology infrastructure and training for City and nonprofit providers, with the City's cost estimated by City analysts to be approximately \$2 million over three to five years.

SHARPEN THE FOCUS OF PUBLIC HEALTH PROGRAMS TO ENSURE MORE EFFECTIVE SERVICE DELIVERY AND TAKE STEPS TO STRENGTHEN THE PIPELINE OF CLINICAL CARE PROVIDERS

The Chicago Department of Public Health (DPH) is the City's front-line defense against the potential ravages of infectious diseases that today can easily find their way into our air, water and food. DPH provides vaccines for tens of thousands who would otherwise not be protected from controllable but nonetheless serious diseases. It conducts city-wide surveillance of some 50 communicable diseases. It is charged with inspecting thousands of food purveyors to guard against salmonella, E. coli and other pathogens; defending against environmental hazards such as lead poisoning; promoting healthy lifestyles that reduce the risks of illness from smoking or unhealthy diets; and teaching those with debilitating, chronic diseases how better to cope with them. The department's efforts to slow the spread of HIV/AIDS and other sexually transmitted diseases consumes one-third of its \$230 million annual budget. It is responsible for designing and implementing the City's response to bioterrorism, infectious disease outbreaks, and natural disasters. Through these and many more programs, the department works to protect the residents of Chicago and its visitors.

For the last two years, the department has been undergoing a major overhaul. Early efforts upgraded the capabilities of DPH personnel and internal systems. DPH introduced modern technology to its operations, converting what had been a paper-bound system to one that is fully computerized. Data that took 40 minutes to retrieve and copy only one year ago can now be in hand in 30 seconds. Because a capable, vigilant, and effective public health service is vital to the City, the Commission encourages the department to continue this "top-to-bottom" examination of its operations.

As is the case with other City departments, DPH's resources are truly limited, while the range of its possible ways to direct those resources is broad. All but \$45 million of the total budget comes from grants or governments other than the City. By contrast, the budget of New York City's public health department (which does not offer clinical care) is \$1.6 billion, nearly three times the amount spent per capita by the City of Chicago.⁶⁰

In addition, the array of potential services that fall within the scope of public health is surprisingly expansive, requiring it simultaneously to address infectious diseases, lifestyle issues, certain environmental factors, and bioterrorism. Given the seriousness and breadth of forces that DPH must combat with its limited resources,

⁶⁰ New York City Department of Public Health and Mental Hygiene, Budget for 2008; 2007 population estimates U.S. Census Bureau, Population Division 2008-07-10. Estimate of expenses by CDPH for public health (\$230 million total budget less \$21.5 million for clinical care) from CDPH.

the department should concentrate its efforts on the areas of largest risk in which it can have the greatest impact.

RECOMMENDATION 1.3a: Review and restate each objective of the Department of Public Health to focus efforts on those areas of public health that present the most serious risk and that the department can take measures to control or significantly reduce.

It is rare in the life of an agency to have the opportunity to take stock of all that it does, and to ask, with respect to each function, whether it is properly a function of the agency; whether the actions of the agency make a difference that warrants the time and expense; and whether the priorities implicit in the current array of what it does are in the correct order. As a natural extension of the overhaul begun almost two years ago, DPH is on course for just such a self-examination. Of course the department must be apprised of the practices of other such agencies around the country and the best practices in the field. But in the end it is the department's responsibility to determine what it should do to best carry out the mission of protecting Chicagoans, given available resources.

Once DPH has determined what it ought to do, it should ascertain how effectively it does that. Thus, the final step in the department's overhaul should be to measure the cost effectiveness of those delivering the services: the delegate agencies and sometimes the department itself. All too often the use of delegate agencies is continued because the press of other business does not allow time to step back and ask whether the service can be done better. If the "what is to be done" evaluation is thorough and clearly articulated, it will be possible objectively to measure whether the work is being done effectively and efficiently.

RECOMMENDATION 1.3b: Retain a third-party expert to measure the effectiveness of the delivery of public health services and use the objective findings of the third-party review in making future funding decisions.

The benefits of a third-party review are many. First, it would bring the resources necessary to do a thorough evaluation. Second, the review would extend the department's reach. Culling inefficient providers and replacing them with more efficient ones will result in improved services for the same cost. Third, the objective

nature of the review would permit discussions with community groups and civic and political leaders on how the department should best carry out its mission based on hard facts rather than opinions or aspirations. The result will be improved public health services for all interested parties.

An issue emerged during the Commission's review of DPH, and it eclipsed all the others: the limited access of the City's uninsured residents to quality health care. The issue arose because of the Commission's concern that DPH's provision of clinical care through its clinics and partnerships falls outside the scope of public health. Public health departments typically do not provide clinical care because they are not equipped to do it. Public health departments are intended to protect healthy populations from disease. Clinical care – the treatment of sick individuals – should be done through a vertically-integrated system of hospitals and clinics that have the capacity to refer patients to the full range of specialists needed to care for them.

Part of the mission of public health departments is to support *access* to quality clinical care; they refer sick people to a fully integrated clinical care system which admits and cares for the sick. But DPH and the partners it funds are providing direct clinical care treatment to 170,000 patients a year as a stop gap measure to get treatment for patients, who have no means to pay for medical care.

In Chicago, care for the region's under- and uninsured is intended to be provided by the Cook County Bureau of Health Services. The County health service has a budget of about \$800 million and employs some 8,000 individuals. But the health service system is in crisis, literally fighting for its life. The health service has long been dogged by billing issues, clinic closures, and budget shortfalls that depleted its assets by more than \$150 million in the period 2002-2005.⁶¹ In October 2007, an independent review board recommended that an independent board of trustees be appointed, as has recently occurred, to oversee the operations of the County's health care system for the next three years.

The City has an enormous stake in the success of the efforts to revitalize the County's health care system. An estimated 26% of all Chicagoans ages 0 to 64 and 18% of Chicago's children ages 0 to 18 have no health insurance and rely on the County health care system for their medical care.⁶² Cook County is the largest provider of indigent health care in the state and the third largest in the nation, caring for more

⁶¹ Cook County Bureau of Health Services. (2007, October). *Report of the Cook County Bureau of Health Services Review Committee*, 21.

⁶² The Gilead Outreach and Referral Center. (2008) op. cit.

than a million poor, uninsured individuals every year.⁶³ The implications of a failure of the County health care system to the City cannot be overstated. Such a failure would not only overwhelm the small neighborhood clinics run by the Department of Public Health but it would also place the entire private hospital system in the City at risk.

Thus, the situation poses a dilemma. On the one, hand, DPH should not be delivering clinical care; that care should come from hospitals and clinics equipped to provide the scope of treatments such care calls for. On the other hand, patients currently being treated by DPH cannot be turned over to the County health care system until it is able to care for them.

RECOMMENDATION 1.3c: Collaborate with the independent board of the Cook County Bureau of Health Services to identify a specific timeframe within which the County will assume responsibility and provide quality clinical care for overflow patients currently receiving City medical care.

No great city can function without providing all with access to quality health care. The call for urgent action to resuscitate the County's health care delivery has been sounded and the first steps toward that mission have been taken. Success is critical to the City, and its leaders should insist that this promise is fulfilled.

Curing the ills of the County system would allow the Chicago Department of Public Health to refer the needy patients it encounters to a fully integrated clinical care system ready to accept and look after them. To that end, the Commission strongly believes that the City should work with the newly installed independent board to assure that those who come to DPH as a last resort are given the care they deserve by the County's health care system. They deserve better, and for that reason, the County health care system cannot be allowed to fail them.

⁶³ Center for Tax and Budget Accountability (2007, February). *The State of Illinois Shortchanges Cook County on Federal Medicare Payments*, Center for Tax and Budget Accountability, 1.

SUPPORT EFFORTS OF CHICAGO LEADS TO INCREASE ACCESS TO JOBS AND TRAINING IN GROWTH SECTORS TO MEET THE NEEDS OF RESIDENTS, BUSINESSES, AND COMMUNITIES⁶⁴

While Chicago continues to experience growth in most sectors—its estimated rate of growth in 2008 exceeds that of New York City or Los Angeles⁶⁵—low-wage and middle-skills jobs are the fastest growing and may soon account for more than half of all jobs in Chicago.⁶⁶ In today’s global economy, advancement to better paying jobs requires increasing levels of skill and education, yet workforce funding has for some time been focused on moving residents to entry-level, low-skill, low-wage jobs. As higher-skilled employees become costlier to recruit and hire, industry moves jobs that require particular skills elsewhere, thus exacerbating the problem.

The effects of this cycle create income inequality in Chicago. African-Americans saw average wages decline from \$25,337 in 2002 to \$23,814 in 2006.⁶⁷ Manufacturing jobs, while still providing 12% of private sector jobs in the region, continue to decrease. Low-wage workers are struggling to meet the cost of living.

In the midst of these challenges is an opportunity. The City can retain and attract jobs that require higher-skilled labor and pay better wages by establishing a workforce development system that improves the skills of employees and increases their earnings. By doing so, the City can stabilize and expand Chicago’s middle class. Moreover, a workforce development system that increases the supply of skilled labor will help retain and attract businesses in sectors that provide the jobs that pay better wages and sustain a middle class.

RECOMMENDATION 1.4: Continue to support and prioritize its new initiative, Chicago LEADS (Leading Economic Advancement, Development and Sustainability), which seeks to create an integrated skills training system for Chicago residents and area employers.

⁶⁴ Included in the Mayor’s April 2008 announcement of the Commission’s preliminary recommendations.

⁶⁵ Park, A. (2007, July). *op. cit.* Retrieved on October 5, 2008 from <http://www.fastcompany.com/multimedia/slideshows/content/fast-cities-chicago.html>

⁶⁶ The Center for Tax and Budget Accountability, Office for Social Policy Research, Northern Illinois University, and Center for Governmental Studies, Northern Illinois University. (2007). *op. cit.*

Skills2Compete (2008, September). *op. cit.*

⁶⁷ Chicago Urban League. (2008, February). *The Future of Economic Development for African Americans in the Chicago Metropolitan Area: The Next Ten Years.*

Based on current needs and projected job opportunities, Chicago LEADS aims to:

- Provide workers with the skills required for growth jobs
- Ensure that skilled workers are available to meet local business needs
- Make Chicago more attractive as a business destination.

Chicago LEADS involves and coordinates the efforts of private employers, workforce development leaders, job training and placement providers, and public entities such as the Mayor’s Office of Workforce Development and the City Colleges of Chicago.

The initiative is using three strategies to reform workforce training. First, it is organizing all stakeholders in the workforce system around common goals to fill jobs in growth sectors, such as eliminating the nursing shortage and expanding employment in transportation and other high-volume, well-paying industries. Second, it is launching pilots—an expanded network of career academies, a hospitality institute, and a critical mass of healthcare providers to solve the nursing teacher shortage—that connect different parts of the system in new ways, in sectors that are experiencing growth, and at a scale that matters. Third, Chicago LEADS is mapping a set of systems reforms, including rethinking funding, organization of the overall workforce system, and ways of capturing, reporting, and using outcomes data that will, together, ensure the reforms can be sustained.

ENCOURAGE ONGOING EFFORTS TO CREATE AND MAINTAIN AFFORDABLE HOUSING AND TO INCREASE RESIDENTS’ AWARENESS OF HOUSING OPPORTUNITIES

To maintain stable communities and quality of life, affordable housing must be available for all income levels. Chicago is a leader in housing efforts, often setting the national standard and serving as a model for others. With its Five-Year Affordable Housing Plan, the City works in partnership with housing developers, affordable housing advocates, lenders, and others to set strategic goals and report quarterly and publicly on its progress. An emphasis on self-sufficiency is clear in the Ten-Year Plan to End Homelessness, which uses supportive housing to help thousands of families move quickly into permanent housing and gain access to needed services.

In addition, the City offers an array of services that assist in stabilizing communities and growing Chicago’s middle class by protecting and encouraging affordable rental

and homeownership opportunities. These efforts share three objectives: to develop and produce affordable rental and homeownership opportunities; to preserve existing affordable units; and to prevent and mitigate the impact of foreclosures.

RECOMMENDATION 1.5a: Continue to create and preserve affordable rental and homeownership options for Chicago residents, extending the City’s progress in making available an extensive range of housing programs. Also, develop and execute a community awareness campaign, identifying ways to increase residents’ knowledge of available programs.

With improved marketing and public education, the City can inform residents about housing assistance and opportunities, and continue to demonstrate national leadership in this area.

Affordable rental options and paths to homeownership will continue to be key to growing the middle class in the 21st Century. Additionally, the current housing environment has escalated concern about foreclosures and their long-term consequences for neighborhoods and the economy. In Chicago, foreclosure filings during 2007 totaled 14,250, an increase of 105% over the same period in 2000 and 46% over 2006.⁶⁸

Foreclosures can have a devastating impact on homeowners and communities. Properties where the foreclosure process has been completed often become vacant, boarded, or abandoned homes that attract vandalism, arson, and other crime and lead to blighted neighborhoods. Moreover, these blighted homes often discourage further investment, limiting opportunities for economic growth. Foreclosures impose significant costs not only on borrowers, lenders, and neighboring homeowners, but also on municipal governments. A 2005 study of Chicago estimated that a single foreclosed, vacant property can cost municipalities up to \$34,000 in police and fire protection, trash removal, courts, unpaid water bills and demolition.⁶⁹

In Chicago, an increasing number of foreclosed properties are going to the plaintiff at auction, meaning they revert to the lender’s inventory. In 2005, 64% of properties in Chicago went to the plaintiff, compared to 96% in 2007.⁷⁰ Based on this data, it is

⁶⁸ Office of the Mayor, City of Chicago.

⁶⁹ Agpar, W. C., Duda, M., & Gorey, R. (2005). *The Municipal Cost of Foreclosures: A Chicago Case Study*. Minneapolis, MN: Homeownership Preservation Foundation.

⁷⁰ Office of the Mayor, City of Chicago.

expected that these properties are in poor condition and that many are located in areas facing real estate market challenges. Many will likely remain vacant in the lender's portfolio for several years.

While many of the most effective remedies to foreclosure derive from federal and state legislation, the City already has taken significant action to mitigate the consequences of foreclosures and prevent additional losses. Since 2003, the City has worked with Neighborhood Housing Services of Chicago, 22 lending institutions, and the Federal Reserve Bank of Chicago to combat foreclosures through the Home Ownership Preservation Initiative (HOPI). Thus far the program has counseled more than 10,000 Chicagoans, prevented more than 1,800 foreclosures and reclaimed and rehabilitated more than 500 vacant, troubled buildings.⁷¹ The City was the first municipality to launch a series of Borrower Outreach Days, which bring together lenders and homeowners. The Early Warning Program sends out foreclosure prevention information within days of the foreclosure process being initiated in Circuit Court.

The City's foreclosure prevention programs have served as national models, but despite the City's best efforts, many homeowners will lose their homes. The magnitude of this problem has the potential to reverse much of the investment and progress that have been made in communities throughout Chicago.

In an effort to protect neighborhoods as well as the investments made in a variety of communities, the City should expand its activities and seek new partnerships to address the growing number of vacant foreclosed homes that are threatening the safety and stability of Chicago's neighborhoods.

RECOMMENDATION 1.5b: Expedite efforts to develop a public-private initiative to put vacant, foreclosed properties back into productive use as quickly as possible.

The initiative should be designed to oversee and coordinate targeted revitalization efforts in key areas to mitigate the impact of foreclosure on neighborhoods. Activities should be implemented in close coordination with community partner organizations to ensure that the initiative takes advantage of city-wide economies of scale, while building upon the knowledge and input of local community partners.

Over the past several years, millions of local, state, and federal funds have been infused into community development efforts. It is critical to take action to protect

⁷¹ Ibid.

those investments by quickly implementing place-based approaches to get vacant, blighting, unoccupied properties back into productive use.

Invest in infrastructure strategically

Infrastructure investment shapes the city's future. Chicago continues to benefit from public infrastructure investments that were made in the 19th and 20th centuries to develop heavy rail, highways, local roads, public transit, bridges, airports, parks, and water systems. Railroads made Chicago a national hub, and our local transit system allowed the city to grow.

Chicago's fate in the 21st century will, once again, be dictated by the ability of its infrastructure to support the life of the city. The task of our generation is to maintain and leverage existing assets and strategically channel new investments to support the economics, technologies, and demographics of future generations.

If people and commerce are the lifeblood of a city, infrastructure is its skeleton and arteries. Infrastructure means the movement of both goods and people. It means the ability to move information and ideas. It means not only the existence of city services – from sewers to streets, from buses to the Internet – but the condition of these services (i.e., a crumbling infrastructure defines a crumbling city). It means the ability of a city to thrive in its environment.⁷²

Similar to a body's bones and arteries, when a city's infrastructure works, few notice. To maintain it preventatively is moderately costly and thoroughly unglamorous. When it fails, it fails spectacularly, and repair is extremely expensive, sometimes impossible.

Much of Chicago's infrastructure is aging or old; most of the water mains were laid over 70 years ago. Parts of the city's infrastructure also support more activity than they were designed for. The region's population is projected to grow by 20% over the next 20 years. Much of the population growth will occur outside of the city, but it will place pressure on the City's infrastructure, taxing our system even further.⁷³

Unfortunately, as the cost of maintaining and upgrading infrastructure systems continues to rise, traditional funds devoted to these important assets grow scarcer. The Commission is concerned that under-funding, especially at the federal and state level, has begun to shift attention from preventive, to deferred or even breakdown maintenance. These changes in emphasis promise to increase total maintenance costs and create massive additional costs for taxpayers.

⁷² The Chicago Council on Global Affairs. (2007). *The Global Edge: An Agenda for Chicago's Future*.

⁷³ Northeastern Illinois Planning Commission. (2004). *Northeastern Illinois's Population to Surpass 10 Million by 2030; 1.2 Million New Jobs*.

Chicago's status as a serious contender for the 2016 Olympic and Paralympic Games offers a window of opportunity to increase investment in the city's infrastructure. The results of such investment would serve as an important legacy to benefit Chicago residents, businesses, and visitors for years to come.

The expansion of O'Hare International Airport and the City's identification of innovative financing mechanisms – such as the successful privatization of the Chicago Skyway Toll Road, the Chicago underground parking garage system, the public-private partnership that created Millennium Park, and current efforts to privatize Midway Airport and street parking meters – demonstrate the City's commitment to rebuilding its infrastructure. Efforts such as these have made Chicago a national leader in addressing infrastructure gaps.

With full awareness of the hurdles ahead, the Commission envisions a Chicago that is vibrant, connected, and sustainable. We believe that, in 21st Century Chicago, historically under-resourced neighborhoods can be transformed into destination communities; the public transportation system can be lauded and emulated; once congested thoroughfares can flow freely; the freight system and airports can contribute to the region's growth; parks and green spaces can be ubiquitous; the water management system and conservation programs can nurture our natural resources, and deteriorating infrastructure can become a thing of the past. The Commission wants to see Chicago take its place as a global infrastructure leader with forward-looking plans, creative financing, and transparent, equitable deployment of resources that are coordinated across sectors.

Recommendations for infrastructure

To these ends, the Commission has chosen to make recommendations that focus on planning for and strategically investing in Chicago's infrastructure. The City should bring the system comprehensively into a state of good repair and increase access, expand mobility, and promote sustainability. These goals can be achieved by employing strategies that:

- 2.1 Create and oversee a comprehensive infrastructure investment strategy:
 - 2.1a Lead the charge in assessing and addressing infrastructure needs across all sectors and agencies.
 - 2.1b Assess current assets and efficiently deploy resources for future investments.
 - 2.1c Develop evaluation criteria to prioritize infrastructure investment decisions.

- 2.1d Establish mechanisms for centralized coordination and tracking of infrastructure projects across sister agencies and public/private sector lines.
- 2.1e Elevate efforts to solve freight congestion in Chicago to a national priority.
- 2.1f Continue the resourceful pursuit of appropriate revenue sources and public-private partnerships to finance and sustain infrastructure projects.
- 2.2 Aggressively incorporate transit-oriented development (TOD) principles into planning decisions to take full advantage of existing transit infrastructure:
 - 2.2a Through TOD, maximize existing infrastructure in order to alleviate congestion, reduce travel times, and enhance quality of life in neighborhoods.
 - 2.2b Adopt and use planning criteria that take full advantage of existing transit infrastructure.
- 2.3 Support projects that enhance access for passengers and cargo to and from O’Hare International Airport.
- 2.4 Improve access and transfers across transit modes:
 - 2.4a Offer integrated fare cards, valid on CTA, Metra and Pace.
 - 2.4b Enable riders of all transit systems to purchase fare cards using credit and debit cards, and consider expansion of electronic fare “smart cards.”

CREATE AND OVERSEE A COMPREHENSIVE INFRASTRUCTURE INVESTMENT STRATEGY

From reversing the flow of the Chicago River to operating the world’s second busiest airport, Chicago’s growth and competitiveness can be attributed to its historic and ongoing investment in infrastructure. The city is home to North America’s only dual-hub airport system, which handled 3,400 flights per day in 2007; the world’s 3rd largest intermodal port; one of the most extensive public transit networks in the country; six Class I railroads; over 125 miles of on-street bike lanes and paths; 4,200 miles of water mains; thousands of miles of street network and alleys; and other major infrastructure components.⁷⁴ Such investment has greatly contributed to

⁷⁴ AirportIQ. *FAA Airport Master Record for ORD and MDW*. Retrieved on September 25, 2008 from <http://www.gcr1.com/5010web/airport.cfm?Site=ORD> <http://www.gcr1.com/5010web/airport.cfm?Site=MDW>.

Chicago's status as the most diversified economy in the United States.⁷⁵ However, this intricate system is rapidly deteriorating due to age and ongoing deferred maintenance.

Nationally, funds devoted to infrastructure are modest and dwindling. From 1950 to 1970, the federal government devoted 3% of GDP to infrastructure. Since 1980, infrastructure investment has been reduced by one-third, to less than 2% of GDP.⁷⁶ By comparison, China invests 9% of GDP in infrastructure, and Europe invests 5%.⁷⁷

Because too few resources are directed toward infrastructure maintenance relative to the size of the need, many cities and municipal authorities are caught in a cycle of crisis-based maintenance. This “patch as needed” method of deploying resources is very expensive. Breaking the cycle of spreading too few resources over many projects requires long-range planning that addresses current needs, anticipates changes, and aligns decisions with strategic goals.

An additional challenge for Chicago is that responsibility for infrastructure is fragmented across multiple infrastructure “owners”: City departments, sister agencies, other levels of government, and private sector entities.

RECOMMENDATION 2.1a: Lead the charge in assessing infrastructure needs across all sectors and agencies, and address those needs with business, government, and other civic leaders.

Taking care of the city's infrastructure calls for strong leadership that bridges the particular interests of infrastructure owners for the sake of the quality of life of Chicago's residents, the economic vitality of its businesses, the experiences of its visitors, and its stewardship of the environment.

City leadership in infrastructure strategy – typically the purview of entities with broader boundaries – does run the risk that the infrastructure owners will resist bringing their resources to the table and instead demand that the City alone fund any infrastructure improvements. However, there is precedent for the City taking a

Chicago Metropolis 2020 (December 2004). *The Metropolis Freight Plan: Delivering the Goods*. Retrieved October 1, 2008 from http://www.chicagometropolis2020.org/10_40.htm. ~~Chicago's Water Agenda 2003.~~

⁷⁵ Roeder, D. op. cit.

⁷⁶ Reid, R. L. (2008). The Infrastructure Crisis. *Civil Engineering: The Online Magazine of the American Society of Engineers*. Retrieved October 1, 2008 from http://pubs.asce.org/magazines/CEMag/2008/Issue_01-08/article1.htm

⁷⁷ The cracks are showing. (2008, June 26). *The Economist*.

leadership role among multiple entities outside its direct responsibilities. The Mayor recognized the importance of educating the city's children and housing its low-income families when he took responsibility for the Chicago Public Schools (CPS) and Chicago Housing Authority (CHA), neither of which are City departments.

It is important to note that while CHA and CPS are both sister agencies and coordinate units of local government (with the same tax base and geographic boundaries), infrastructure by definition involves regional and statewide stakeholders, which makes coordination significantly more complex. Yet the payoff will be infinitely beneficial: a strategic plan for the city's infrastructure is as important to the city today as the Burnham Plan for Chicago was 100 years ago. To advance a regional infrastructure strategy, the City should convene the relevant bodies and push the agenda forward.

RECOMMENDATION 2.1b: Assess the condition of current assets, target future investments, and identify and efficiently deploy resources.

Such a strategy must:

- Conduct an assessment of Chicago's infrastructure, including an assessment of the assets created by past investments; a comprehensive inventory of current infrastructure conditions; and a determination of infrastructure necessary to support the growth of the City's middle class and build Chicago's global competitiveness.
- Make decisions about how to invest in future infrastructure, based on scenario planning for changing demand; a maintain/replace/invest/disinvest strategy that analyzes associated life cycle costs; and decision criteria focused on long-term viability and sustainability.
- Consider the most effective ways to identify and deploy resources. Preventative maintenance, rather than breakdown maintenance, and innovative financing options must be stressed.

Infrastructure investment strategies are key to developing capacity for future growth. The City already has individual plans for management and improvement of water, energy and transit systems and has individual plans for various elements of its transportation systems. But a single comprehensive plan that encompasses all these strategies as part of an overall master plan could have a much greater impact. Two examples already exist. PlaNYC, New York City's 2030 master plan, includes

strategies for improvement and management of the city’s water, energy and transportation systems. The plan lays out guidelines to increase capacity, reduce energy usage, and reach a state of “good repair.”⁷⁸ The Business Council of Australia’s Infrastructure Plan for Future Prosperity articulates the government’s roles and responsibilities, incentives for reform, and methods for independent, regular and transparent assessment and reporting.⁷⁹

In a 21st Century context, stakeholders increasingly demand transparency, accountability, and data-driven processes. Evaluation criteria can enable decision-makers not only to provide such transparency but also to better ensure effective prioritization among projects, goal-setting, and outcomes.

RECOMMENDATION 2.1c: Develop a set of evaluation criteria to prioritize infrastructure investment decisions and lead to clear outcomes.

Such evaluation criteria could include: lifecycle costs of construction, maintenance, and operation; advantages of rehabilitation versus demolition; system impact; improvements to accessibility and mobility; economic impact; private sector support; and consistency with certain city-wide objectives, such as transit-oriented development.

Additionally, criteria should emphasize how well a potential infrastructure investment mitigates and responds to the impact of climate change (by encouraging such features as permeable surfaces, urban heat island reduction through trees and reflective surfaces, and incentives to reduce vehicle miles traveled), and whether it incorporates environmentally conscious elements, such as the choice of street lighting, traffic signal design, and construction guidelines. Criteria should address the full range of transportation modes, from walking and biking to private auto and public transit.

Where possible, new investments should leverage prior infrastructure investments – for example, locating parks near schools and libraries near transit corridors makes sense not only from a project efficiency standpoint, but also from the perspective of neighborhoods and residents.

⁷⁸ City of New York. *PlaNYC 2030*. Retrieved July 10, 2008 from <http://www.nyc.gov/html/planyc2030/html/home/home.shtml>

⁷⁹ Business Council of Australia. (2007, October). *Infrastructure Roadmap for Reform*. Retrieved July 10, 2008 from <http://www.bca.com.au/Content/101167.aspx>

Station renovations and other transit-oriented development projects that build on existing infrastructure to create density near transit options are particularly good candidates for public-private partnerships and private sector investment.

RECOMMENDATION 2.1d: Establish mechanisms, such as infrastructure “roundtables” that cut across sister agencies and public/private sector lines, for centralized coordination and tracking of infrastructure projects.

Infrastructure roundtables provide an informal and productive method for centralizing program management of infrastructure construction and maintenance projects. Such centralized coordination and decision-making can ensure that the City’s infrastructure investment strategy is properly implemented and monitored.

By bringing the appropriate infrastructure “owners” to the table together, projects that lie across jurisdictions can be prioritized, properly synchronized, and tracked. An additional benefit of these roundtables is that the City and other participants can tap into the wealth of knowledge and experience that the participants bring to the process. Leveraging investment with experience can lead to the discovery of new project efficiencies.

As the North American hub of the railroad industry and the only city in the country that has all six Class I railroads passing through, the Chicago region sees roughly 1,200 trains move through on a daily basis. This rail activity produces a state-wide economic impact that supports 38,000 rail-related jobs and \$22 billion in annual value to the region’s manufacturers and businesses.⁸⁰

The demand for freight rail in Chicago is growing. In fact, in the next 20 years, that demand is expected nearly to double.⁸¹ Chicago Metropolis 2020 predicts a 70% increase in railroad tonnage by 2030. The 37,500 railcars that pass through Chicago every day will likely increase to 64,000.⁸² As growth continues, the capacity of Chicago’s rail infrastructure will become even more severely tested.

⁸⁰ Chicago Region Environmental and Transportation Efficiency Program. *CREATE Program Overview*. Retrieved July 10, 2008 from http://www.createprogram.org/pdf/create_overview.pdf

⁸¹ Chicago Metropolis 2020. op. cit.

⁸² Ibid.

RECOMMENDATION 2.1e: Elevate efforts to solve freight congestion in Chicago to a national priority.

The Chicago Region Environmental and Transportation Efficiency Program (CREATE) has been established as a groundbreaking partnership between the State of Illinois, the City of Chicago, Metra, and the nation’s freight railroads to tackle this national infrastructure modernization challenge. The goal of CREATE is to invest in critical capital improvements to reduce freight-train delays, mitigate congestion in the Chicago area, and increase the efficiency and safety of the rail infrastructure. The Commission believes that landmark partnerships such as CREATE hold great potential for making strategic infrastructure investments and preserving Chicago’s primacy as a rail hub.

As public dollars for infrastructure investment continue to shrink, governments have begun to consider seriously the role the private sector can play in constructing and sustaining infrastructure assets. Carrying out strategies that attract private sector resources to public infrastructure projects is fairly common in Australia, the United Kingdom, and other parts of the European Union.

Although public-private partnerships (PPPs) are growing in popularity in the U.S., the 2005 Chicago Skyway lease to a private consortium was the first significant privatization of existing U.S. infrastructure.⁸³ Typical PPPs in the U.S. have supported the creation of new infrastructure, such as toll roads in Missouri and Pennsylvania and passenger rail in Washington, D.C. and the Bay Area.

RECOMMENDATION 2.1f: Continue the current resourceful approach to infrastructure project financing through the pursuit of appropriate revenue sources and public-private partnerships, including the implementation of a design/build/maintain/operate strategy, where appropriate, to finance and sustain infrastructure projects.

⁸³ Narefsky, D. (2008, July). *Chicago: The “Silicon Valley” of Infrastructure Privatization – Accomplishments to Date, Initiatives in Progress, and Future Possibilities*. Presentation to the Environment, Infrastructure, and Business Services Committee.

One PPP option which holds great promise for Chicago is the design/build/maintain/operate strategy. In the typical model for U.S. infrastructure contracts, each phase is segregated and often awarded to a different contract, which leaves all risk – financing, operating, maintaining, potential overruns, and so on – with the public sector entity. Because it has the potential to use one contractor for many or all phases of a project, the design/build/maintain/operate strategy shifts some of the risk to the private sector. In this scenario, the contractor has responsibility for the maintenance and operating lifecycle, which often leads to more innovative, efficient, and effective projects.

The Commission recommends piloting this strategy with new and existing infrastructure assets, such as rail stations, bridges, and public buildings. Proceeds from these arrangements are often earmarked for other infrastructure improvements.

AGGRESSIVELY INCORPORATE TRANSIT-ORIENTED DEVELOPMENT PRINCIPLES INTO PLANNING DECISIONS THAT TAKE FULL ADVANTAGE OF EXISTING TRANSIT INFRASTRUCTURE

Chicago must support the ability of millions of people to move as quickly and efficiently as possible in and around the city on a daily basis. By some estimates, people living in the Chicago metro area face the second longest commutes in the country, at a total economic cost of \$7.3 billion regionally.⁸⁴ There is little room to build more roads in Chicago, and the ones we have are at capacity. Alternatives to cars – not roads – are where the solution lies. We must take full advantage of our existing transit network and strategically improve it to protect and improve our quality of life.

The city has a robust transit system with an extensive passenger rail network, nearly 400 transit rail stations and buses that travel 250,000 miles every day.⁸⁵ Yet in recent decades, development has followed the national pattern of looking more to the area's

⁸⁴ Metropolitan Planning Council (2008, August). *Moving at the Speed of Congestion*. Retrieved September 15, 2008 from http://www.metroplanning.org/cmadoocs/MPCreport_movingatthespeedofcongestion.pdf
Texas Transportation Institute. *2007 Urban Mobility Report*. Retrieved July 15, 2008 from <http://mobility.tamu.edu/ums/report>

⁸⁵ Totals combined from CTA, Metra and Pace operating statistics. Retrieved on September 15, 2008 from <http://www.transitchicago.com/welcome/overview.html#a>, <http://www.metrarail.com/general.html>, http://www.pacebus.com/sub/about/history_facts.asp

road system, with regional population spreading farther and farther from the city core, increasing commuting time and congestion.

Chicago is well-positioned to become a leader in transit-oriented development (TOD). TOD is one critical method by which Chicago can accommodate, even motivate, population growth without a corresponding increase in road congestion. By bringing better retail and services to its neighborhoods, TOD can draw new residents to transit hubs and new development opportunities to existing neighborhoods.

RECOMMENDATION 2.2a: Aggressively pursue transit-oriented development (TOD) and maximize existing infrastructure in order to reduce travel times, alleviate congestion, and enhance quality of life in neighborhoods.

TOD concentrates development near transit, which allows the public and private sectors to leverage the billions of dollars that have already been invested in transit, increases options for people and businesses, revitalizes communities, and enhances the tax base. Additionally, TOD helps lower Chicago's contribution to global warming and protects open space and air quality.

When properly implemented, TOD strategies improve the livability of communities by making work, school, and retail opportunities more accessible by transit and within walking distance of many households. Strategically implementing TOD across Chicago will increase the ability of residents and businesses to spend fewer dollars on fuel and more time with their families and community members.

For example, Portland, Oregon has aggressively pursued strategies to promote TOD. The state passed legislation that allows local governments to offer a 10-year property tax exemption on projects that include new multiple-unit housing or mixed-use developments located within walking distance of a light rail station or transit route. This, in combination with a strict growth boundary and restricted new road construction, has resulted in a 30% increase in population, but only a 16% growth in developed land area between 1979 and 1997. Portland's public transit ridership growth outpaces growth in auto use. The number of families with no automobile is up by 42%, and 44% of residents ride transit twice a month or more.⁸⁶

Aggressively implementing TOD can help Chicago become more economically viable, more environmentally sustainable, and more firmly positioned as global city.

⁸⁶ Retrieved on July 14, 2008 from <http://www.commissionersam.com/node/2794>

Chicago's Department of Planning and Development (DPD) already widely employs zoning, permitting, and building code tools to evaluate proposed projects and encourage developments that support transit, promote climate change initiatives, and spur economic development in neighborhoods. For example, DPD is working with the Chicago Transit Authority (CTA) on a pilot program to examine development opportunities near six CTA rail stations. DPD also has plans underway to develop a topology of street types to develop recommendations for building height and density maximums. This work can inform recommendations for zoning code changes.

Currently, DPD has a case by case orientation towards project evaluation. This orientation is also practiced at the neighborhood level by local decision-makers who may not fully understand the benefits and trade-offs of decisions regarding parking and density.

RECOMMENDATION 2.2b: Adopt planning criteria that take full advantage of existing transit infrastructure and make the application of those criteria the norm for all planning decisions. The Commission specifically recommends that the City:

- Strengthen the zoning code in two key ways: 1) increase the number of housing units allowed along arterials and adjacent to transit, and 2) eliminate the zoning code requirements regarding minimum numbers of parking spaces for buildings located near transit, and replace them instead with a maximum limit.
- Create policy frameworks to establish a city-wide policy for minimum heights and density around transit nodes.
- Create market-based pricing policies for parking that balance demand with supply and direct revenues toward infrastructure planning, operating, and capital needs.
- Motivate private sector investment by creating an expedited planned development program for TOD projects.
- Demonstrate to aldermen, developers, neighborhood groups, and other stakeholders the benefits of increased density at strategic locations.

- Establish a central point of contact at the City responsible for ensuring that transit-oriented development occurs in coordination with development directed by the local transit boards.

The City and CTA should aggressively develop their own property and encourage denser private development within a half-mile of CTA and Metra stations. The City should also find ways to support parking for car-share vehicles at these locations. One effective planning tool may be to encourage the creation of small “master plans” for a half-mile radius around transit stations.

For example, Denver, Colorado is in the process of adopting a transit mixed-use zone that allows more floor area per unit of land and requires fewer parking spaces than is generally typical of urban development.⁸⁷ Another example, the Bethesda Metro Center, an office-retail-hotel TOD project near Washington, D.C., sits atop the Bethesda Metrorail station and generates \$1.6 million annually in air rights rental revenue for the Washington Metropolitan Area Transit Authority.⁸⁸

Additionally, in the San Francisco Bay Area, the Metropolitan Transportation Commission (MTC) provides grants for strategic station-area planning and urban design initiatives that strengthen the bond between transit and the neighborhood it serves. MTC has also adopted a housing incentive program that encourages residential TOD by rewarding local jurisdictions that locate compact housing within one-third of a mile of transit. These initiatives are working. Residential development near the BART station in Pleasant Hill, California generates 52% fewer peak period auto trips than typical residential development. The surrounding office development generates 25% fewer trips than a typical office development.⁸⁹

Some stakeholders may resist increasing density in certain locations, fearing that traffic congestion will rise concomitantly. As the above examples demonstrate, the opposite is often the case – fewer auto trips. Extensive, ongoing education and communication will be necessary to address such concerns.

The most successful instances of TOD apply investment city-wide, as part of an overall planning strategy rather than as a fragmented application. In all cases, decision-making and revenue allocation from TOD initiatives should be transparent.

⁸⁷ Denver Regional Council of Governments (2007, December). *Metro Vision 2035 Plan*.

⁸⁸ Washington Smart Growth Alliance. (2007, September 13). Press release

⁸⁹ *Pleasant Hill BART Overview*. Retrieved on September 19, 2008 from http://www.ccreach.org/ccc_redevelopment/ph_overview.cfm

SUPPORT PROJECTS THAT ENHANCE ACCESS FOR PASSENGERS AND CARGO TO AND FROM O'HARE AIRPORT

Chicago's world class international airports, O'Hare and Midway, serve nearly 95 million passengers and handle almost 1.7 million tons of mail, freight, and express cargo annually. Moreover, O'Hare is regularly ranked the second busiest airport in the nation.

O'Hare is currently undergoing a \$6.6 billion modernization program to update its runways. The project is estimated to increase capacity by 40%, reduce overall delays by nearly 80%, saving the airline industry and customers a combined \$750 million.⁹⁰ According to a study funded by Chicago and DuPage County, an estimated 44,000 jobs are expected to be generated from the airport improvement project and an increase of \$3 billion in gross regional product per year by 2015.⁹¹ In order to keep pace with current demands and prepare for the new jobs, increased number of passengers, and additional cargo movements that the modernization of O'Hare will generate, infrastructure improvements are needed to enhance access to the airport, particularly from areas west of the facility.

A recent Illinois Department of Transportation study found that people driving in the O'Hare corridor endure 284,000 total daily hours of delay on 390 miles of area roads in 25 communities. That translates to 35,500 work days. The mode split for trips in the corridor is 95% auto and 5% public transportation.⁹²

O'Hare customers whose trips originate in Chicago enjoy nearly door-to-door service to the airport via CTA's Blue Line. However, for passengers traveling by car and for deliveries, there are only two major expressways, I-190 and I-294, that feed directly into the airport. Additionally, an airport shuttle connects the airport to a single nearby Metra line. While this limited transit access is comparable to other major airports, the federal government is concerned that ground access to airports may not keep pace with passenger growth, which is expected to rise by roughly 52% between 2004 and

⁹⁰ The Chicago Council on Global Affairs (2007). *The Global Edge: An Agenda for Chicago's Future*, 34.

⁹¹ DuPage County Economic Development and Planning (2006, October). *West O'Hare Corridor Economic Development Study, Executive Summary*.

⁹² Illinois Department of Transportation. *Draft Purpose of and Need for Improvements*. Retrieved on October 2, 2008 from www.elginohare-westbypass.org

2015.⁹³ Cities will face increased roadway congestion because most travelers commute to airports in cars or taxis.⁹⁴

RECOMMENDATION 2.3: In collaboration with regional partners, extend current operations and maintenance plans to improve connections for both passenger and cargo transportation to O’Hare International Airport by supporting the following planned initiatives:

- Develop a bypass project that would extend the Elgin-O’Hare Expressway to connect the Tri-State and Northwest toll ways.
- Create better access to O’Hare from the western suburbs via Metra.
- Expand and complete the collector-distributor lane from Mannheim Road to the terminals to alleviate the I-90 bottleneck.
- Build an express rail from the Loop to O’Hare.

Following these recommendations will speed the movement of people and goods by relieving traffic bottlenecks and congestion that currently occur near the airport interchanges. The City has already set aside land for highway improvements. Cook County will need to pass legislation to set aside land to accommodate additional highway bypasses.

The changes will also extend the public transportation network to provide more travel options to O’Hare customers to and from the airport. The Commission also anticipates quality of life improvements due to increasing transit market share for trips to and from the airport and continued development of a world-class multimodal transportation system.

Many other cities and their partners have recently invested in access improvements for mass transit and vehicles. For example, Phoenix will include an airport station in

⁹³ American Society of Civil Engineers. *Aviation D+*. Retrieved on September 22, 2008 from <http://www.asce.org/reportcard/2005/page.cfm?id=21&printer=1>
Federal Aviation Administration. *FAA Aerospace Forecasts FY 2004-2015*. Retrieved on October 2, 2008 from http://www.faa.gov/data_statistics/

⁹⁴ United States Government Accountability Office (2005, July). *Intermodal Transportation: Potential Strategies Would Redefine Federal Role in Developing Airport Intermodal Capabilities (GAO-05-727)*.

its new rail system expected to begin operating in late 2008. Passengers will be shuttled from the station to the airport terminals free of charge.⁹⁵

For vehicular airport access, New York City has upgraded a new roadway system, expanded the JFK Expressway, and added an airport rail service, thereby alleviating congestion on the Van Wyck.⁹⁶ A similar effort in Florida, the Tampa Airport Interchanges project, is estimated to cost \$212 million. Involving several highways, the new interchange configuration features the separation of local and express traffic with collector/distributor roads and express lanes. This system is also expected to help reduce congestion on the interstate ramps within the area and improve access to Tampa International Airport.⁹⁷

The O'Hare access projects are major infrastructure investments that will require additional federal, state, local, and possibly private sector resources. In addition, the projects may antagonize groups who are hostile to the modernization program. However, the Commission believes that the improved efficiency for Chicago metro area residents, employees, and tourists and their anticipated support will outweigh any negative feedback. Furthermore, O'Hare access projects may be excellent candidates for public-private partnership strategies.

IMPROVE ACCESS AND TRANSFERS ACROSS TRANSIT MODES

The Chicago region has three separate public transit systems that historically have been responsible for their own service and capital planning. The Chicago Transit Authority (CTA) provides bus and rapid rail service to Chicago and surrounding Cook County suburbs. Metra is the regional commuter rail system. Pace provides bus and van pool services to suburban areas, primarily outside of Cook, and paratransit service to seniors and people with disabilities within the entire six county region. The Regional Transportation Authority (RTA) has oversight for the three service boards, which now includes coordination of service and capital plans.

Chicago has made some progress in the interoperability of its fare system— offering some riders the ability to pay once for the total cost of a ride on one system and a connecting ride on another system – but is still well behind other world-class cities

⁹⁵ Phoenix Sky Harbor International Airport. Retrieved September 19, 2008 from <http://phoenix.gov/aviation>

⁹⁶ Port Authority of New York & New Jersey (2005, October 10). *Port Authority Authorizes \$17.1 Million in Investments at Three Major Airports*. Retrieved on October 2, 2008 from <http://www.panynj.gov/abouttheportauthority/presscenter/PressReleases/PressRelease/index.php?id=749>

⁹⁷ *SR 60 Tampa Airport Interchange, Florida, USA*. Retrieved October 2, 2008 from <http://www.roadtraffic-technology.com/projects/sr60>

such as Hong Kong and London. The CTA and Pace fare systems already are integrated; CTA fare cards are accepted on Pace buses.

However, coordination with the commuter rail system, Metra, where fares are based on distance traveled, has not occurred. Many riders simply pay two separate fares.⁹⁸ Integrated fare media are the first step toward an integrated transit system.

RECOMMENDATION 2.4a: Make transfers across transit modes easier by giving riders the ability to purchase integrated fare cards that are valid on all forms of public transit in Chicago: CTA, Metra and Pace.

One card should be used for all systems, and transfer fares should be coordinated. CTA, Metra and Pace will need to work together to develop the new fare card system and to ensure that current cards continue to be honored. Metra and CTA have discussed an integrated monthly fare card concept in the past, which would require a fraction of the cost of adding new fare media equipment to Metra.

Toronto began introduction of an integrated fare system in 2007, seamlessly connecting transit payments between commuter rail, connector buses, and the subway system. The system will be fully in place by 2010.⁹⁹

The Commission anticipates that substantially improved ease of transfer will lead to increased overall ridership and a generally more efficient transit system. Transit during off-peak periods may also increase as restrictions on the current Link-up pass are removed.

The CTA, Pace and Metra do not share a common means of payment. Metra does not permit credit card use for mail, internet, ticket window, or conductor purchases. The CTA Chicago Card is being used for bus and train trips like a debit card, replenishing it with cash at fare machines. Also available is the Chicago Card Plus,

⁹⁸ Metra riders who buy monthly passes also can buy a Link-Up Sticker for \$36, giving unlimited connecting travel on CTA and Pace buses, but CTA usage is restricted to peak travel hours. Metra monthly pass holders can also buy a \$30 sticker for unlimited travel on all Pace suburban buses. According to Metra officials, Link-Up users number only 5,000 to about 9,000 a month. [Wronski, R. (2007, April 15). All-Transit Pass is on Way; It Would Cover Metra, CTA, Pace. *Chicago Tribune*.]

⁹⁹ Ontario Minister Says Multi-System Transit Card a First for Canada. (2007, June 25). *CBC News*. Retrieved from <http://www.cbc.ca/canada/toronto/story/2007/06/25/fare-card-system.html>

which is automatically replenished from a customer's credit card account. CTA announced an expansion of its credit card fare machines in April 2008.

RECOMMENDATION 2.4b: Allow riders of all transit systems to purchase fare cards using credit and debit cards, and consider expansion of electronic fare “smart cards.”

Most transit systems elsewhere permit credit card use. The ideal is exemplified by Hong Kong, where one “smart card” can be used for all modes of transport and to purchase goods and services. Hong Kong's Mass Transit Railway (MTR) system includes over 150 heavy- and light-rail stations. In 1997, MTR introduced the Octopus smart card fare-payment technology, now a world standard in effective technology. The Octopus card is a limitlessly rechargeable, stored value card that can be recharged online and used for virtually all public transport in Hong Kong, in addition to being a payment system for a wide variety of parking and retail outlets. More than 17 million smart cards are in circulation, twice the population of Hong Kong, and the cards are used by more than 95% of the adult population.¹⁰⁰

Electronic fare cards not only improve commuter convenience, but also reduce or eliminate fraud. Transit systems typically experience revenue loss through cash fare underpayment, misuse of transfers, counterfeiting, ticket splitting, and cash mishandling. Sophisticated encryption technology and automated checks make electronic card systems difficult to defraud.

¹⁰⁰ *Octopus*. Retrieved August 22, 2008 from <http://www.octopuscards.com/corporate/why/statistics/en/index.jsp>

Improve services to businesses

Chicago increasingly competes on a global scale for economic growth and development. Traditional Midwestern competitors, such as Gary, Milwaukee, Detroit, Cleveland, and St. Louis, have now been joined by international competitors such as London, Tokyo, Mumbai, Shanghai, and Sydney.

Already, Chicago has strengthened its position as a global city by attracting multinational companies and fostering a supportive atmosphere that enables businesses to adapt and innovate. Chicago has a diverse economy, with a broad range of industrial, commercial, and professional services industries. In fact, the lack of a single dominant sector may be the principal reason that the city has been able to avoid the downturn of so many of its one-time peers.

Chicago offers many of the elements that create a dynamic business environment. For example, the city's urban metropolitan area ranks highest among young professionals, 25-34 years old.¹⁰¹ Chicago is home to some of the world's best academic institutions, and every year, they graduate thousands of new young professionals, many of whom continue to reside here, citing the low cost of living and the high quality of life as big attractions. And the air and rail networks that converge in Chicago bring essential commerce and connectivity.

The Commission believes that the City can best enhance its supportive business environment by making Chicago an easier place in which to do business, by providing more assistance with business development, and by recruiting more new businesses to the area. In particular, the City should adopt a more customer-oriented approach for businesses, streamlining the effort required by business owners to safely and effectively operate in Chicago. The City should also expand its efforts to promote Chicago on a global scale by recruiting and welcoming new businesses and opportunities from across the world. Focusing on these objectives can strengthen Chicago's position as a global business hub in the 21st Century.

Recommendations for services to businesses

Within these overarching goals, the Commission offers the following recommendations for improving business services:

- 3.1 Create a 311 system for businesses (online and phone) that enables business owners to access records, obtain licenses, submit necessary

¹⁰¹ Athas, R. (2008, May). *Global Chicago*. Presentation to the Environment, Infrastructure and Business Services Committee.

- forms, make payments, and comply with requirements in a convenient manner.
- 3.2 Consolidate and coordinate inspections to present a single, accessible interface for businesses and ensure compliance with safety requirements.
 - 3.3 Increase the efficiency of building inspections by allowing private, professional certification of certain low-risk buildings.¹⁰²
 - 3.4 Improve business compliance and consumer protection efforts by merging the Department of Business Affairs and Licensing and the Department of Consumer Services.
 - 3.5 Coordinate trade promotion and enhance trade opportunities for local businesses.
 - 3.6 Increase tourism and travel to Chicago:
 - 3.6a Invest more in tourism marketing and require better coordination among tourism entities.
 - 3.6b Develop a presence in key overseas regions to bring international visitors to Chicago.

CREATE A 311 FOR BUSINESSES

The Department of Business Affairs and Licensing (DBA) was created in 2005 with the goal of providing businesses a one-stop shop for information and a guide through governmental processes.

The Commission recognizes the improvements that DBA has initiated in its short history. Although businesses must still interact with many City departments – Planning and Development, Buildings, Zoning, Public Health, Streets & Sanitation – DBA has worked to become the clear point of access. On behalf of business owners, DBA often conducts the leg work for businesses that need to complete an activity with City government.

Many processes could be further streamlined, with a significantly improved business customer focus. With all of the advances in information technology, business owners should be able to use the internet to navigate the full set of complex City processes and to track their status within a given process. Accessibility, convenience, timeliness, and transparency are the linchpins of a positive customer experience with the City.

¹⁰² Included in the Mayor’s April 2008 announcement of the Commission’s preliminary recommendations.

DBA has developed a number of web tools to enable businesses to electronically file paperwork such as business license renewals, building permits, and City tax payments. New license applications, currently available online in the retail sector, will be extended to others industries shortly. The necessary next step is to unify these separate efforts – to create a single entry point for these and other transactions for businesses. Businesses will benefit greatly from having one place to go to obtain the information they need and to conduct required City transactions.

RECOMMENDATION 3.1: Create a “311 for business” that augments DBA’s efforts and provides user-friendly and convenient ways for business owners to access information and records, obtain licenses, complete and submit necessary forms, make payments, and comply with City requirements.

For businesses interacting with the City, the current 311 system should be able to serve as the primary point of contact and also accommodate specific requests. And in addition to creating an easy-to-use, self-explanatory web site, the City will need to develop a technology platform to make available and manage online application submissions and status queries.

The creation of this service offers benefits to both the City and businesses. The primary goal of a “311 for businesses” service is to create a way for businesses to manage City requirements without travel to City Hall and without visiting or contacting multiple City departments. At the most basic level, business owners will save time by being able to submit applications and information at times and through means most convenient to them. For example, by entering an identifying number online or by phone, a business would be able to determine its status on any City application, regardless of the City department in which that function is actually housed. Interactions between the City and businesses will become more transparent, and businesses will become better able to track their compliance with City requirements. Business owners could serve themselves without any direct interaction from staff. Individual businesses will continue to have an advocate within the City.

Internally, the City will be able to communicate and track business compliance across City departments. The 311 for business can be developed to provide the City with an online mechanism to track compliance issues and obtain real time input from businesses on the quality, effect, and relevance of City services and requirements.

When implemented, this “311 for businesses” will provide support for DBA by enabling it to truly serve as a one-stop-shop. A successful initiative requires technology coordinated across departments, an extensive awareness campaign, and

an ability to stay current with Chicago businesses' needs. Toward this end, we urge the City to create an interdepartmental business services plan. One model for such a plan is the Five-Year Affordable Housing Plan, which remains a truly interdepartmental effort. To meet the needs of businesses interacting with the City, we urge DBA to reach out to the business community as often as possible when developing and implementing its plan. The City should keep business owners apprised of a clear implementation timeline. Overall, 311 for businesses and its far-reaching implications can shape a more appealing business environment that draws more businesses and entrepreneurs to the city.

CONSOLIDATE AND COORDINATE INSPECTIONS TO PRESENT A SINGLE POINT OF CONTACT FOR BUSINESSES

Playing an essential role in keeping people safe as they live, work, and visit Chicago, the City inspects businesses, buildings, elevators, gas tanks, alleys, festivals, restaurants, and numerous other places that pose a potential risk to public health and safety. The City must make every effort to ensure that its inspections are effective and that compliance with requirements and regulations is strict and universal.

The City's current efforts in inspections target a broad array of high-risk compliance issues, and a number of City departments work to address and mitigate potential and actual violations. In fact, the City currently employs 14 different inspector types in nine separate departments to conduct both scheduled and surprise inspections.

It is the Commission's belief that the decentralized approach to inspections inhibits City efforts to improve the effectiveness of its inspections process, introduces unnecessary inefficiencies, and causes needless burden on businesses. For example, some Chicago businesses can expect to be visited by at least nine separate City inspectors each year. Many businesses are also frustrated by the lack of transparency in the process and the difficulty determining the status of their inspections review.

RECOMMENDATION 3.2: Consolidate and coordinate inspections to present a single, accessible interface for businesses and ensure compliance with safety requirements.

At all times, decisions about consolidating inspections should prioritize concern for the public's safety. Specifically, the business inspections that are currently conducted

by the City could be grouped according to three functions, each with its own set of expertise: 1) Ongoing business operations, 2) Building, and 3) Fire prevention.

By consolidating inspections functions in this manner, the City can significantly streamline the inspections process for businesses by decreasing inspection turnaround times, providing easier scheduling, decreasing the number of inspections visits (while maintaining the same scope of inspections assessment), and focusing the points of contact for a business owner. In turn, such simplification of the process can ensure better compliance and deliver full and fair enforcement.

Additionally, the City should take steps to introduce more transparency to the inspections process by establishing a web-based system to identify license and inspection requirements and to track compliance, status, and scheduling. In this way, a business owner would have access to his or her individual business account, through a tracking number, and could check the inspections status online.

If, as a result of these service and technology improvements, the City were to consider increasing inspections fees to better reflect the true cost of the inspections, it will be important that any increase in fees be accompanied by a corresponding increase in service. Similarly, fines should be used to strengthen public safety and the amount of a particular fine should match the level of threat to public safety from the corresponding violation.

INCREASE THE EFFICIENCY OF BUILDING INSPECTIONS BY ALLOWING PRIVATE, PROFESSIONAL CERTIFICATION OF CERTAIN LOW-RISK BUILDINGS¹⁰³

Most annual inspections currently require on-site visits by the Department of Buildings (DOB). The inspections are required universally, regardless of the state of the facility or type of inspection. At the same time, DOB inspectors are struggling to complete their legally required workload.

RECOMMENDATION 3.3: Allow certain low-risk buildings to privately certify with the City every other year. Require proper documentation and review, and use the following criteria to identify candidates for private, professional certification:

¹⁰³ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

- No history of enforcement action, *and*
- One of the following characteristics: Two or more stories of 100% commercial space, or three or more stories of mixed space, or four or more stories of residential space.

Other large cities, such as New York and Los Angeles, successfully use professional certification in their building inspections.¹⁰⁴ A system that identifies low-risk building inspections and allows building owners to participate in a private, professional certification process would reap significant benefits for the owners of those buildings – and most importantly, for overall safety. A professional certification process for low-risk building inspections would shift the on-site inspections to higher risk buildings, where more significant problems might be uncovered and addressed. The Commission anticipates that private, professional certification will allow inspectors to reach an additional 1,200 buildings annually and increase inspection revenue by \$400,000, according to City projections.

Some changes to building code may be necessary to support private, professional certification, although current building code allows for private certification of annual inspections for certain types of buildings. Implementation of professional certification should be complemented by either a user-friendly process, well-designed training, or both.

IMPROVE BUSINESS COMPLIANCE AND CONSUMER PROTECTION EFFORTS BY MERGING THE DEPARTMENT OF BUSINESS AFFAIRS AND LICENSING AND THE DEPARTMENT OF CONSUMER SERVICES

While both the Department of Business Affairs and Licensing (DBA) and the Department of Consumer Services (DCS) provide business services, compliance and enforcement functions, the services are not integrated. Both agencies are charged with aspects of consumer protection: DBA with ensuring that businesses are appropriately licensed, and DCS with consumer advocacy and complaints.

Currently, there is significant duplication of efforts. For example, inspectors from both departments visit retail stores – DBA to verify business licenses, and DCS to check weights and expiry dates. Similarly, both departments address complaints

¹⁰⁴ Mandl, D. (2006, May 24). Professional Certification Program a great success. *Real Estate Weekly*.

about businesses operating without licenses. DCS often receives the complaint and investigates, but then passes it to DBA for a second inspector to investigate. In both cases, a single inspector, with the appropriate cross-training, could handle both tasks in one visit.

RECOMMENDATION 3.4: Consolidate the Department of Consumer Services (DCS) and the Department of Business Affairs and Licensing (DBA) to create a “better business bureau” model in which the regulation of businesses (licenses, consumer complaints and advocacy) is handled through an integrated approach that improves consumer protection and business compliance.

The merger will also facilitate an expansion of the technological improvements that DBA has introduced into its inspections. While DCS inspectors have a lengthy, paper-based compliance checking process, DBA inspectors use portable computers and printers to access historical information and enter compliance information in real time, eliminating the need for secondary data entry.

The merger of DBA and DCS will eliminate duplicate inspections among the two departments and should be viewed as a first step toward consolidating all duplicate inspections in City services. Merging DBA and DCS carries an estimated savings of \$2.5 million per year, per City analysis, largely from streamlined administration and the elimination of about 20 redundant positions.

COORDINATE TRADE PROMOTION AND ENHANCE TRADE OPPORTUNITIES FOR LOCAL BUSINESSES

Chicago anchors a region that produces goods for customers around the world and, with annual exports worth \$29.2 billion, has a regional GDP greater than most world countries. Our region is the sixth largest export region in the U.S.¹⁰⁵

¹⁰⁵ U.S. Department of Commerce, Office of Trade and Industry Information. (2006). *Metro Exports Value*. Retrieved August 12, 2008, from International Trade Administration: http://www.ita.doc.gov/td/industry/otea/metro/Reports/2007/mv_value06.html

To be a global city, Chicago must further strengthen its connections to the world. As the Mayor has already recognized, trade is critical for creating and maintaining that connection. However, Chicago has no centralized entity that can help build its export business. Currently, trade promotion is fragmented across other entities that may be too big, operating at the state or federal level, or too small, operating at the neighborhood or industry level, to coordinate regional trade promotion.

RECOMMENDATION 3.5: Develop a local entity charged with building the region's export base and creating trade opportunities for local businesses.

A centralized entity can promote regional opportunities abroad to build Chicago's trade business, while also helping local businesses establish or expand their international trade efforts. In this way, the benefits of international trade can be extended to local businesses so they can tap into the international deal flow.

Businesses looking to expand their exports need to have a local advocate and coordinator focused on the strength of regional exports. For nearly 10 years, World Business Chicago has been coordinating and encouraging efforts to attract and retain businesses in Chicago. The City could follow this model to develop a similar entity to promote trade. The City should also leverage the connections made possible through the Chicago Sister Cities program.

INCREASE TOURISM AND TRAVEL TO CHICAGO

Tourism plays an important role in Chicago's economy. In 2007, 46.3 million tourists spent \$11.5 billion during their stays in Chicago.¹⁰⁶ There is no good reason why these numbers cannot grow even stronger in the decades to come. With major airports already capable of handling 3,400 flights per day, Chicago has the infrastructure necessary to support increased domestic and international tourism. And local attractions abound. Navy Pier alone draws nearly nine million visits annually and ranks as the Midwest's top leisure destination. McCormick Place is North America's largest convention center. With internationally acclaimed cultural attractions, architectural accomplishments, several major sports teams, five of the country's best restaurants, and 26 miles of public shoreline with 33 beaches, Chicago has much that appeals to many different types of visitors, business and leisure.

¹⁰⁶ Chicago Convention and Tourism Bureau. *Chicago Travel Statistics*. op.cit.

However, Chicago's reach does not extend as far as it should. Eighty-three percent of domestic tourists come from just 10 states, most of them nearby.¹⁰⁷ While Chicago saw a record number of 1.15 million overseas visitors in 2007, it ranks sixth for international visitors to the U.S., tied with Washington, D.C. and behind New York, Los Angeles, Miami, San Francisco, Orlando, Las Vegas, and Honolulu.¹⁰⁸ And despite the 2007 increase in numbers of foreign visitors, Chicago's 5% share of the international tourism market did not change. During the same period, New York City saw a 23% jump in market share.¹⁰⁹

In Chicago, multiple entities are responsible for promoting tourism to the city, and their combined marketing budget is approximately \$5 million, less than almost any other major international city. Comparatively, Las Vegas spends \$100 million to market their tourism industry.¹¹⁰

RECOMMENDATION 3.6a: Promote tourism with greater investment in marketing and better coordination among tourism entities.

For every \$1 spent by New York City on tourism marketing, \$7 are generated for the local economy.¹¹¹ Strong tourism brings new dollars not only to local businesses but also to the local and state tax bases. Tourism in 2006 generated \$208 million in local tax revenue, plus another \$342 million in state taxes.¹¹² An increase in Chicago's tourism budget should be seen as a strategic investment. In addition to new marketing dollars, there may be some creative ways to leverage Chicago's existing and burgeoning international relationships to further promote the city as a destination.

International tourism is expected to continue rising, and Chicago should also take a more proactive approach to garnering global attention. As a candidate for the 2016 Olympics and Paralympic Games, now is an opportune time for Chicago to increase its international visibility.

¹⁰⁷ Fields-White, M. (2008, July 7). Tourist spots feel gas pain. *Crain's Chicago Business*.

¹⁰⁸ Bremmer, C. (2007, October 11). Top 150 City Destinations: London Leads the Way. *Euromonitor International*.

¹⁰⁹ Schroedter, A. (2008, June 3). Record number of tourists hit Chicago in 2007. *Crain's Chicago Business*.

¹¹⁰ Athas, R., op.cit.

¹¹¹ Calkins, T., Duckler, M., and Phillips, C.K. (2008, January 22). *Positioning Chicago in a Global Economy*. Presentation to the 21st Century Commission.

¹¹² Chicago Convention and Tourism Bureau. *Chicago Travel Statistics*. op. cit.

Some global cities of Chicago's caliber attract considerably more international visitors each year. While the 2008 Olympic host Beijing welcomes 3.6 million foreign visitors each year and 2012 host London (first in the world) attracts 15.6 million from other countries, Chicago attracts 1.15 million foreign guests.¹¹³ New York City, the top U.S. destination for international visitors, has ten offices abroad, while Chicago has only one, in Shanghai.¹¹⁴

RECOMMENDATION 3.6b: Develop a presence in key overseas regions to generate international awareness of Chicago as a travel destination and a global city.

Media coverage can also be a critical part of establishing and maintaining an international presence. In addition to marketing and advertising, a tourism marketing budget might be well spent by targeting international media coverage and attention. Two effective strategies that have worked in other cities are 1) invitations to overseas journalists to visit and experience the city themselves and 2) strategically located foreign offices to create a presence internationally.

¹¹³ Bremmer, C. (2007, October 11). Top 150 City Destinations: London Leads the Way. *Euromonitor International*. op cit.

¹¹⁴ Athas, R., op. cit.

Make Chicago an even greener city

Cities in the 21st Century that promote environmental sustainability will be more economically robust, have healthier citizens, and be more attractive to visitors. A healthy and clean environment is fundamental for a high quality of life.

Chicago is known for its natural assets, such as Lake Michigan, the Chicago River, the City's open space, and the urban forest of nearly 4 million trees that line its streets and parks and yards. Chicago leads the nation with over 4 million square feet of green roofs and a comprehensive bicycle network with 125 miles of bike lanes and paths, numbers that grow each year.¹¹⁵ Environmentally-proactive policies will allow Chicagoans in the 21st Century to benefit from the city's natural assets for generations to come.

At the same time, environmental concerns will become an even stronger priority in the 21st Century. Between 1990 and 2006, like so many cities, Chicago's climate edged one full "hardiness" or climate zone warmer.¹¹⁶ Without collective global action, over the next 80 years, Chicago's summertime climate may become more like that of cities in the deep South, causing significant changes in how we interact with and protect our environment.

Following a clear set of strategies and targets for improving our air, land, and water while reducing the negative impact of our waste, energy, and transportation use will help keep Chicago on the path toward an ever greener city. The focus must be on preserving, restoring, and sustaining our natural assets, and leading the green movement.

Recommendations for environment

Toward these goals, the Commission recommends that the City:

- 4.1 Publish environmental indicators that track Chicago's progress toward becoming the greenest city in the nation.

¹¹⁵ Chicago Department of Transportation. (2008, July 10). *Existing Bike Lanes & Marked Shared Lanes*. Retrieved August 12, 2008, from <http://www.chicagobikes.org/existingbikelanes.html>

Chicago Ranks No. 1 For Green Roofs. (2008, April 24). *CBS Broadcasting*. Retrieved August 12, 2008 from <http://cbs2chicago.com/local/chicago.green.roofs.2.707753.html>
City of Chicago, Bureau of Forestry. *Tree Trimming*. Retrieved August 13, 2008, from www.cityofchicago.org

¹¹⁶ Arbor Day Foundation. *Differences between 1990 hardiness zones and 2006 arborday.org hardiness zones reflect warmer climate*. Retrieved August 13, 2008 from www.arborday.org/media/map_change.cfm

- 4.2 Support the Climate Change Action Plan to reduce greenhouse gas emissions and adapt to challenges resulting from climate change.
- 4.3 Significantly reduce the amount of waste sent to landfills through leadership by example, provision of infrastructure for waste reduction and separate collection, incentives programs, and, where necessary, regulation and requirements.
- 4.4 Franchise waste pickup by private haulers.
- 4.5 Complete the roll-out of blue cart recycling city-wide and privatize its collection.
- 4.6 Create a comprehensive water conservation strategy that includes automated meter reading, universal residential metering, accelerated water main replacement, consumer education, effective pricing, nonprofit reduction incentives, and water efficiency rebates.
- 4.7 Develop and implement an air quality improvement agenda.
- 4.8 Adopt policies that reduce traffic congestion for automobiles and trucks:
 - 4.8a Implement market-specific pricing strategies for curbside and public parking to mitigate automobile congestion.
 - 4.8b Link new revenue from congestion-priced parking to transit-oriented initiatives, providing a funding source for non-automobile infrastructure improvements for public transit, pedestrians, and bikes.
 - 4.8c Evaluate the full impact of truck congestion and adopt policies to mitigate its effects. Consider strategies such as off-peak deliveries, loading zone efficiencies, trucking route improvements, and congestion-based tolling.
- 4.9 Reduce the environmental impact of the City fleet through conversion to biodiesel fuel

**PUBLISH ENVIRONMENTAL INDICATORS THAT TRACK CHICAGO'S
PROGRESS TOWARD BECOMING THE GREENEST CITY IN THE NATION**

Chicago is developing into a greener and healthier city, but it currently has no method for evaluating its environmental progress. How clean should our air be? Do we have enough trees? How green is our city? What trends are we experiencing? The City is at the forefront of initiatives that produce direct environmental benefits, but it is not always clear how these initiatives fit within the larger objectives of cleaning our air, land, and water and making Chicago the greenest city in the nation.

RECOMMENDATION 4.1: Adopt specific environmental goals, articulate how steps toward each goal will be measured, and report publicly on the City’s annual progress toward achieving them.

Reporting progress against a comprehensive set of environmental indicators for air, land, water, energy, transportation, and waste will help sustain progress and support the City’s goals. Furthermore, it gives the City a platform to communicate its initiatives and highlight the need for further action.

Indicators will help everyone in Chicago – including residents and businesses, which play as important a role as local government – understand their role and stay focused on the overall objectives. Environmental indicators help cities set a course of action and build support for concomitant policies and initiatives aimed at improving the environment and quality of life. When the City reports on progress toward a particular goal, it provides a means to evaluate and prioritize potential City initiatives such as, for example, neighborhood tree plantings, encouraging businesses to support tree plantings, and protecting trees from invasive species.

In many ways, City publication of environmental indicators will merely be a consolidation of information that is widely available across numerous sources. Regional air quality, for instance, is tracked and reported regularly. Because environmental indicators will not always move in the desired direction, it is critical that the City commit to reporting outcomes whether they are improving or declining. But a regular review process to examine environmental outcomes will help the City address its environmental concerns comprehensively at least once a year and give them the opportunity to address any downward trends more quickly and systematically. Tracking environmental indicators also helps hold front-line City employees more accountable for results. Several cities, including Boston, Vancouver, and London, among others, already report regularly on indicators of their environmental quality of life.

The Commission acknowledges that any potential indicators are, in fact, regional indicators and not wholly contained within Chicago’s municipal borders. Chicago’s air quality, for example, is determined as much by car emissions downtown as it is by car and factory emissions in cities throughout the region. Air purity is still a key indicator of Chicago’s quality of life and health as a city, however, and there is much the City, its residents, and businesses can do to improve it. Solutions may require local and regional, perhaps even broader, action.

SUPPORT THE CLIMATE CHANGE ACTION PLAN TO REDUCE GREENHOUSE GAS EMISSIONS AND ADAPT TO CHALLENGES RESULTING FROM CLIMATE CHANGE

Reflecting worldwide trends, Chicago's climate is changing, and steps should be taken to prevent avoidable damage and to prepare for changes we cannot avoid. If the forces causing global warming are not slowed and eventually reversed, the consequences for the world and for all urban areas could be significant. Temperatures could increase; there could be dramatic impacts on public health; and weather patterns could change. The same steps that help mitigate climate change can also result in economic benefits.

A comprehensive strategy therefore should be implemented to tackle this eventuality, reduce its inevitability, and position Chicago as a political and economic leader in addressing climate change.

In December 2006, Mayor Daley created a multi-stakeholder task force to produce the Chicago Climate Change Action Plan. Their report identified 26 actions for mitigating greenhouse gas emissions and nine actions to prepare for those aspects of climate change that cannot now be avoided.

RECOMMENDATION 4.2: Partner with businesses, civic leaders, and residents to implement the Chicago Climate Change Action Plan with the intent to achieve, by 2020, greenhouse gas emissions that are reduced to a level that is 25% below the levels experienced in 1990. In particular, the Commission wishes to highlight five strategies included in the Plan:

1. Improve the energy efficiency of residential, commercial, and industrial buildings, which account for approximately 60% of all greenhouse gas emissions in Chicago.
2. Choose clean and renewable energy sources, including higher efficiency standards for fossil fuel plants, and replace energy from fossil fuel plants with renewable energy.
3. Enhance public transit, reduce the amount that residents and visitors drive, and improve vehicle fuel efficiency.
4. Make changes to waste and industrial processes to reduce emissions and increase energy efficiency.

5. Plan strategically. Preparation is crucial to ensure that Chicago can manage the changes that will come because of the level of greenhouse gas emissions already in the atmosphere.

Reducing energy use and emissions in cities is fundamental to any effort to reverse the trajectory of global warming. Implementing the Climate Change Action Plan is anticipated to improve significantly the energy efficiency of residential, commercial and industrial buildings, achieving a 30% reduction in energy used. The Plan intends to double current household-scale renewable electricity generation by shifting 22% of new energy demand to distributed generation and combined heat and power projects. Electricity emissions can be reduced by 20% by procuring large-scale renewable energy sources, enough to replace four coal-fired power plants.¹¹⁷ Current and future investment in transit improvements can boost Chicago transit system ridership by 30% and thus decrease emissions from auto usage.¹¹⁸

Implementing the Chicago Climate Change Action Plan promises to improve mobility and air quality, preserve native plants and trees, and beautify the city. Once these actions are underway, thousands of “green collar” jobs per year can be created in a variety of sectors such as contracting, auditing, and environmental services.¹¹⁹ The greatest risk to Chicagoans is inaction in the face of global climate change. Implementation of these strategies will require focused action and investment, but can dramatically lower detrimental greenhouse gas emissions.

SIGNIFICANTLY REDUCE THE AMOUNT OF WASTE SENT TO LANDFILLS

Chicago residents and businesses produce an enormous amount of waste. Every year, we send approximately 3.4 million tons of waste from Chicago to area landfills: 1 million tons are paper and packaging, including glass and plastic; 1.1 million tons result from construction and demolition waste; 700,000 tons are food and landscape waste (i.e. organic); and the remaining 600,000 tons are a mix of electronics, textiles and other waste.¹²⁰ All of that waste must be collected, trucked, and dumped, sometimes more than 100 miles away from its source. Every sanitation truck added to our streets increases congestion, air pollution, and our contribution to climate

¹¹⁷ City of Chicago, Department of Environment. (2008, September). *Chicago Climate Change Action Plan*.

¹¹⁸ Bernstein, Scott. (2008, April 7). *Using Chicago's TOD Assets to Achieve a 21st Century Economy*. Presentation to the Environment, Infrastructure and Business Services Committee.

¹¹⁹ *Chicago Climate Action Plan*. op. cit.

¹²⁰ CDM. *Zero Waste Report*.(2007).

change. To be a world leader, we must lower the amount of waste we send to landfills.

At the most basic level, recycling and consumption reduction are the two best means to reduce waste production at any significant rate. However, recycling in Chicago has long been a frustrating subject for residents. Chicago's current residential recycling rate is 18%, which stands in stark contrast to cities like San Francisco or Portland, which divert 65% - 70% of their residential waste.¹²¹ The City has recently launched a promising initiative to replace the blue bag program with a separate collection, blue cart program. The blue cart program, mirroring successful programs across the country, should help dramatically increase Chicago's residential recycling rate.

The City continues to make progress in reducing waste in its own operations. For example, the O'Hare Modernization Program (OMP) has developed sustainable design guidelines to ensure that the entire project is environmentally innovative and focuses on waste reduction. A typical excavation practice – removing soil from construction sites and replacing it with soil trucked in from far-away fields – places an unnecessary environmental burden on our region. With OMP, the soil excavated from that site was not hauled out of Chicago and placed into landfills but instead is being reused in the construction process. By reusing the soil that came originally from the site, tons of soil was kept out of landfills and off of the trucks that would haul it there. This type of process should be commonplace. If state laws are updated, contractors will have an immediate economic benefit to use recycled soil.

While efforts such as OMP's soil use and blue cart recycling demonstrate progress and promise improvement, the City would benefit greatly from a waste reduction strategy that brings initiatives to much larger scale and encourages more universal adoption of strategies.

RECOMMENDATION 4.3: Develop and adopt a strategy to significantly reduce the amount of waste generated in Chicago and heading to landfills.

Specifically, the City should:

- Lead by example by reducing the City's own waste, recycling, and testing new technology

¹²¹ City of Portland, Office of Sustainable Development. (2008). *Portland Recycles! Plan*.

City of San Francisco. (2007, April 25). *San Francisco Achieves 69 Percent Recycling Rate, Moves Closer to Goal of 75 Percent*. Retrieved August 13, 2008: www.sfgov.org/site/mayor_page.asp?id=59337

- Provide infrastructure that enables residents and businesses to reduce waste, such as city-wide separate collection, including by private haulers.
- Introduce incentive programs to recycle and reduce waste streams.
- Regulate and require waste reductions, where necessary.

A targeted strategy should address each of the major waste streams: paper and packaging, construction and demolition debris, food and organic waste, and electronics, textiles and other waste.

There are many ways that the City can lead by example in waste reduction: by requiring recycling in all City facilities and adopting new techniques such as modular construction and deconstruction that have been shown to dramatically reduce construction waste.

The City can provide enabling infrastructure by ensuring the full implementation of the blue cart separate collection program, working with the state to allow soil remediation and reuse in Chicago, and helping to enable drywall and shingle recycling in Chicago.

The City has an important role to play in creating the right incentives for waste reduction. It can work to bring modular construction companies to Chicago and emphasize deconstruction rather than demolition. The City can also help to locate shingles and drywall recyclers in Chicago. Putting incentives in place to help residents make the most of their blue carts will also help maximize the potential of the residential recycling program.¹²² Incentives programs tend to achieve greater success, with fewer complications, than disincentive- or fee-based systems.

The City can also turn to regulation, if necessary, to fill in the recycling gaps when the infrastructure and incentives are in place, as the City did with the successful

¹²² Blue carts will be available only to those residents for whom the City's Department of Streets and Sanitation provides waste collection – those residents living in buildings with four or fewer units. Private waste haulers collect the waste of larger residential and commercial buildings, which account for roughly 80% of the waste collected in Chicago. While commodity prices are increasing, the economic incentives and the contracting system do not yet provide adequate incentives to tip the balance toward more recycling by private haulers. For this reason, the Commission is separately recommending (*below*) that the City franchise private waste collection as part of a larger waste reduction and broader separate collections strategy.

construction and demolition ordinance requiring that 50% of construction and demolition debris be recycled.

FRANCHISE WASTE PICKUP BY PRIVATE HAULERS

Currently, private haulers collect 80% of the waste from the city’s residential and commercial sites. The Department of Streets and Sanitation gathers the remaining 20%, primarily from “low density” residential buildings, those with four or fewer units. Many alleys are used by multiple waste companies, each with its own truck. As a result, not only is there significant inefficiency in service delivery, but also substantial, unnecessary wear and tear on the streets and alleys. Residents complain about excessive noise and alley blockage, as well. Since multiple companies service the same alley, accountability for alley cleanliness is also difficult to establish.

RECOMMENDATION 4.4: Franchise waste pickup by private haulers, creating fair franchise zones so each zone is serviced by a single hauler.

Such a change would drastically reduce the amount of fuel used to collect waste in Chicago and contribute to a significant reduction in daily wear and tear and the associated maintenance costs for streets and alleys. (The City’s Department of Streets and Sanitation would continue to pick up low-density residential waste and provide sanitation services in the alleys.) Quality of life for residents would improve due to reduced noise, pollution, and congestion.

Waste haulers would likely experience financial benefits as well because they would need to maintain fewer trucks for the same service level or could increase their service with their existing fleet. Some of these savings could be passed on to users. Portland, which moved to franchised residential waste pickup, reports that some customers pay significantly less than they paid with unmanaged competition.¹²³ Small businesses will also likely pay less under a franchised system.

The strategy should require that the private haulers introduce separate collection of major recyclables for all residents and businesses. The additional oversight role that cities can play in a franchise system allows them to more easily enact environmental initiatives such as separate collection of recyclables. Similar efforts have been

¹²³ City of Portland, Oregon. *History of Portland's Solid Waste & Recycling System*. Retrieved on September 20, 2008 from www.portlandonline.com/osd/index.cfm?a=bajhic&c=ebgcb

successful in other cities, such as Portland, San Francisco and Seattle, and recycling rates increase as cities consolidate their waste collection infrastructure.¹²⁴

A waste franchising program must be carefully constructed to adhere to basic economic and legal principles. The City can charge a franchise fee to cover the costs of administering the program and infrastructure usage. As Chicago moves to a franchise system, sufficient notification and time must be given and current contracts completed. For instance, customers could be served by the franchisee either at the end of their current contract or by 2010, whichever comes first. In structuring franchise zones, the City needs to ensure the proper level of competition to make the program successful. A franchise program should be created to ensure that no one hauler can serve more than a certain percentage of the city.

COMPLETE THE ROLL-OUT OF BLUE CART RECYCLING CITY-WIDE AND PRIVATIZE ITS COLLECTION

The City is expanding its infrastructure to allow separate collection of recyclables – the “blue cart” program – for residents whose waste is collected by the Department of Streets and Sanitation (DSS). DSS is responsible for waste collection of all residential buildings with four or fewer units. Separate collection of recyclables has long been a desire of households as a replacement for the current mixed collection program, or “blue bags.” At the beginning of 2008, 88,000 households could recycle using blue carts and 511,000 could recycle using the blue bag program. All households can expect to have blue carts by the end of 2011. The blue bag program will end in fall 2008. (Neighborhood recycling centers will give residents a recycling alternative until blue carts are fully available.)

Chicago’s blue bags have a low participation rate, while blue carts in other cities typically achieve a participation rate of nearly 80%.¹²⁵ The blue carts collect more recyclable materials than blue bags, keep more waste out of our landfills, and save more raw materials. In the pilot blue cart wards, 20% of the waste is being recycled versus about 14% in the blue bag wards. Furthermore, recyclables currently generate \$64/ton where solid waste costs \$55/ton to landfill.¹²⁶

¹²⁴ Watson, T. (2007, July 17). Is food waste next on our recycle chain? *Seattle Times*. City of Portland, Office of Sustainable Development. (2008). op. cit. City of San Francisco. *San Francisco Achieves 69 Percent Recycling Rate, Moves Closer to Goal of 75 Percent*. op. cit.

¹²⁵ Chicago Recycling Coalition. (2006). *Turning Blue into Green*.

¹²⁶ Based on tipping fees of \$36/ton plus transportation costs. [Chicago Department of Environment. (2007). *Zero Waste Strategy*.]

Despite the economic and other benefits, the addition of separate collection as a City infrastructure service requires significant investment. The program uses 180 refuse trucks and 467 additional personnel. Once fully implemented, the operational costs of a City-operated blue cart program will exceed those of the blue bag program by \$20 million or more, according to City projections. The Commission anticipates that blue cart collection by a private firm would reduce costs, allowing the City to roll out the program more quickly and provide better support over the long-term.

RECOMMENDATION 4.5: Roll out blue cart collection city-wide by a private firm to secure maximum efficiency benefits and cost savings.

Specifically, the many benefits of such a plan include diminished upfront capital costs, lower ongoing operational costs, and a speedier city-wide adoption. When operated by a private firm, a fully operational city-wide blue cart program will be approximately \$3.5 to \$7 million less expensive on an annual basis than if the City were to operate the program itself, according to City calculations. Enacting these changes to the existing and planned 2008 program (in nine of 50 wards) is likely to be able to achieve 20% of these savings – or approximately \$1 million – in the current budget. In addition, the full program could be implemented sooner than planned allowing Chicago’s residents to reap environmental benefits in the next one to two years.

CREATE A COMPREHENSIVE WATER CONSERVATION STRATEGY

The Great Lakes comprise almost 20% of the world’s fresh surface water supply and 95% of the United States’ supply. As one of Chicago’s top natural assets, Lake Michigan contributes both to the overall enjoyment of the city and to its health and quality of life. In Chicago, visitors and residents alike enjoy the lakefront paths, parks and beaches. Lake Michigan is the setting of many iconic Chicago experiences and locations, from Navy Pier to the 26 miles of free and open lakefront spanning almost the entire eastern edge of Chicago. Lake Michigan sustains the city’s need for clean drinking water, providing some of the highest quality water of any city in the country.

Yet every year, the lake must support more growth and serve more people. As the regional population grows by a projected 20% or more over the next 20 years,

demand for water will increase.¹²⁷ The City of Chicago is meeting current demand by purifying nearly one billion gallons of water daily for use by its residents and by 124 nearby suburbs.¹²⁸

Recognizing the need to ensure a sustainable source of water for future generations, City leaders have already made a pledge to reduce water consumption by 15% by 2015, and in fact they have already met that goal. The Department of Water Management has taken additional conservation measures through its implementation of a five-year capital campaign to replace leaking infrastructure and through the automatic meter reading program (AMR), which will greatly improve the accuracy of water consumption data. The Commission believes these efforts can be accelerated, within the context of an overall water conservation strategy. It is time to set the bar higher to achieve and sustain an even greater reduction in water use.

RECOMMENDATION 4.6: Develop a comprehensive strategy to significantly increase water conservation that includes:

- Automated meter reading for all customers.
- Universal metering for Chicago homes.
- Accelerated replacement of old water mains at a rate of at least 75 miles per year for the next 20 years.
- An education campaign to promote water conservation and the value of water resources.
- A continued trend toward effectively priced water to allow ongoing improvements in the efficiency of water infrastructure and to more accurately reflect the true cost of collecting, cleaning, distributing, and conserving water.
- Promotion of regional conservation by working with wholesale customers.
- Creation of incentives for exempted, nonprofit organizations to decrease water usage.

¹²⁷ Northeastern Illinois Planning Commission. *Northeastern Illinois's [sic] Population to Surpass 20 Million by 2030, 1.2 Million new jobs*. Retrieved on August 6, 2008 from http://www.nipc.org/news/release_02-05-04.htm

¹²⁸ Includes 926 million gallons, 324 for City residents, 340 for suburban customers, 145 for manufacturing and commercial users, and 114 for municipal operations, plus miscellaneous. [Dennis, J. (2007). *Water: Demand & Supply*. *Chicago Wilderness Magazine*.]

- Rebates for water efficient products or other incentive programs for residents and businesses.

Why focus on these elements specifically? They are, the Commission believes, those areas in which the greatest impact on water conservation can be achieved. For example, only 7% of single family homes and two-flats in Chicago are metered.¹²⁹ Universal metering helps residents understand and adjust their current levels of water consumption, and automated meter reading provides unobtrusive and efficient reading of meters. Metering also allows residents to pay only for the water they use rather than a flat connection fee.

Unless water mains are replaced more quickly than is currently planned, leaks resulting from the aging infrastructure (the average age of a Chicago water main is more than 70 years old¹³⁰) have the potential to reverse any reductions in water consumption. Upon completion of universal metering and an aggressive water main replacement program, the City will save an estimated 25 billion gallons of water per year.¹³¹

Adopting a comprehensive water strategy with these components will protect both the quality and volume of Lake Michigan's water, allowing the City to maintain its high quality drinking water and to accommodate anticipated future growth in the region. Additionally, the City will see energy savings from water conservation and the associated reduction in its contribution to climate change. There will be a reduction in chemical use for water treatment, with benefits in water quality for both Lake Michigan and the Chicago River system.

DEVELOP AND IMPLEMENT AN AIR QUALITY IMPROVEMENT STRATEGY

In the U.S., air pollution claims 70,000 lives per year.¹³² In 2007, Chicago had 41 days of unhealthy air due to particulates and 12 days with unhealthy ozone levels.¹³³

¹²⁹ Spatz, J. F. (2007, November 5). *Briefing and Input on Water Management*.

Presentation to the Environment, Infrastructure and Business Services Committee.

¹³⁰ City of Chicago, Department of Water Management

¹³¹ Ibid

¹³² Earth Policy Institute. (2002). *Air Pollution Fatalities Now Exceed Traffic Deaths by 3 to 1*.

¹³³ In 2007, Chicago had 41 days of air quality in the Unhealthy for Sensitive Groups AQI category due to particulate matter and 12 days in the same category for Ozone. Ozone levels in Chicago reached the Unhealthy AQI category for 2 days. [American Lung Association. *State of the Air*. Retrieved October 2, 2008 from <http://www.stateoftheair.org>]

The asthma hospitalization rate in Chicago is nearly double the national average, and asthma is the number one cause of school absenteeism due to a chronic illness among children.¹³⁴

The number of healthy air quality days in Chicago can and must increase. Many factors affect air quality – automobiles, so often the focus of air quality discussions, are but one. For example, a single gas lawnmower emits as much pollution in an hour as a new car driven 340 miles, and every year gardeners across the country spill 17 million gallons of fuel refueling lawn mowers – more than the Exxon Valdez oil spill.¹³⁵

RECOMMENDATION 4.7: Create and steer implementation of an air agenda designed to improve regional air quality and to decrease days of unhealthy air quality due to ozone and particle pollution, thereby improving the health of residents and the economic vitality of the region.

A comprehensive strategy should consider all the major factors that affect air quality, including pollutants such as personal and commercial vehicles, refrigerants, coal-fired power plants, and lawn mowers; substitutes and improvements, such as transit-oriented development, bicycle and pedestrian enhancements, hybrid and electric vehicles, alternative energy, and tree planting; and tools to minimize impact, such as incentives, recycling, and congestion mitigation.

Most importantly, an air quality strategy requires regional agreement on objectives and policies. As the strategy is developed, it should also consider a number of actions that have proven effective in other locations, including but not limited to these tactics:

- Support the legal operation of neighborhood electric vehicles.
- Support strengthening the Corporate Average Fuel Economy (CAFÉ) standard regarding the fuel economy of cars and light trucks.
- Regulate refrigerant removal/recovery from appliances, and from stationary and vehicle air conditioners.

¹³⁴ Respiratory Health Association of Metropolitan Chicago. *Facts*. Retrieved May 2008 from http://www.lungchicago.org/site/files/487/54230/212503/284594/Chicago_Ashthm_a_facts_2007_4_.pdf/.

¹³⁵ People Powered Machines. *Cleaner Air : Gas Mower Pollution Facts. People Powered Machines*. Retrieved August 13, 2008, from: www.peoplepoweredmachines.com/faq-environment.htm

- Require clean fuel construction vehicles on City projects. The O'Hare Modernization Project has demonstrated the effectiveness and affordability of such a measure.
- Work with the Illinois Environmental Protection Agency (IEPA) to clean up or close Chicago coal-fired power plants by 2015 (Crawford) and 2017 (Fisk).
- Eliminate gas mowers or encourage switching to hand-powered mowers.
- Carry out Chicago's 2015 bike plan to increase bicycle usage to 5% of short trips.
- Provide incentives for tree planting by the private sector, and increase funding for public tree maintenance.
- Open certain major streets on weekends and holidays only for bikes and pedestrians. Many cities around the world close streets and some park roads to vehicles and restrict traffic.
- Encourage retrofitting of all vehicles. Lead by example with City vehicles and buses.
- Consider an anti-idling ordinance for private vehicles, as the City has done for all municipal vehicles.
- Implement other ideas (many of which are included in this report) whose realization will improve air quality: the prioritization of transit-oriented development and the use of congestion pricing and parking meter revenue to fund pedestrian and transit-related improvements.

A successful air quality initiative will increase the number of days in Chicago with good outdoor air quality, improve indoor air quality, and limit factors contributing to climate change.

ADOPT POLICIES THAT REDUCE TRAFFIC CONGESTION FOR AUTOMOBILES AND TRUCKS

REDUCE AUTOMOBILE CONGESTION

Chicago's commute is the second longest in the nation. Every year, residents of Metropolitan Chicago spend an average of 57 hours stuck in traffic, burning fuel and time in an environment where both are limited.¹³⁶ Clearly, congestion in the Chicago metropolitan area is a major problem. While stakeholders in the region should work together, the City should devise a strategy for Chicago aimed at reducing automobile congestion, with a central focus on revising current parking policies. In some studies,

¹³⁶ Metropolitan Planning Council (2008, August). *op. cit.*

30% of traffic in central business districts results from drivers looking for parking.¹³⁷ Aside from worsening traffic flow, this congestion has a negative impact on local air quality. Searching for curbside parking in one 15-block area over one year resulted in 950,000 excess vehicle miles wasting 47,000 gallons of gas and producing 730 tons of carbon dioxide.¹³⁸

RECOMMENDATION 4.8a: Implement market-specific pricing strategies for curbside and public parking in the central business district and if successful, consider extending to congested areas throughout the city as part of a focused strategy to mitigate automobile congestion.

Other cities are launching pricing efforts to manage congestion and improve local neighborhoods. San Francisco's test program with 6,425 curbside spaces and 11,677 lot spaces begins in September 2008.¹³⁹ Portland, Oregon and Redwood City, California have similar policies in effect. Techniques for mitigating congestion and effectively pricing parking are maturing rapidly across the country, and their programs offer an opportunity for Chicago to build upon their successes.

The City should create, institute, and enforce a plan that is targeted to reduce congestion while remaining sensitive to the needs of businesses that operate in Chicago's neighborhoods. Experts suggest that pricing parking at rates that lead to 15% overall vacancy creates optimal usage for local businesses: at this level, customers are able to locate convenient parking spaces because the spaces turn over (cars are not parking in the metered space for the entire day).¹⁴⁰ The City should study appropriate fee rates for its 36,161 metered parking spaces, setting prices high enough to ensure turnover, but not so high as to discourage people from patronizing those area businesses. Pricing to reduce congestion should begin in the central business district, and then, if effective, be extended to other congested areas. This effort should be integrated into a larger plan that examines and implements other strategies to mitigate congestion and move people quickly throughout the city.

The City was recently awarded \$153 million from the federal government to develop a number of congestion mitigation strategies including the creation of market-based pricing fees for on-street and off-street parking in the downtown Loop. The lessons

¹³⁷ Shoup, D. (2007, March 29). Gone Parkin'. *New York Times*.

¹³⁸ Ibid

¹³⁹ SF park would micromanage city's scarce spaces. (2008, April 14).*San Francisco Chronicle*.

¹⁴⁰ No Vacancy: Park Slopes Parking Problem And How to Fix It. (2007). *Transportation Alternatives*.

and outcomes from implementing these strategies in the Loop should be considered and applied when extending mitigation strategies to busy neighborhoods.

With infrastructure funding sources dwindling, it is critical that the City identify new ways to support and encourage alternative modes of transportation. Washington, D.C. is paving the way with a recently launched test program that will direct a portion of revenues to “be used solely for the purpose of non-automobile transportation improvements in that pilot zone,” such as bus and rail facilities enhancements, improved electronic fare payment capabilities, and safety and accessibility improvements for pedestrians and cyclists (e.g. lighting, signage, bike racks, and bike lanes).¹⁴¹

RECOMMENDATION 4.8b: Link new revenue from congestion-priced parking to transit-oriented initiatives, providing a funding source for non-automobile infrastructure improvements such as public transit, pedestrians, and bikes.

In implementation, the City must avoid any kind of “one size fits all” approach to expansion of congestion reduction strategies within the neighborhoods. In particular, care must be taken to ensure that pricing changes do not adversely affect neighborhood businesses. It is possible that implementation of this recommendation may be met with resistance, because of potentially increased parking fees, but the Commission feels that by directing new funding to local infrastructure, the neighborhoods will see great improvements. As policies to decrease automobile congestion are implemented, the City must also be prepared for an attendant influx of residents and visitors using alternate transportation options, especially public transit.

REDUCE TRUCK CONGESTION

Trucks are a significant source of congestion on Chicago’s streets, and the number of trucks on area roads is expected to increase by 80% over the next 25 years.¹⁴² As activity grows, the limits of Chicago’s infrastructure are becoming more evident. Slowdowns during peak travel times affect residents as they commute by bus, car, or

¹⁴¹ District of Columbia. (2008). *DC-ACT_17-320*. Retrieved August 13, 2008 from www.ddot.dc.gov/ddot/frames.asp?doc=/ddot/lib/ddot/parking/newrules/dc-act_17-320.pdf.

¹⁴² Chicago Metropolis 2020 (2004 December). op. cit.

bike. Deliveries and freight are also impacted, slowing transport of goods and increasing costs throughout city. Congestion delays cost Chicago area businesses, truckers and commuters over \$7.3 billion per year.¹⁴³

RECOMMENDATION 4.8c: Evaluate the full impact of truck congestion and adopt policies to mitigate its effects. The following actions and policies should be considered:

- Determine where off-peak deliveries are appropriate by working with truckers and businesses and encourage switching deliveries to off-peak times.
- Improve demarcation of loading zones and meter loading zones to encourage faster deliveries.
- Improve labeling and enforcement of trucking routes.
- Enact congestion-based tolling of trucks entering certain congested routes.
- Create a single point of contact at the City for truck issues.

Similar efforts have been undertaken to evaluate and address issues surrounding pedestrians and bikes in the city. The City should form a truck task force, including representatives from the trucking industry, building owners, shipping receivers and the City, to evaluate and recommend policies designed to reduce truck congestion.

In considering strategies to reduce truck congestion, the City must carefully consider the full range of potential effects on businesses, examining incentives that can be given for off-peak deliveries. Benefits must be weighed against potential costs and unintended consequences. For example, in some situations, truck congestion might be unexpectedly replaced by automobile congestion. Truck restrictions may also create more vehicles on the road if large trucks are replaced with smaller vehicles for deliveries. In cases like this, air pollution and congestion implications are also not always obvious.

Other major cities have successfully tackled truck congestion challenges. London charges trucks (and cars) to enter its central business district, resulting in a 16%

¹⁴³ Metropolitan Planning Council (2008, August). op. cit.

decline in traffic and 50% to 60% and clearer roads for those who remained.¹⁴⁴ New York City currently meters trucks parked in loading and unloading zones. In the Chicago area, tollways already adjust rates for peak and off-peak truck use.

Because trucking is critical to Chicago and road congestion causes a drain on our productivity, the Commission urges the City to address the issue first by helping enable voluntary activity and then by enacting policies designed to reduce road congestion due to trucks.

By exploring and adopting these policies, Chicago can reduce truck congestion on its streets and lower businesses' costs of doing business in the city. With fewer trucks blocking buses, automobiles, and bikes during peak travel times, commutes for everyone will become easier and safer. Delays in the "last mile" of freight transportation will be alleviated, improving the efficiency and cost-effectiveness of deliveries in Chicago. Air pollution will also be significantly reduced, as faster speeds generally produce lower emission rates.

REDUCE THE ENVIRONMENTAL IMPACT OF THE CITY FLEET THROUGH THE CONVERSION TO BIODIESEL FUEL

Biodiesel usage results in a 5% to 25% reduction in certain pollutant emissions: particulate matter, carbon monoxide, sulfates, hydrocarbons, and other toxic compounds all decline significantly with the use of biodiesel fuel.¹⁴⁵ Using biodiesel in Chicago's diesel fleet will lower air pollution emissions by thousands of pounds. Carbon dioxide, a key global warming gas, will decrease by 4.4 million pounds.¹⁴⁶ Additionally, the National Renewable Energy Laboratory reports that biodiesel requires 85% less fossil fuel energy to produce energy output than conventional petrodiesel.¹⁴⁷

Within the past year, the City diesel vehicle fleet has been transitioned from conventional petroleum diesel (also known as petrodiesel) to B5 biodiesel.

¹⁴⁴ Transport for London. (2007, June). *Central London Congestion Charging: Impacts Monitoring – Fifth Annual Report*. Retrieved October 3, 2008 from <http://www.tfl.gov.uk/assets/downloads/fifth-annual-impacts-monitoring-report-2007-07-07.pdf>

¹⁴⁵ US Department of Energy, National Renewable Energy Laboratory. (2007, September 18). *E85 and Biodiesel Deployment*.

¹⁴⁶ Department of Environment, City of Chicago

¹⁴⁷ US Department of Energy, National Renewable Energy Laboratory. op. cit.

RECOMMENDATION 4.9: Switch the City fleet to a biodiesel fuel blend.

The Commission recommends using biodiesel up to B20 (20% bio/80% petrodiesel), starting with lower blends and moving incrementally to B20.

Without any cost of conversion or engine modification and little to no increase in maintenance costs, diesel vehicles can use a blend of up to 20% bio/80% petrodiesel, a blend referred to as B20. Recently, Chicago Fleet Management launched a pilot B10 biodiesel program at one of the City's twelve fueling stations. Biodiesel can be sourced through the City's current fuel suppliers.

A number of cities across the U.S. have also begun using biodiesel fuel in their fleets, including San Francisco (which is using B20 for its fire, ladder, and ambulance fleets and other blends throughout the city), Boston (using B5), and Berkeley, CA, which has adopted an unusually concentrated biodiesel, B100.¹⁴⁸ Cities in colder climates, such as in North Dakota, have used biodiesel in its City and mass transit fleets without apparent negative effect from freezing temperatures.¹⁴⁹ Some sources claim increases in fuel efficiency and yield, while others indicate a reduction in fuel efficiency, depending on the concentration – the opinions are decidedly mixed on this aspect. According to Illinois Green Fleets, 4,938 fleet vehicles in both the public and private sectors across the state are using B20 in their vehicles.¹⁵⁰

To gain the resulting environmental benefits, a switch to biodiesel is likely to require an increased investment by the City. At June 2008 local prices, which set B5 biodiesel at about \$0.08/gallon higher than petrodiesel, and including associated tax credits, the increased overall cost is approximately \$480,000/year using a B10 biodiesel blend in favor of a B5 blend, if the fleet's consumption reaches the estimated six million gallons/year. It is important to note that biodiesel is only recently cost-competitive with traditional petrodiesel, and the market may still be experiencing some volatility.

¹⁴⁸ City-owned vehicles run on biodiesel. (2007, December 1) *San Francisco Chronicle*. Retrieved on October 3, 2008 from <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/12/01/BAGB6TML7R.DTL&feed=rss.bayarea>, City of Boston. (2007, December). *Climate: Change The City of Boston's Climate Action Plan*. Retrieved on October 3, 2008 from <http://www.cityofboston.gov/news/default.aspx?id=3294> City of Berkeley. (2003, June 19). *City of Berkeley Converts Fleet to 100 Percent Biodiesel*. Retrieved on October 3, 2008 from <http://www.ci.berkeley.ca.us/news/2003/06jun/061903biodieselconversion.html>

¹⁴⁹ City of Fargo. *Environmental Protection*. Retrieved October 3, 2008 from <http://www.cityoffargo.com/CityInfo/Environmentalprotection/> Dan Daly, Daly Energy & Environmental Research Center. (August 2007)

¹⁵⁰ State of Illinois Environmental Protection Agency. Illinois Green Fleets Program. Retrieved on October 3, 2008 from www.illinoisgreenfleets.org

In introducing biodiesel to the fleet, implementation should consider the appropriate biodiesel concentration, as well as a phased roll-out that tests biodiesel performance in several conditions including cold weather activity. B20 appears to be the current maximum mix that would be appropriate for Chicago. In the short term, it is best to start with a lower concentration blend and move incrementally to a B20 blend. Once the concentration of biodiesel to petrodiesel crosses the B20 point (above a mix of 20% biodiesel to 80% petrodiesel), maintenance, storage and transport become problematic due to increasing viscosity. B20 seems to be the critical point above which engine and other parts modifications need to be made to fuel lines, tanks, etc. to avoid performance degradation, engine damage, and other issues.

Using B20 throughout its fleet would be another way that the City can set a prominent example as a green municipality.

Drive continuous improvement in the City's internal operations

This year the City of Chicago will spend \$6 billion. In the face of increasing budget shortfalls, projected revenue shrinkages, and extensive infrastructure needs, some experts predict that cities nationwide will continue to face fiscal challenges for the foreseeable future. In this environment, taxpayers, who fund the City's operations, are likely to have higher expectations that their money is being spent wisely and, at least as important, efficiently. Taxpayers will want assurance that City funds are being dedicated to areas of greatest need in both the short and long term, and that the City is gaining the maximum result out of every dollar spent.

As in private industry, the City is being asked to do more with less, making the achievement of performance expectations in the provision of labor-intensive City services a key challenge in the 21st Century. In the years ahead, City officials will likely face more frequent calls to increase transparency in government. In exchange for the taxes, fees and fines they pay, the public may increasingly demand information about the effectiveness of the City's decisions and its programs.

An employer of more than 39,000 people, the City should always demand professional management in all aspects of its operations and give increasing support to systems that ensure that those individuals can carry out their charges. Amid efforts to rise above past challenges, City officials will likely need to work harder than ever to preserve the public trust.

It becomes vital, therefore, that the City continue to look within its own operations to effect internal changes that are creative, innovative, significant, and based on proven successes. Through the improvement of its functions and ongoing identification of efficiencies, the City becomes better equipped and able to deliver direct services to its external customers, namely, Chicago's residents, businesses, and visitors.

The Commission examined the full range of the City's internal support functions – performance management, budgeting and finance, procurement, workforce and personnel management, real estate management, revenue management, operations, and technology. Our aim was to find ways to make the services more productive and more effective by introducing best practices that enhance productivity and by suggesting structural changes that the Commission believes will yield substantial returns.

Recommendations for internal support services

Toward these ends, the Commission recommends that the following steps be taken:

- 5.1 Create a division of real estate management to optimize the City's real estate assets.¹⁵¹
- 5.2 Transform the City's procurement processes:
 - 5.2a Improve the procurement performance measures.
 - 5.2b Implement a streamlined procurement process, supported by upgraded e-procurement technology.
 - 5.2c Re-engineer the invoice payment process through technology, such as e-billing, to increase efficiency.
 - 5.2d Thoroughly train procurement personnel within the Department of Procurement Services and user departments.
 - 5.2e Make changes to the Minority- and Women-owned Business Enterprise (M/WBE) program to decrease the burden on businesses and increase program participation.¹⁵²
 - 5.2f Partner with specialized procurement expertise.
 - 5.2g Share the purchasing model with the sister agencies as a step toward joint purchasing.
- 5.3 Develop and fund an information technology strategy and implement the necessary structural changes to enable successful implementation.
- 5.4 Improve the City's ability to hire and recruit effectively and establish the City as an Employer of Choice.
 - 5.4a Track and communicate the progress of new hiring and recruitment improvements through performance measures and regular updates.
 - 5.4b Implement a City-wide Employer of Choice program for all management to retain top performers.
 - 5.4c Restructure policies regarding the accrual and use of benefits to transfer when a person moves between the City and sister agencies.
- 5.5 Create sustainability in the City's pension funds.
- 5.6 Implement shared services for administrative functions:
 - 5.6a Adopt shared services for the delivery of administrative services across the City, including grants management, payroll, timekeeping, training, document / records management and inspections.
 - 5.6b Pilot in areas of grants management (i.e., hiring practices, fiscal monitoring) in human services departments.

¹⁵¹ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

¹⁵² Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

- 5.7 Transfer the responsibilities of the Board of Elections to Cook County to eliminate duplicate services.
- 5.8 Overhaul the employee innovation system to generate big ideas, substantial cost savings, service improvements, and/or new revenue.¹⁵³
- 5.9 Implement managed competition.
- 5.10 Cross-train cashiering resources to create one-stop customer service:
 - 5.10a Cross-train and combine the cashiering positions in the Office of the City Clerk and the Department of Revenue.
 - 5.10b Change the City sticker renewal cycle to a year-round program.
- 5.11 Increase government transparency and improve operations through web-based publication of performance measures.¹⁵⁴

CREATE A DIVISION OF REAL ESTATE MANAGEMENT TO OPTIMIZE THE CITY'S REAL ESTATE ASSETS¹⁵⁵

The value of the City's real estate portfolio currently exceeds \$1 billion. Despite the size of its portfolio, the management and oversight of its holdings is fragmented. No comprehensive real estate strategy or single asset inventory exists. Dedicated resources are not assigned to the strategic or financial management of the portfolio. Instead, space planning decisions are made by a committee that involves three departments – the Office of Budget and Management, Department of General Services and Department of Planning and Development – without clear accountability for long-term strategy or vision.

Of most concern, the current approach does not treat the City's real estate holdings as the major investment portfolio and growing strategic assets that they could be.

Many other municipalities around the world follow a similar approach to the City's current practice. The World Bank notes:

In nearly all countries, municipalities own or control substantial amounts of real estate. Although municipal governments generally attend – with greater

¹⁵³ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

¹⁵⁴ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

¹⁵⁵ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

or less expertise – to the day-to-day operational needs of their real estate holdings, few such governments think of their holdings as a “portfolio” whose composition might be modified to better serve public purposes ... Municipalities have much to gain from understanding and applying modern principles of “asset management” to their real estate holdings. More specifically, the analytical techniques, accounting tools, and practical approaches of asset management, developed in the private sector (at non-real estate corporations), are generally applicable to most publicly owned real property.¹⁵⁶

The size and potential of the City’s real estate assets necessitate a dedicated focus, based on best practices, that manages real estate holdings as investment assets.

RECOMMENDATION 5.1: Create a Division of Real Estate Management within the Department of Finance to optimize the City’s real estate portfolio.

Modeled after practices common in the private sector, a Division of Real Estate Management should be made responsible for real estate strategic planning, portfolio management, development and construction, and information management. The Division should develop a comprehensive real estate strategy and asset inventory, and should be accountable for the performance of the portfolio. The Department of General Services should retain responsibility for maintenance and operations. Similarly, the Department of Planning and Development would need to remain involved in real estate decisions as they pertain to economic development.

With the hire of appropriately skilled leadership, with real estate investment and management expertise, the City will be better able to reap the benefits of its investments long-term, to manage against market swings, to identify savings opportunities across its leased and other properties, and to more easily recognize opportunities for use, development, and new revenue generation through its real estate assets. With strong City leadership in place, the real estate management function could be built internally or managed by an external vendor. Such a change in strategy, focus, and management will require upfront investment of time and resources, but has the potential to generate significant cost savings, new revenue, and asset gains in years to come.

¹⁵⁶ World Bank. *Municipal Real Property Asset Management: An Overview of World Experience, Issues, Financial Implications and Housing*. Retrieved on September 26, 2008 from http://www.worldbank.org/html/fpd/urban/mun_fin/toolkit/105p.pdf

TRANSFORM THE CITY'S PROCUREMENT PROCESSES

The City of Chicago possesses \$3 billion in annual buying power.¹⁵⁷ The City's budget, combined with the annual spending of its sister agencies, rivals those of some of the largest private corporations and gives local government substantial purchasing power to participate and compete in the marketplace.

The manner in which goods and services are bought and sold is an increasingly specialized process, progressively incorporating best practices in technology, inventory, logistics, competitive negotiating, contracting, payment and other services along the procure-to-pay lifecycle. In addition, trends show organizations re-focusing on core business processes, looking to sourcing and contracting relationships for standardized and highly-specialized needs. As a result, governments and businesses are increasingly dependent on external goods and services – placing ever more importance and pressure on the procurement function.

The City could capture substantial benefits by bringing its procurement processes up to private sector standards. At present, the City's procurement processes have challenges in meeting internal customer needs, are complicated for users to navigate, and do not capitalize on the City's buying power. The effectiveness of the procurement processes is impeded by a variety of factors. The processes are too long: depending on the contract type, the current process can take many months up to more than one year, and it frequently fails to meet internally-established performance goals.¹⁵⁸ Procurement processes are also inconsistent and not coordinated across departments and agencies; they are insufficiently supported by technology; and they remain inflexible.

In addition, those responsible for procurement for the City often lack training in the most current procurement techniques and have a wide variety of job responsibilities that do not allow for the appropriate focus in the key area. This can leave both internal and external customers frustrated, often resulting in the ineffective application or circumvention of the procurement processes.

The Commission recommends that the City and its Department of Procurement Services (DPS) undertake seven major steps to transform the procurement process, addressing impediments both internal and external, to become effective and competitive in the 21st Century.

¹⁵⁷ City of Chicago, Department of Procurement Services.

¹⁵⁸ Ibid.

Current performance metrics do not reflect the reality that contract processing time requires many processes and departments, beyond the Department of Procurement Services (DPS), with substantial time spent in specification review, bid review and contract negotiation, each handled by separate departments. Thus, the resulting performance data do not provide useful information upon which to base management decisions or process improvements.

RECOMMENDATION 5.2a: Improve the procurement performance measures to attribute performance appropriately and to identify lags, breakdowns, and successes.

Performance measures should be assigned and tracked by each key process milestone and participant, including specification development (the user department), development of the request for proposals (DPS), solicitation and development of bids (end user), review of bids (DPS and the user department), contract negotiation (Department of Law), and any relevant federal, state, or other required reviews and approvals.

Going forward, the City should also improve the accuracy and relevance of performance measures for other related processes and programs managed by DPS.

Internal processes were re-engineered in 2005, but many of the recommended changes have not been implemented. Such improvements include reductions in the required levels of approval, the removal of outdated or redundant contract clauses, and a review of the benefits of burdensome municipal ordinances. These earlier recommendations should now be put into practice, with additional emphasis on addressing external factors that unduly slow the contracting process.

RECOMMENDATION 5.2b: Implement a streamlined procurement process, supported by upgraded e-procurement technology options.

The City should provide a menu of options that could decrease the workload and lessen the burden on businesses. Such a menu could include the extended duration of negotiated terms or contracts developed with “option” years (e.g. a three-year contract term with two built-in one-year renewal periods). Contracts could move toward longer durations, except in cases where such extensions could hurt small and

minority contractors who already struggle to bond the shorter contracts. Contracts should also be tracked in anticipation of expiration or renewal, and DPS should have monthly meetings with user departments well in advance to review contract renewal or expiration in order to avoid delays or lapses.

An e-procurement technology suite should be implemented to support all processes and truly begin to transform the current, largely manual procurement process. Given the limited number of providers in this area and the City's current use of the Oracle system, the City should consider implementing Oracle's Advanced Procurement suite of e-procurement modules, including I-procurement, I-supplier, I-sourcing, as this system is compatible with the City's current financial system. The procurement suite would allow for electronic bidding/auctioning/catalogs, signature and routing, data capture, data analysis, inventory, etc. and allows requests to flow from requisition to online bidding, to catalogs and purchase orders. Appropriate levels of training should be provided to all procurement resources, located within DPS and user departments, on all new technology systems in order to encourage use and appropriate application.

Although the technology implementation would require significant upfront investment, all City departments would benefit from the long-term return-on-investment. In addition to reduced processing times and the ability to analyze procurement records and data, the implementation of technology is also an environmentally-conscious alternative to the currently paper-heavy, manual process. E-procurement processes would also ease the transition to shared procurement with sister agencies (see further recommendations below).

The current accounts payable process costs the City an estimated and very costly \$12 per transaction, involves multiple departments, and requires as many as 284 positions to complete it. In addition, this process requires an average of 37 days to pay an invoice and 90 days for construction bills. (Ten percent of bills remain still unpaid after 60 days.)¹⁵⁹

RECOMMENDATION 5.2c: Implement a re-engineered invoice payment process and use technology options, such as e-billing, to increase the efficiency of this process.

A new, electronic invoice payment system can streamline accounts payable, and at the same time increase efficiency, controls and vendor satisfaction. It is important to

¹⁵⁹ City of Chicago, Office of Budget and Management and Office of the Comptroller. *Performance management data.*

note that, similar to the current payment process, the recommended system is likely to require the involvement of other departments beyond DPS. As such, any new system will require close coordination and collaboration among these multiple departments.

The City's decentralized procurement process requires DPS to rely on user departments to identify needs, budget, and forecast, write specifications, provide business and commodity expertise, initiate requisitions, manage suppliers, and provide feedback.

However, operating with limited resources, departments often assign procurement functions to employees with little to no procurement expertise, frequently as an add-on function to their current job descriptions. Failure to invest an adequate level of resources in procurement personnel may be one source of dissatisfaction with the efficiency and quality of the process.

RECOMMENDATION 5.2d: Thoroughly train procurement personnel within the Department of Procurement Services (DPS) and user departments. Where possible, hire or re-align procurement responsibilities to employees with appropriate skill sets and/or dedicated job functions.

Regular user department training – not currently offered – should be provided quarterly to develop relevant skills and to set clear and consistent policies and expectations on topics such as: specification writing, negotiation, bid review, customer service training, and specific program buying by function.

Additionally, the City should conduct a review of job descriptions for procurement-related positions in DPS and the user departments to identify where skill sets and requirements need to be updated. Where the user department procurement volume and performance warrants, appropriate personnel in those departments should be given separate and dedicated procurement functions.

The goal of the City's minority-owned business enterprises (MBE) and women-owned business enterprises (WBE) program is to further the City's commitment to the success of minority- and women-owned businesses by promoting contracting opportunities to MBE/WBEs.

Currently, however, only 1,700 businesses in Chicago are certified.¹⁶⁰ This may be explained, in part, by the complex certification process, which can be burdensome to participating businesses. Each business must complete a lengthy and detailed application, and re-certify on an annual basis. Businesses must also complete separate, yet similar processes if they wish to be certified by Cook County, the State of Illinois, or some of Chicago's sister agencies. Finally, the City expends far more funds on the certification process (roughly \$2.2 million) than it recuperates with the certification fee (\$100,000).¹⁶¹

RECOMMENDATION 5.2e: Make changes to the M/WBE program in order to decrease the burden on businesses and increase program participation. These changes should include a move towards universal certification, the elimination of ineffective policies, the study of other ways to improve the success of the program, and the analysis of detailed performance information on the program.¹⁶²

A comparison of national certification standards indicates that the requirements, processing times, fees and durations are comparable to those currently required by the City. Many state and local governments, as well as the federal government, already rely upon certain national firms for the certification process. In moving to accept qualified national certifications, the City may either eliminate certain positions and other current expenditures, or redeploy some or all of these personnel to audit and verify the national certifications. In concert with the acceptance of national or universal certifications, the City should establish an audit program acceptance and application process to deter abuse. Current resources could be reassigned to conduct such audits; however the City's compliance and internal audit personnel should also be considered for these functions based on their audit expertise.

In addition, a variety of steps should be taken to increase program success and participation. First, it appears that program success may be depressed by the current rule that groups MBE, WBE, small business enterprise (SBE), and local business enterprise (LBE) certifications during the bid evaluations process. Very few companies qualify in all the categories simultaneously, which limits the available pool of qualified vendors. While the consolidated certification process for the City's small, local, women-owned, and minority-owned business should remain, the City

¹⁶⁰ City of Chicago, Department of Procurement Services. op. cit.

¹⁶¹ Ibid

¹⁶² Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

should consider evaluating each certification separately during bid evaluation in order to expand the qualified pool.

Second, the City should undertake a study to identify: 1) any further program policies or programs that may depress program effectiveness, 2) marketplace availability and program saturation for businesses that qualify to be part of the program, and 3) a comparison of City procurement opportunities against the capabilities of the pool, to identify whether the City is providing the program sufficient opportunities for success.

Lastly, it is also recommended that performance measures be defined to monitor the effectiveness of the MBE/WBE program. The collection of data to support such efforts will be key and may require changes to current data capture efforts.

Moves to accept universal certification and change evaluation standards would require significant rewriting of Chicago Municipal Code Procurement Law and minor revision to section 2-92-490, Article IV, Minority-owned and Women-owned Business Enterprise Procurement Program. As a long term goal, the City should promote this solution to its sister agencies and to Cook County in order to standardize the certification process in the Chicagoland area and further decrease the burden on businesses.

The highly specialized nature of procurement, especially one the size of the City's, would benefit from external expertise and knowledge of best practice implementation.

RECOMMENDATION 5.2f: Seek advice and partnership with specialized procurement expertise in the implementation of procurement recommendations.

Similar in function to the department's Affirmative Action Advisory Council for the M/WBE program, professional guidance on how to lead a large-scale transformation successfully in this historically difficult area would be tremendously valuable. Additionally, attention should be paid to recommendations of earlier consultants who analyzed aspects of the City's procurement system. The gathering of benchmarking data on public and private organizations of like size would be helpful in setting appropriate performance targets and reasonable expectations of performance.

Purchasing across sister agencies is not currently handled in a coordinated fashion. As a result, the City and its sister agencies fail to capitalize on joint purchasing power and fulfill joint needs.

RECOMMENDATION 5.2g: Introduce a purchasing model that it can share with its sister agencies after the other recommendations have been implemented.

The following short-term and long-term activities should be undertaken when possible. In the short-term, consistent meetings of the various chief procurement officers and, separately, with the purchasing managers should involve the proactive and regular sharing of information about planned spending. Additionally, significant gains can be realized through unified efforts across the sister agencies, state agencies, and other governmental units in Illinois in market pricing research, joint training for buyers overall and for special purchasing initiatives, such as “green” procurement.

Longer-term efforts should focus on signing joint contracts and engaging in consortium purchasing for like goods and services, as well as unified processes, shared terms and conditions, and unified technology systems, such as an effective inventory control system. Currently only the City and the Chicago Park District have contracts, vendors, and awards listed jointly on the web. Moving the sister agencies toward this practice would substantially enhance the purchasing power of the City and its sister agencies.

Although transformation of the entire procurement process will be lengthy, difficult and costly, there are countless benefits to be realized, including tremendous efficiencies of business workflow, lowered costs, reduced backlogs in core business areas, and successful delivery of procurement services to all departments. Additionally, customer and vendor satisfaction is likely to rise, given the reduced burden on business and the advanced timeliness. Vendor quantity, diversity and capacity can improve. More data will be available for process and performance management. And significant savings can be realized through coordinated purchases and buying power.

The initial investment in this transformation, while substantial, should result in highly significant savings to the City in the future. The implementation of these recommendations follows best practices in the public and private sectors and will

allow the City to operate an efficient, effective and competitive procurement function in the 21st Century.

**DEVELOP AND FUND AN INFORMATION TECHNOLOGY STRATEGY AND
IMPLEMENT THE NECESSARY STRUCTURAL CHANGES TO ENABLE
SUCCESSFUL IMPLEMENTATION**

Vital cities in the 21st Century will harness powerful technology to make every aspect of what they do smarter and more efficient. Technology applications are critical to City services – both internally, supporting functions such as the security of information, the management of data and records, the processing of applications and information and the analysis of financial figures, and externally, including the availability of web-enabled applications for customers and the dissemination of information to the public. In addition, the use and availability of technology has heightened customers’ demands for easy and accessible service delivery.

To date, the City’s use of technology in the delivery of services has ranged from award-winning success to disappointment with implementation, functionality and return on investment. In some cases, technology innovations are hampered by other internal processes. For example, the current funding process does not guarantee funding for multi-year projects, does not allow for long-term planning, and creates a have / have-not environment between departments with enterprise funding. The result is uneven use of IT across the City. Additionally, departments have at times purchased technology or used grant funds without coordinating with the Department of Innovation and Technology (DoIT) or the Information Technology Governance Board (ITGB), forcing DoIT/ITGB to use scarce dollars – intended for City-wide use – to maintain non-priority, non-standard, duplicative or inoperable systems.

Departments have expressed a clear desire to increase the use of technology in the delivery of services and the maintenance of critical data, dramatically evidenced by over \$100 million in requests for \$25 million in funds available for IT efforts.¹⁶³ Many department leaders are frustrated by the lack of funding to carry out their plans.

As a result, departments have developed work-around solutions to circumvent current process and resource shortfalls, including the use of separate hardware, applications, web sites, bandwidth, contracts, and vendors. While some of these measures may present short-term fixes, the City sometimes incurs costs associated with mitigating the risk (security, safety, inter-operability) that they cause. In some cases, the

¹⁶³ City of Chicago, Department of Innovation and Technology.

consequences of these work-around measures have been so problematic that the City has been forced to scrub them entirely.

RECOMMENDATION 5.3: Expand the use of technology in the City’s provision of internal and direct services to bring its functions in line with the best practices available. Specifically, the Commission recommends that the City undertake several major, related information technology efforts, namely:

- Develop an IT strategy that addresses internal and external strategy, funding, assets, people, contracts and vendors, risk, security and recovery, and project management/ implementation and technology support.
- Consolidate all IT resources assigned to maintain infrastructure and enterprise-wide systems, including related organizational and reporting changes.
- Designate all IT funding as capital dollars to facilitate long-term planning.
- Bring grant, e-note, and enterprise IT funds together under the purview of the Information Technology Governance Board (ITGB).
- Establish IT councils or steering committees for peer review and prioritization of IT spending along functional lines to develop multi-purpose solutions. IT councils should report and provide recommendations to the ITGB.
- Develop and enforce City-wide technology standards for purchases and implementations, including review and sign-off authority for compliance with standards set by the City’s Chief Information Officer or by the ITGB.

Transformational change to improve the delivery of IT services, including the development and implementation of a comprehensive IT strategy, is a common practice in the private sector. Aon Corporation, Baxter, Eli Lilly, PepsiCo, and Reebok have recently adopted company-wide IT strategies.¹⁶⁴ The State of Virginia, Washington D.C. and the City of Denver are examples of such change in

¹⁶⁴ Baljit Dall, Chief Information Officer, Aon Corporation (interview, May 2008)
Tom Trainer, BTM Corporation (interview, April 2008)

government.¹⁶⁵ Based on benchmarking, it is clear that these changes bring about significant, positive change, but are not without risk, and therefore should be implemented carefully and thoughtfully.

By implementing these recommendations, the City will realize many benefits and recognize significant improvements, such as:

- Increased ability to successfully deliver meaningful technology to all departments
- Elimination of duplicative and costly technology
- Increased safety and security of technology
- Reduced implementation of rogue or shadow technology
- Coordinated purchases and implementation of technology across the City
- Increased departmental involvement in the prioritization and sacrifice for technology funding
- Increased fairness and transparency in IT decisions and applications across departments
- Increased trust by City departments in the decisions and services provided by the Department of Innovation and Technology

Taken together, the implementation of these recommendations will bring the City to the forefront in government technology and enable it to deliver internal and external services efficiently and effectively.

IMPROVE THE CITY’S ABILITY TO HIRE AND RECRUIT EFFECTIVELY AND ESTABLISH THE CITY AS AN EMPLOYER OF CHOICE

Attracting and maintaining a talented workforce is one of the largest challenges facing employers in the 21st Century. Exceptional people can be an organization’s biggest assets, and businesses, nonprofits, and governments alike struggle to find and keep them. As such, it is critical that the City position itself to be recognized as an “employer of choice.” Only in this way can it hire and retain exceptional talent in its leadership positions.

The best employment practices focus on excellence in recruiting, hiring, and retaining talent. Recruiting and hiring are matters in which the City has historically

¹⁶⁵ Molly Rauzi, Chief Information Officer, City of Denver, Colorado (interview, May 2008)

Anish Chopra, Secretary of Technology, Commonwealth of Virginia (interview, April 2008)

struggled. City Commissioners and department heads often cite difficulties and delays in hiring and recruiting talented managers as their top human resources frustration and a challenge that has substantial detrimental impact on leadership, operations, morale, successful transition planning, and sometimes funding. Complaints reflect a lengthy hiring process, inefficient recruitment practices, and insufficient training for interviewers.

However, it appears that it is now taking significant steps in these areas. Recently, the City has worked with Hewitt Associates to develop a plan that strives to address the full spectrum of these hiring and recruitment concerns. The plan includes a set of metrics on cycle time and effectiveness that are critical to the success of the proposed process improvements.

RECOMMENDATION 5.4a: Track the progress and success of new hiring and recruitment improvements through meaningful performance measures and regularly communicate progress on the implementation to other City departments.

As the Hewitt recommendations are put into effect, it is vital that implementation be managed carefully, with communication on progress channeled back to City departments. Frequent communication will generate confidence and buy-in for the overall transformation and ensure continuous improvement. A built-in feedback loop to the Department of Human Resources (DHR) will enable human resources personnel to monitor satisfaction and ensure continuous improvement.

A common issue for employers from all sectors, the City must address the fierce competition in the war for talent. Private industry, as well as many other progressive governments, is competing by becoming widely known as “employers of choice, with the benefits and practices that back up the claim. Beyond the lure of public service, which can be strong, beyond the promise of a government pension, beyond an individual’s personal reasons to work for the City, an Employer of Choice program would enable the City to compete more broadly for talent and would modernize many of its current human resources policies and practices.

RECOMMENDATION 5.4b: Implement and advertise a City-wide Employer of Choice program that is cohesive, objective, and fairly available to all management. Specifically, the Employer of Choice program would

encompass initiatives designed to enhance City managers' professional development (training and mentoring), career path development, performance-based recognition and rewards, flexibility and work-life balance, and other benefits.

Elements of an Employer of Choice program should include:

- Training opportunities. Based on individual development plans, training in skill needs and leadership potential – perhaps through a revitalized Mayor's Management Institute or other executive leadership training – could develop managers in a strong, visible, and exciting manner.
- Mentoring. The identification of mentors for employees and a transition coach for each new hire would help groom and guide new leaders.
- Career path development. The creation of individual development plans for management positions should define opportunities, strengths, skills needs, interests, goals, and actions to be taken. A rotation program among strong managers could provide no-cost growth opportunities, exposure, and visibility.
- Performance-based recognition and rewards. A formal and visible recognition program for individual performance could reward superior work or accomplishments. A performance-based pay plan, in which departments were given an allocated amount to distribute could provide additional incentives. Additionally, a competitive pay analysis by job title would probably serve the City well to understand the competitiveness of its pay scales.
- Flexibility and work-life balance. By introducing more flexibility for its management positions, the City can broaden the base from which it attracts workers. Flex-time and part-time arrangements, as well as perhaps converting certain holidays to personal days and allowing managers to take vacation days (that they are already accruing) during their first year of employment will help staff achieve and benefit from better work-life balance. A personal time system should also be considered.
- Formalized benefits. For example, implement a maternity/paternity leave policy and educate people about certain other benefits that already exist.

Taken together, these initiatives should be packaged, branded, and widely advertised externally and internally as an Employer of Choice program available for all defined management positions in all departments at the City of Chicago. These initiatives could also be used by sister agencies.

Currently, when a person moves from a position with a sister agency to employment at the City itself, that individual must adhere to the same benefits waiting period as a new hire. For example, a former CTA manager coming to a City department waits a year to take his or her first vacation day as a City employee, regardless of length of service at CTA. In many cases, the same is true of a City manager transferring to a sister agency.

RECOMMENDATION 5.4c: Restructure policies regarding the accrual and use of benefits – such as vacation days, sick time, and pension benefits – to transfer when a person moves between the City and sister agencies.

A better benefits link among Chicago’s local government agencies will allow for easier flow of talented leadership among the various entities. Additionally, the City should benchmark and work to align the practices of the sister agencies and to adopt best practices where possible.

CREATE SUSTAINABILITY IN THE CITY’S PENSION FUNDS

Together, the pension funds supported by the City of Chicago, the City’s sister agencies, Cook County and the State of Illinois are facing an extraordinary crisis. Without rapid intervention, the impact will be felt broadly and significantly by the nearly 200,000 people employed by these governmental entities and the taxpayers in Illinois. In recent decades, these public entities have faced rising pension obligations that have far outpaced the contributions that are necessary to maintain a sustainable and well-funded pension system.

Historically, the pension system has long been a draw for hundreds of thousands of public servants seeking reliable retirement benefits as part of Illinois’ government workforce. The City’s four primary pension funds alone have approximately 110,000 participants.¹⁶⁶ Due to the wide-ranging impact of this impending crisis, the current

¹⁶⁶ The four funds are Fireman’s Annuity and Benefit Fund of Chicago (<http://www.fabf.org>); Policeman’s Annuity and Benefit Fund of Chicago (<http://www.chipabf.org>); Municipal Employee’s Annuity and Benefit Fund of Chicago (<http://www.meabf.org>); and Laborers’ Annuity and Benefit Fund of Chicago.

state of the pension system is forcing the City and its sister agencies to confront traditional benefit assumptions with both realism and innovation. In order to protect the economic security of pension beneficiaries and address the economic viability of the public entities, all contributors to the pension system must come together to effect substantial changes to the current system.

In a recent move that demonstrated the need for and a willingness to support such change, Mayor Daley announced the formation of the Commission to Strengthen Chicago's Pensions (CSCP). The CSCP brings together 32 Commissioners, advisors and supporting resources including representatives from the City, sister agencies, pension funds, labor unions, banks, private business and consulting firms in an effort to confront the pension system's overarching challenge: under-funded liabilities.

RECOMMENDATION 5.5: In furthering the work of the Commission to Strengthen Chicago's Pensions (CSCP), address the following:

- Determine the appropriate type of retirement benefits, including defined benefits and defined contributions.
- Determine the appropriate funded ratio.
- Consolidate the management and the investment power of multiple, local boards.
- Assess the impact of legislation.
- Identify healthy and sustainable investment options.
- Consider the retirement age eligible for benefits, employer and employee contributions, and the level of benefits.

The 21st Century Commission recognizes the significance of the challenge the present pension system poses for the City and its sister agencies and lends its support to the CSCP. The CSCP has the focus, time, and expertise to make recommendations to avert a crisis.

While difficult, these changes are not only necessary to ensure the fiscal health of the City and its sister agencies in the 21st Century, but they are also critical to protect the ongoing pension benefits of its public workforce.

IMPLEMENT SHARED SERVICES FOR ADMINISTRATIVE FUNCTIONS

A best practice in private and public industry, shared services are used to promote efficiency and consistency in the delivery of administrative services across all areas of an organization. Shared services have many benefits, including increased control and accountability, greater coordination and standardization of processes, and increased economies of scale and sharing of best practices across departments and functional areas.

The private sector has been moving towards shared services since the beginning of the 1990's. Large organizations, such as the BBC, Bristol-Myers Squibb, Ford Motor Company, General Electric, Hewlett Packard, Pfizer, SAP and others, operate shared service centers with great success. In the public sector, the State of Illinois and the Internal Revenue Service have recently adopted shared services platforms.¹⁶⁷

To some extent, the City already employs the shared services concept in the delivery of law, technology, procurement, human resources, and budget services. However, there are processes within these functional areas, and other areas entirely, that could benefit from shared services. The Commission recommends that the City implement shared services wherever possible, starting with: grants management, accounts payable and accounts receivable, contract management, payroll, training, timekeeping, document and records management, and inspections.

RECOMMENDATION 5.6a: Implement shared services for the delivery of administrative services across the City, including grants management, payroll, timekeeping, training, document / records management and inspections.

Shared services works best in areas where standardization is high, technical expertise is needed, and economies of scale can be obtained. The City's full transition to shared services could begin in functional areas that meet these criteria that would

¹⁶⁷ State of Illinois, Department of Central Management Services. (2005, December 3). *State of Illinois Wins National Award for Efficiency Efforts*. Internal Revenue Service. *Tax Collection for a New Era*. Retrieved October 3, 2008 from www.boozallen.com/media/file/100563.pdf

benefit from enhanced efficiencies and collaboration, such as aspects of the City's approach to grants management.

Currently, the City lacks a cohesive or centralized process to manage \$1.9 billion in grants awarded City agencies, 40% of which is concentrated in human services departments and programs.¹⁶⁸ The consequences are many; for example, the City is sometimes in the position of having to return federal, state, or foundation funds because of delays in hiring or program implementation; agencies under contract to the City experience costly delays in payment for services rendered; and agencies with multiple City contracts are audited multiple times. Thus, the Commission urges the City to expand its use of shared services, starting with a careful pilot focused on accelerating the hiring of grant-funded personnel and streamlining fiscal monitoring of grant-funded services and programs.

RECOMMENDATION 5.6b: Shared services should be piloted for aspects of grants management in human services (i.e., hiring practices, fiscal monitoring) departments and be expanded to other administrative services based on results.

The design of the pilot for shared services should:

- Involve department leaders in development, implementation, and oversight.
- Develop a comprehensive process that covers all aspects of grants management, meets current needs, and reduces red tape.
- Use a common technology platform for grants management.
- Engage sufficient staff with the right skills and deploy them to departments, based on the number, dollar amount, risk, and complexity of grant-funded activities.
- Include specific benchmarks that enhance accountability between program departments and shared services, such as a) *for the recipient departments*: volume and amount of grants, time to disburse grant funds, and dollars returned to funders, and b) *for the shared services area*: time to hire grant-funded staff, time to pay delegate agency vouchers, frequency of delegate agency audits, and performance of delegate agencies.
- Be housed in an area that offers neutral ground for competing resources and provides financial expertise that complements the program focus of departments.

¹⁶⁸ City of Chicago, Office of Budget and Management. *Grants Management*. (2008).

- Specify expectations regarding resource allocation and duties, and promote collaboration between program and administrative staff to balance service and grant needs and requirements.

Shared services for hiring of grant-funded positions are currently in place in a limited way. They can be enhanced to facilitate hiring based on anticipation of an award; the prioritization of hiring grant-funded positions; regular communication of projected grant hiring needs; and the designation of pre-qualified pools for some human services positions.

TRANSFER THE RESPONSIBILITIES OF THE BOARD OF ELECTIONS

By Illinois Statute, both the City of Chicago and Cook County administer local elections in Chicago, as well as share in the cost for administering federal elections in Chicago. Currently, the City and County must each provide to its constituents: registration materials, voter files, voting equipment, polling places, elections (including early and absentee voting), translation services, and more.

The Cook County Board of Election Commissioners is an independent unit of government that registers voters and administers local, state and federal election for municipal jurisdictions.

At the same time, the City operates a whole and separate election operation in order to administer the City's municipal elections of party Ward Committeemen, Aldermen, Mayor, Chicago Clerk, and Chicago Treasurer. Notably, the City of Chicago is the only municipality in the State of Illinois which executes its own election responsibilities in addition to its County of jurisdiction.

RECOMMENDATION 5.7: Combine all or part of the City of Chicago's Board of Election functions with the existing Cook County function to eliminate duplicate services and facilitate increased efficiency at a decreased cost. Since Cook County already has a well-established election function via the Cook County Clerk, which is required to provide the same activities by Illinois Statute, the City should consider transferring its remaining elections duties and responsibilities.

This recommendation presents four major benefits: potential cost savings, the elimination of duplication of duties, increased coordination between the City and the County, and increased public understanding of the consolidated function.

The potential for cost savings may be significant. In 2007, a non-federal, municipal elections year, the City's Board of Election Commissioners budget totaled \$19 million. Approximately \$14.9 million was allocated for election administration costs, and \$4.1 million was allocation for registration and community services. In 2008, a federal, non-municipal, election year, the Board of Election Commissioner's budget totaled \$14.1 million, of which \$10.5 million covered election administration costs, and \$3.6 million went toward registration and community services. The City's Board of Election Commissioners supports approximately 136 positions, which in 2008 are estimated to cost approximately \$9.7 million.¹⁶⁹

By transferring the responsibility for municipal elections to the County, some portion of this \$14 million to \$19 million could potentially be saved. It is unlikely that this entire amount would be saved, as some funding would likely be transferred to the entity performing the responsibilities on behalf of the City. Cost savings would be greater in municipal election years, and are most likely to be found in non-personnel expenses.

Because the County already administers municipal elections for all other municipalities within Cook County, excluding only Chicago, on the same election cycle, the infrastructure in place at the County – technology, materials and publications, professional services and polling place infrastructure (election judges, voting machines, translation services, signage, etc.) – is likely to be sufficient to assume the City's responsibilities. The County may, however, require additional personnel to subsume the City's responsibilities as they relate to voter registration, records, absentee voting, and related duties.

Implementation of this recommendation must carefully consider two potential complications. First, in order to successfully transfer these responsibilities, City and County governments must coordinate carefully and in good faith. Second, statutory changes are likely required to move forward with this recommendation.

¹⁶⁹ City of Chicago, Office of Budget and Management, FY07 Budget.

OVERHAUL THE EMPLOYEE INNOVATION SYSTEM TO GENERATE BIG IDEAS, SUBSTANTIAL COST SAVINGS, SERVICE IMPROVEMENTS, AND/OR NEW REVENUE¹⁷⁰

In 2006, the City launched a formal employee innovation system. Idea submissions were made in four categories: improving City services, cost savings, increasing integrity, and generating revenue. During the program's most active period, about 100 submissions were received, and the winning idea, from an Aviation employee, was to investigate corporate interest in sponsorship of red light cameras. The winner received a \$500 prize. The employee's idea was then paired with municipal marketing efforts already in progress. The City recently hired a municipal marketing contractor, which is currently inventorying City assets, including red light cameras, that could potentially be sponsored by corporations.

After its first year, the formal activity, publicity, and submissions for the employee innovation program have greatly waned, and consequently there are not enough submissions to merit pulling the review panel together.

As demonstrated in both the public and private sectors, thriving employee innovation systems are a low-cost method of collecting new ideas that can improve services or processes, increase revenues or decrease expenditures, and improve employee morale. For example, the State of Texas' State Employee Incentive Program (SEIP) has generated more than \$80 million in savings since its inception in 1989, or a savings of \$29 for every \$1 invested in the SEIP. With an online system, during a three-year period, the Texas SEIP experienced an estimated 45% increase in the number of employee submissions.¹⁷¹

RECOMMENDATION 5.8: Reintroduce the employee innovation system, with certain attributes that have proven successful elsewhere, such as the guaranteed implementation of winning ideas, substantial monetary reward (which can be scaled according to the savings reaped from the idea), recognition, and strong management of the program, including online access and management of ideas and implementation.

¹⁷⁰ Included in the Mayor's April 2008 announcement of the Commission's preliminary recommendations.

¹⁷¹ Texas Incentive and Productivity Commission. Retrieved on August 20, 2008 from <http://cpr.ca.gov/report/cprprt/issrec/stops/pm/so55.htm#15b>

Employee innovation programs are common throughout the public and private sectors, and the most successful ones typically feature the following elements:

- Implementation of winning ideas: People are more motivated to participate if they know their ideas have a chance to be implemented.
- Substantial monetary award and recognition: While many U.S. cities feature employee innovation awards with an average prize of \$500, often the ideas that reap the most impressive financial benefits for the host city or organization also carry a significant financial reward for the top idea generator. For example, IBM's annual Innovation Jam, an intranet chat that has involved 300,000 employees in its six-year existence, has backed the top 10 ideas with \$100 million.¹⁷² Rewards can be structured creatively: as a flat fee award, a percentage of savings/revenue generated, or an award commensurate with the quality of the idea. In general, bigger rewards are associated with bigger ideas. Recognition and publicity for the employee's idea is critical to the ongoing success and the generation of future ideas.
- Leadership: Employee innovation programs require strong leadership and coordination. The City should identify the appropriate City leader as the program sponsor.

Additionally, plans for the launch of a new employee innovation program should include an ongoing marketing plan, program staffing, prizes, and dissemination and submission vehicles.

INTRODUCE MANAGED COMPETITION

Managed competition enables a city's workforce to submit their own bids and compete against private sector vendors for that city's business. Currently, the City does not use managed competition to promote efficient service delivery or innovation.

RECOMMENDATION 5.9: Implement managed competition wherever possible. Take advantage of opportunities to couple managed competition with a strengthened employee innovation system as a tool to solicit ideas and gauge acceptance. In addition, managed competition, once implemented, may allow City services to be more easily offered to other municipalities for a fee-for-service.

¹⁷² IBM. (2006, November 14). *IBM Invests \$100 Million in Collaborative Innovation Ideas*. Retrieved October 3, 2008 from <http://www-03.ibm.com/press/us/en/pressrelease/20605.wss>

Managed competition introduces competition into the delivery of public services, often identifies undiscovered cost savings, and brings new attention to performance measurement and activity-based costing.

With other municipalities looking to outsource certain services to the private sector, the City may prove a competitive bidder to provide those services to those municipalities. By linking a City employee innovation system – designed to generate new ideas for cost savings and service improvements – with a managed competition process, the City may be able to generate and shape pilots for innovative ideas. When the City considers outsourcing to the private sector to provide services, it may benefit from first engaging in managed competition to keep the business within the City and to help it operate more efficiently. Some City services that may be good candidates for managed competition include fleet maintenance, street maintenance and reprographics. Additionally, certain City services such as public safety, sanitation, and water management might be highly desirable by other nearby municipalities.

Managed competition has been successfully implemented in many governments, often as part of a procurement system, including extensive use in Indianapolis, Indiana, Phoenix, Arizona, Philadelphia, Pennsylvania and Dallas, Texas.

COMBINE AND CROSS-TRAIN CASHIERING RESOURCES TO CREATE ONE-STOP CUSTOMER SERVICE

Cashiering stations line both sides of a large room on the first floor of City Hall. There, both the Department of Revenue and the Office of the City Clerk collect payment for different services. The Office of the City Clerk is primarily responsible for managing vehicle sticker sales, printing and mailing business licenses, issuing dog licenses, and performing support functions related to City Council. The Department of Revenue is responsible for the cashiering and collection of City fines and funds, directly overseeing the City's parking infrastructure, and enforcing parking laws and tax compliance.

These cashier personnel within the Department of Revenue and the Office of the City Clerk are duplicative, with both types of personnel responsible for similar, front-end, cashiering transactions in the same room at City Hall. Because of seasonal and rush periods, residents often wait in line on one side of the room while the other side has

available personnel who are unable to help them. This is frustrating for residents and an inefficient use of limited City resources.

RECOMMENDATION 5.10a: Cross-train and combine the cashiering positions in the Office of the City Clerk and the Department of Revenue.

The redeployment of these resources will organize and align these resources more effectively from a customer service standpoint (“one-stop shopping”). Cross-training will also allow the City to respond to rises in customer demands during peak seasons, primarily caused by vehicle sticker sales and enforcement. Cross-training cashiers, automation, and one-stop payment centers will reduce redundancy between departments and streamline operations. Customer satisfaction should likewise improve as the City adjusts to accommodate customer demands. Although cross-training alone is unlikely to result in cost efficiencies, the service improvements to residents should be substantial.

After the conclusion of cross-training, the City should conduct a demand analysis to determine whether the change should be extended beyond simple cross-training to a concentration of all City cashiering functions within the Department of Revenue. In doing so, the City might achieve savings of \$100,000-\$1.3 million, according to City analysis, if some personnel and overtime could be eliminated.

Municipal law requires that all Chicago residents who own a motor vehicle purchase a City vehicle sticker annually or face fines and penalties. While online purchase is available, the City estimates that 80% of drivers currently purchase their stickers in person.¹⁷³ City stickers are sold in person beginning June 1 of each year. Enforcement typically commences in the middle of July, which means that thousands of people line up at the City Clerk’s office during a six-week period in the summer.

RECOMMENDATION 5.10b: Change the City sticker cycle to a year-round program.

¹⁷³ Chicago Department of Innovation and Technology.

The sale of stickers year-round would reduce long customer lines and spikes in workload during peak seasons, normalizing the need for resources and availability of service.

INCREASE TRANSPARENCY AND IMPROVE OPERATIONS THROUGH WEB-BASED PUBLICATION OF PERFORMANCE MEASURES¹⁷⁴

Publication of performance management data can have far-reaching effects on both City residents and City employees. Not only can it provide data to residents in a low-cost and user-friendly environment – especially when the communication occurs via an accessible vehicle like the internet – but it has also been shown to increase public trust in government and simultaneously improve the accountability of line personnel. It can also be used as a means for governments to gather information on its peers, enabling easy access and use of comparative data for decision-making purposes. The dissemination of performance management data is lately emerging as a characteristic best practice of modern cities.

As a result, many cities across the U.S. have begun to publicize their performance against certain measures. Baltimore’s CitiStat program, which has been widely touted for the cost savings and service improvements that it has generated, is highly transparent, with participating departments required to report financial and operational performance data on a bi-weekly basis and to upload it to the City web site. CitiStat has been recognized as a model system and has been modified by many other cities.¹⁷⁵

The City of Austin, Texas is also considered a best practice site for how it posts performance measures and results.¹⁷⁶ Austin began measuring performance in 2000. In 2002, at the request of the City Council, Austin began posting performance measurement data on its web site, which was later adapted to a performance transparency system based on CitiStat. Austin was subsequently awarded an International City/County Management Association award for its effort.¹⁷⁷ Similarly,

¹⁷⁴ Included in the Mayor’s April 2008 announcement of the Commission’s preliminary recommendations.

¹⁷⁵ City of Baltimore, Maryland. *Baltimore Citistat*. Retrieved on October 3, 2008 from <http://www.ci.baltimore.md.us/government/citistat/index.php>

¹⁷⁶ City of Austin, Texas. *Performance Measures*. Retrieved October 3, 2008 from <http://www.ci.austin.tx.us/budget/eperf/index.cfm>

¹⁷⁷ City of Austin, Texas. *City Earns Prestigious ICMA Award for Performance Measurement Program*. Retrieved October 3, 2008 from http://www.ci.austin.tx.us/news/02/coa_icma_award.htm

Fairfax County, VA began publishing performance measurement data in 1995, two years after beginning an internal performance measurement process. In addition to web publication of its data, Fairfax County is now planning to implement a balanced scorecard system using their performance data.¹⁷⁸

Other good examples also can be found in Minneapolis, Des Moines, New York City, Phoenix, San Francisco, and Boston.¹⁷⁹ These cities publish on their city web sites a range of efficiency, effectiveness, budget, and outcome measures, as well as, in some cases, annual resident and business survey results. The most effective examples of performance measures and outcomes publication post both City-wide and departmental data, in a comparative format, as follows:

- (1) The City's web site contains a page dedicated to the performance measurement program, including a history; description; and performance measure data for each department organized by: key performance measures, results of key measures, key accomplishments, key action steps to address underperforming measures; contact information. Also, content should be searchable, and web-enabled comments and suggestions capabilities should be provided.
- (2) Each Department's web page contains the same data, categorized as above, for that department.

While many cities update web-based data on a quarterly or more frequent basis, there may be different frequencies for different measures, depending on the activity that each represents.

¹⁷⁸ Fairfax County, Virginia. *Performance Measurement*. Retrieved on October 3, 2008 from http://www.fairfaxcounty.gov/dmb/perf_measure.htm

¹⁷⁹ City of Minneapolis, Minnesota. *Results Minneapolis*. Retrieved September 30, 2008 from <http://www.ci.minneapolis.mn.us/results-oriented-minneapolis/resultsminneapolis.asp>

City of Des Moines, Iowa. (2007). *Performance Report*. Retrieved on September 30, 2008 from http://www.ci.des-moines.ia.us/Performance/Current_report.htm

New York City, New York, Mayor's Office of Operations. *Mayor's Management Report*. Retrieved September 30, 2008 from <http://www.nyc.gov/html/ops/html/mmr/mmr.shtml>

City of Phoenix, Arizona. *Background*. Retrieved September 30, 2008 from <http://phoenix.gov/MGRREPT/backgrd.html>

City of San Francisco, California, Controller's Office, City Services Auditor: *Performance Management*. Retrieved September 30, 2008 from http://www.sfgov.org/site/controller_csa_index.asp?id=56869

City of Boston, Massachusetts. *Boston About Results – Performance Goals*. Retrieved September 30, 2008 from http://www.cityofboston.gov/TridionImages/06_Budg_Per_Go_tcm1-835.pdf

RECOMMENDATION 5.11: Post and regularly update performance information in a more prominent and accessible location on the City’s web site, thus calling more attention – internal and external – to its performance management efforts.

The City is already taking steps toward the web publication of its internal data through the posting of its annual budget and program books online. While transparency of such information is valuable, the City could reap more of the internal and public benefits from regular web publication with searchable features.

Given the sheer scope of data that the City collects on its overall performance and that of its departments, an initial pilot would best involve the selection of relevant performance data from across City departments, with the information presented in a user-friendly and searchable format. Ideally, the data would be updated at least quarterly, but it is critical that any plans for regular updating be supported by appropriate resources to maintain the intended schedule. As a first step toward a broader roll-out of web-published performance measurement data, a pilot that is more limited in scope will allow the City to test presentation format and content and to address questions that arise both internally and externally.

Conclusion

The 21st Century Commission believes that these ideas, taken together, represent the potential to save millions of dollars per year. Even more importantly, the recommendations offer the chance to help the City build prosperity and expand opportunities available to its residents, businesses, and communities.

Many of these ideas will be challenging to implement and will require a new and very different approach to service delivery. They may need rigorous development and process mapping and, in some cases, pilot testing prior to full implementation. Departments, providers, and people most affected by the changes should help shape their design. Other ideas present “quick wins” and can be launched immediately. New technologies and other modern tools are a common theme throughout our recommendations.

While there will be an upfront cost to a number of these recommendations, the benefit to quality of life, the vitality of our city, the strength of our neighborhoods and communities will pay off over time and have long-term benefits that we expect will be worth far more than the investment.

The City demonstrated a commitment to making tough changes when it formed this Commission. Through the implementation of the Commission’s recommendations and other City efforts, we look forward to programs for Chicago residents that can better support individual opportunities and needs, and can create wealth in communities. We look forward to strategic infrastructure investments that further develop and strengthen neighborhoods, streamlined processes and programs for businesses, and enhanced environmental strategies. We look forward to fewer duplicated services and more effective overall operations. We look forward to an even stronger culture of transparency and accountability throughout the City.

In short, we look forward to Chicago fully claiming its position as a visionary 21st Century global city.

The Commission’s final recommendation is that we reconvene with the City in 12 months to learn about progress made and steps taken toward implementing these recommendations.

The City must continue to focus on ensuring that the services that Chicago municipal government provides are those that its people – its residents and its businesses – need, now and in the future, and that those services and the infrastructure that supports and delivers them are effective, efficient, far-thinking, and innovative.

APPENDIX A – INTERVIEWS

Interviews were conducted October 2007 through June 2008. Individuals' titles reflect the positions held at the time of the interview. In the interim, some people have changed positions and/or affiliations.

Nancy Aardema, Executive Director, Logan Square Neighborhood Association (LSNA)

Whitney Addington

Joy Adelizzi, Deputy Director, Chicago Department of Business Affairs and Licensing

Joe Antolin, Vice President and Executive Director of Heartland Human Care Services, Inc., Heartland Alliance

Sam Assefa, Deputy Chief of Staff, Chicago Department of Planning & Development

MarySue Barrett, President, Metropolitan Planning Council

Frank Beal, Executive Director, Chicago Metropolitan 2020

Dr. Carl C. Bell, M.D., President and CEO, Community Mental Health Council

Matthew Benton, Senior Manager, Deloitte

Bob Berdelle, Chief Operating Officer, United Way of Metropolitan Chicago

Hardik Bhatt, Chief Information Officer, Chicago Department of Innovation and Technology

Alvin C. Bibbs Sr., Founder, Chicago Pastors Alliance

Randy Blankenhorn, Executive Director, Chicago Metropolitan Agency for Planning

Rev. Michael Boland, Administrator, President, and CEO, Catholic Charities of the Archdiocese of Chicago

Marca Bristo, President and CEO, Access Living

Scott V. Bruner, Director, Chicago Department of Business Affairs and Licensing

Deborah Burton, Chief Procurement Officer, Chicago Public Buildings Commission

Thomas G. Byrne, Commissioner, Chicago Department of Transportation

Jim Capraro, Executive Director, Greater Southwest Development Corporation

Rosalind (Rusty) Castillo, Director of Procurement, Metropolitan Pier and Exposition Association

Louisa Chafee, Office of the Deputy Mayor for Health and Human Services, City of New York

Anish Chopra, Secretary of Technology, Commonwealth of Virginia

Stephen S. Cole, President and CEO, YMCA of Metropolitan Chicago

Malcolm Crawford, Director, Austin's African-American Business Networking Association

Baljit Dall, Chief Information Officer, Aon Corporation

Jason DeHaan, First Deputy, Chicago Business and Information Systems

Mary Dempsey, Commissioner, Chicago Public Library

Helen Doria, Executive Director, Millennium Park

Mary Lou Eisenhauer, Acting Director, Chicago Department of Business Affairs and Licensing

Rosa Escareno, Deputy Director, Chicago Department of Business Affairs and Licensing

Martha Farrel, Controller, Metropolitan Pier and Exposition Association

Steve Fechheimer, Consultant, The Boston Consulting Group

Nuria Fernandez, Commissioner, Chicago Department of Aviation

Eileen Figel, First Deputy Commissioner, Chicago Department of Planning & Development

Montel Gayles, Director, Chicago Public Building Commission and (later interview) Commissioner, Department of Procurement Services

Mara Georges, Corporation Counsel, Chicago Department of Law

Ivan Gonzalez, Executive Director of U.S. Programs, WorldVision

Ken Gotsch, Vice Chancellor for Finance, Chicago Community Colleges

C. Benet Haller, Financial Planning Analyst, Chicago Department of Planning & Development

Ted Hamer, Senior Manager, KPMG LLP

Luann Hamilton, Deputy Commissioner of Project Development, Chicago Department of Transportation

Meghan Harte, Vice President, Earth Tech

Richard Hazlett, Coordinating Planner, Chicago Department of Transportation

Howard Henneman, Commissioner, Chicago Department of Fleet Management

Vance Henry, Executive Director, CAPS

Karen Hobbs, First Deputy Commissioner, Chicago Department of Environment

Cathy Hudzik, Assistant to The Mayor, Mayor's Office, City of Chicago

Pat Jackowiak, Commissioner, Chicago Department of Administrative Hearings

Tawa Jogunosimi, Special Assistant for Education, Mayor's Office, City of Chicago

Richard L. Jones, Ph.D., President and CEO, Metropolitan Family Services

Linda Kaiser, Managing Director - Resident Services, Chicago Housing Authority

Liam Kelly, Managing Director, KPMG Corporate Finance LLC

Christine Kosmos, Assistant Commissioner, Chicago Department of Public Health

Amy Kovalan, Compliance, Chicago Department of Law
Frank Kruesi, Mayor's Office, City of Chicago
Anne Ladky, Executive Director, Women Employed
Jill Leary, Chief of Staff, Chicago Metropolitan Agency for Planning
Camille Lilly, Chief Executive Officer, Austin Chamber of Commerce
Vincent Loose, Principal, Deloitte
Reginald Lovelace, Chief Procurement Officer, Chicago Transit Authority
Steve Lux, Comptroller, Chicago Department of Finance
Fran Maher, CEO, American Red Cross of Greater Chicago
Suzanne Malec-McKenna, Commissioner, Chicago Department of Environment
Chris Martel, Principal Engineer, CDM
Judy Martinez, First Deputy Commissioner, Chicago Department of Procurement
Terry Mazany, President and CEO, Chicago Community Trust
Timothy J. Mitchell, Commissioner, Chicago Park District
Andy Mooney, Senior Program Director, LISC Chicago
Gabriela Moroney, Director, Midwest Region, RealBenefits
Albert Murillo, Chief Procurement Officer, Chicago Housing Authority
Steven B. Nasatir, President, Jewish United Fund/Federation of Metropolitan
Chicago
Gail Nelson, Executive Director, Carole Robertson Center for Learning
Randy Neufield, Healthy Streets Campaign Coordinator, Chicagoland Bike
Federation
John Norquist, President and Chief Executive Officer, Congress for New Urbanism
Heather Obora, Chief Procurement Officer, Chicago Public Schools
Terrence O'Brien, President, Metropolitan Water Reclamation District of Greater
Chicago
John Paquet, Vice President of Planning, Chicago Transit Authority
Michi Peña, Commissioner, Chicago Department of General Services
Nancy Kim Phillips, President, NKP Consulting, LLC
Mike Picardi, Commissioner, Chicago Department of Streets and Sanitation
Kenneth Porrello, Principal, Deloitte
Arnold L. Randall, Jr., Commissioner, Chicago Department of Planning and
Development
George Ranney, President and Chief Executive Officer, Chicago Metropolis 2020
Molly Rauzi, Chief Information Officer, City of Denver, Colorado

Leanne Redden, Senior Deputy Executive Director, Planning & Regional Programs,
Regional Transportation Authority

Norma Reyes, Commissioner, Chicago Department of Consumer Services

Bea Reyna-Hickey, Commissioner, Chicago Department of Revenue, November
2007

Richard L. Rodriguez, Commissioner, Chicago Department of Buildings

Ellen Sahli, Commissioner, Chicago Department of Housing

Raffi Sarrafian, Chief Procurement Officer, Chicago Park District

Julie Simpson, Executive Director, Urban Gateways

Peter Skosey, Vice President of External Relations, Metropolitan Planning Council

John Spatz, Commissioner, Department of Water Management

Bral M. Spight, President, SIVIC Real Estate, L.L.C.

Julia Stasch, Vice President, Human and Community Development, John D. and
Catherine T. MacArthur Foundation

Robin M. Steans, Trustee, Steans Family Foundation

Matt Stewart, Senior Automotive Equipment Analyst, Chicago Department of Fleet
Management

Laura Thrall, CEO, YWCA of Metropolitan Chicago

Tom Trainer, BTM Corporation

Sidney Weseman, Division Manager, Regional Transportation Authority

Guy Wilkinson, Director, KPMG Corporate Finance LLC

Paula Wolff, Ph.D., Senior Executive, Chicago Metropolis 2020

Robert E. Wordlaw, Executive Director, Chicago Jobs Council

Doug Yerkes, Acting Commissioner, Chicago Department of Procurement Services

APPENDIX B – PRESENTATIONS TO THE COMMISSION

Individuals' titles reflect the positions held at the time of their presentation. In the interim, some people have changed positions and/or affiliations.

Presentations to the Full Commission

Bridget Anderson, Partner, and Andrew Gottschalk, Partner, KPMG, "Part 2: Best Practices in Government," October 22, 2007.

Tim Calkins, Clinical Professor of Marketing, Northwestern University, Mitch Duckler, Partner, Prophet, and Carolyn Kae Phillips, Director of Strategic Initiatives, World Business Chicago, "Positioning Chicago in a Global Economy," January 22, 2008.

William Eggers, Executive Director, Deloitte Public Leadership Institute and Global Research Director, Deloitte Public Sector Industry, "External Trends & Implications for Chicago," November 19, 2007.

Mark MacDonald, Director – Public Sector Advisory, KPMG, "Part 1: An International Survey on the Government Performance Agenda," October 22, 2007.

Adele Simmons, Senior Advisor, Chicago Metropolis 2020, "Recommendations of the Chicago Climate Change Task Force," February 25, 2008.

Presentations to the Resident Services Committee

Mary Ellen Caron, Commissioner, and Eileen Donnersberger, First Deputy Commissioner, Chicago Department of Children and Youth Services, "Children and Youth Services," April 3, 2008.

Terry Mason, Commissioner, and Carlo Govai, First Deputy Commissioner, Chicago Department of Public Health, "Public Health in Chicago," February 28, 2008.

Sharon McGill, Commissioner of Chicago Department of Human Services, "Human Services," April 3, 2008.

Ellen Sahli, Commissioner, Chicago Department of Housing, February 7, 2008.

Presentations to the Environment, Infrastructure and Business Committee

Rita R. Athas, Vice Chair and Senior Executive, World Business Chicago, "The Global Chicago," May 5, 2008.

Frank Beal, Executive Director, Chicago Metropolis 2020, "Input on infrastructure Strategy," June 2, 2008.

Scott Bernstein, Executive Director, Center for Neighborhood Technology, "Using Chicago's TOD Assets to Achieve a 21st Century Economy," April 7, 2008.

Scott Bruner, Director, Chicago Department of Business Affairs and Licensing, "Feedback on Current Ideas," December 3, 2007.

Thomas Byrne, Commissioner, Chicago Department of Transportation, "Long-Term Goals and Ideas for Chicago's Transportation Infrastructure," January 7, 2008.

Mary Lou Eisenhauer, Acting Director, Chicago Department of Business Affairs and Licensing, "Business Services," June 2, 2008.

David Narefsky, Partner, Mayer Brown, "Chicago: The 'Silicon Valley' of Infrastructure Privatization – Accomplishments to Date, Initiatives in Progress and Future Possibilities," July 7, 2008.

Phil Pagano, Executive Director, Metra, "Universal Fare Card and Transit-Oriented Development," April 7, 2008.

Michael J. Picardi, Commissioner, Chicago Department of Streets and Sanitation, "Feedback on Current Ideas," December 3, 2007.

John Plezbert, First Deputy Director, Public Building Commission, "Long Term Strategy for Chicago's Public Buildings," January 7, 2008.

Rich Rodriguez, Commissioner, Chicago Department of Construction & Permits, and the Department of Buildings, "Briefing and Input on Buildings, Construction and Permits," November 5, 2007.

Peter Skosey, Vice President of External Relations, Metropolitan Planning Council, "Transportation Investments and the Environment," February 4, 2008.

John F. Spatz, Commissioner, Chicago Department of Water Management, "Briefing and Input on Water Management," November 5, 2007.