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JOURNAL of the PROCEEDINGS of the CITY COUNCIL of the CITY of CHICAGO, ILLINOIS

Special Meeting--Tuesday, October 15, 1991

at 10:00 A. M.

(Council Chamber--City Hall--Chicago, Illinois)

OFFICIAL RECORD.

RICHARD M. DALEY
Mayor

WALTER S. KOZUBOWSKI
City Clerk

Attendance At Meeting.

Present -- The Honorable Richard M. Daley, Mayor, and Aldermen Mazola, Rush, Tillman, Preckwinkle, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Madrzyk, Burke, Jones, Coleman, Streeter, Murphy, Rugai, Troutman, Evans, Garcia, Laski, Miller, Medrano, Gutierrez, Hendon, E. Smith, Burrell, Bialczak, Suarez, Austin, Wojcik, Banks, Giles, Cullerton, Laurino, O'Connor, Doherty, Natarus, Eisendrath, Hansen, Levar, Shiller, Schulter, M. Smith, Moore, Stone.

Absent -- Aldermen Gabinski, Mell.

Call To Order.

On Tuesday, October 15, 1991, at 10:00 A.M., The Honorable Richard M. Daley, Mayor, called the City Council to order. The Honorable Walter S. Kozubowski, City Clerk, called the roll of members and it was found that there were present at that time: Aldermen Mazola, Tillman, Preckwinkle, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Madrzyk, Burke, Jones, Coleman, Streeter, Murphy, Evans, Garcia, Laski, Miller, Medrano, Gutierrez, E. Smith, Burrell, Bialczak, Suarez, Austin, Wojcik, Banks, Cullerton, Laurino, O'Connor, Natarus, Eisendrath, Hansen, Schulter, M. Smith, Moore, Stone -- 40.

Quorum present.

Invocation.

The Reverend Thomas F. Lee, Pastor of Emmanuel Baptist Church of Chicago, opened the meeting with prayer.

Placed On File -- CALL FOR SPECIAL MEETING.

The Honorable Walter S. Kozubowski, City Clerk, informed the City Council that the following call for a special meeting was filed in his office on October 10, 1991, at 4:17 P.M.:

OFFICE OF THE MAYOR
CITY OF CHICAGO

October 10, 1991.

*Honorable Walter S. Kozubowski
City Clerk
City Hall, Room 107
121 North LaSalle Street
Chicago, Illinois 60602*

DEAR MR. KOZUBOWSKI -- I hereby call a special meeting of the City Council of the City of Chicago, to be convened at 10:00 A.M. on Tuesday, October 15, 1991, in the City Council Chamber in City Hall, for the following purposes and for no other purpose whatsoever:

1. To receive the Executive Budget for the year beginning January 1, 1992, and ending December 31, 1992, and the Mayor's Budget Message relating thereto; and
2. To consider a resolution calling for publication of said Executive Budget and setting the date, time and place of the public hearing thereon.

Very truly yours,

(Signed) RICHARD M. DALEY,
Mayor.

Referred -- EXECUTIVE BUDGET FOR YEAR 1992.

The Honorable Richard M. Daley, Mayor, submitted the following communication which was, together with the Executive Budget for fiscal year 1992, *Referred to the Committee on the Budget and Government Operations*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

October 15, 1991.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- I transmit herewith the Executive Budget for the fiscal year beginning January 1, 1992.

Your favorable consideration of the budget will be appreciated.

Very truly yours,

(Signed) RICHARD M. DALEY,
Mayor.

BUDGET ADDRESS OF
THE HONORABLE RICHARD M. DALEY, MAYOR.

The Honorable Richard M. Daley, Mayor, delivered the following budget address for the year 1992:

Today, I am presenting the 1992 budget for the City of Chicago.

I am proud that, despite fewer resources and mounting demands, our city is managing well.

While other cities face bankruptcy, Chicago's 3.2 Billion Dollar budget is balanced, revenue collections have increased, and our bond rating is steady.

While taxpayers everywhere are being squeezed more and more, under this budget, city property tax bills will be the same next year as when I took office.

While other taxing bodies seem powerless to control spiraling expenditures year after year, we are proposing a 7 Million Dollar decrease in our corporate budget -- the first decrease since 1984.

Despite this decrease, we're investing more in our most fundamental responsibility, which is police and fire.

We're spending 39 Million Dollars more in corporate funds, and 9 Million Dollars more in pension costs, for police and fire protection next year.

From all other departments, we cut 46 Million Dollars in administrative costs. That includes the loss of 1,200 positions, which is roughly 13 percent of the corporate work force, excluding police and fire.

Next year, police and fire will account for 73 percent of the people, and 64 percent of the money, in the corporate budget.

We're also facing 59 Million Dollars in state cuts and mandated costs next year.

These two factors by themselves -- the 48 Million Dollars for police and fire, and the 59 Million Dollars in state cuts and mandates -- left the city with a 107 Million Dollar hole in next year's budget.

If not for these two things, the city would not need to impose any new taxes or fee increases next year. But the people of Chicago are demanding more police protection, and the State of Illinois is solving its budget problems at our expense.

So, under this budget, we will need new revenues to pay for the added police and to continue to provide critical city services.

Despite these fiscal pressures, we are investing in the city's future. In our neighborhoods, we are paving a mile of streets in every ward, building 65 new alleys and repairing vaulted sidewalks at over 800 sites.

We have launched a program to rehabilitate abandoned housing, and programs to build new homes for working people and the elderly.

We're expanding programs to detect cancer in women, reduce infant mortality, and fight the spread of sexually-transmitted diseases.

In addition, we have launched major new projects that will provide economic development and jobs for the whole city -- like Navy Pier, the Central Area Circulator and McCormick Place.

By working together to meet our problems, Chicago is moving forward. However, we are facing tough times -- and so are the people who live and work here, and pay their taxes every year.

In order to serve them better and keep Chicago advancing, we have to make tough choices. And that's what this budget is about. In a word, it's about change.

It's about rethinking what government can do to give people what they deserve for their tax dollars -- concentrating on those functions it can do best, and doing them more efficiently.

For the last two years, we have tried to get our arms around a government that has grown haphazardly for generations.

I have sat down with my commissioners and asked them to identify the bureaucratic sinkholes that drain our resources and return nothing to the taxpayers. Sinkholes, such as our health benefits program, which was rife with waste and mismanagement.

Employee health care is expected to cost the city over 250 Million Dollars this year. We have begun reforming the system, and we expect to hold the line on health care costs next year.

That's just one example of what I'm fighting to change.

Change is never easy. It requires constant effort -- but I'm willing to make it. Anywhere I can save money, I will. Where I can reduce unneeded personnel, I will. Where I can improve services for people, I will.

Wherever I see an opportunity to give something back to taxpayers, I will give it back. It could be money, better services, or an honest day's work for a day's pay. But, one way or another, the taxpayers of Chicago are going to get more from city government.

I set as my goal over these four years, to achieve a government that is smaller in size but greater in performance. To get there, we have to take more of the money we're spending on bureaucracy and put it into the programs that directly affect people.

I have said, what works, we will keep. What doesn't work, we will scrap. With this commitment in mind, I'm announcing a number of reorganizations under the 1992 budget.

Next year, we are eliminating the Department of Public Works.

Public Works is too spread out -- doing too many things. Lines of authority are unclear and projects are too often delayed and over budget.

About half of the 1,200 employees in the Department of Public Works will be transferred to a newly-created Department of Transportation, which will oversee all non-aviation transportation projects from start to finish.

A total of 267 positions, or 20 percent of the old department, will be gone.

The model for the new department is the Southwest Rapid Transit Line project, which is on budget and a year ahead of schedule.

Essentially, one team oversees planning, design, contract administration, and construction of major projects. Previously, these functions were split among four separate bureaus in Public Works, resulting in delays and reduced accountability.

The new Transportation Department will further save money by privatizing most of the new design and construction management functions so we are not paying full-time personnel during slow periods.

All other functions of Public Works will be transferred to other departments. Most importantly, there will be no more finger-pointing when a job does not get done on time and under budget. I will know exactly who is responsible and who to hold accountable.

The next major reorganization I announced last week -- a merger of the Departments of Economic Development and Planning. The lack of coordination between these two agencies has long been an impediment to progress in Chicago.

Developers must go to D.E.D. for financing and to Planning for approval. This is time-consuming, inefficient, and costly -- both to the business community and to the city.

Under this merger, developers will come to one agency and have everyone at the table at the same time. Long-term planning for the city's economic health will be centralized. Furthermore, we'll cut staff by about 40 employees and save over a million dollars.

The new department is establishing neighborhood planning districts and will also set up a one-stop business assistance center geared primarily toward small, neighborhood businesses.

And we're setting up an inter-agency team, under the heading, The Strategic Neighborhood Redevelopment Program, using staff from the Departments of Transportation, Buildings, Housing and Planning and Development.

This program will coordinate infrastructure, housing and economic development in three low-income communities.

I want to emphasize my commitment to neighborhood development in Chicago. It's just as important to our future as the big projects.

I know that my call for a second international airport at Lake Calumet gets most of the attention. With 200,000 jobs at stake, the airport is the single most important project for our future.

However, small businesses are the lifeblood of our communities. Without thriving neighborhoods, we cannot remain a complete city where people can work and live.

These changes I've outlined will go a long way toward supporting local development projects.

So let's put aside the false struggle between neighborhood development and the big items like the airport and McCormick Place, because we need both.

In addition, the city will make a major commitment to development of industrial parks by creating an investment pool of 10 Million Dollars. A majority of the money will come from the sale of a portion of the city's economic development loan portfolio.

Expanding Chicago's industrial tax base and creating more jobs in the industrial sector will be among the top priorities of the new Department of Planning and Development.

A few months ago, I announced the creation of a Department of the Environment. The purpose is to bring an array of programs and people from nine different departments into one, so we can focus our efforts.

I would like us to be the first generation in history to pass on an environment that is cleaner than the one we inherited.

By putting enforcement of regulations and development of policy under one roof, we will be able to do a better job of protecting our lakefront, parks, air and water for future generations.

We will be reorganizing the Department of Housing and cutting 73 positions. With 38 Million Dollars in new money under the federal HOME Program, the city's total commitment to housing next year will be over 92 Million Dollars.

We will be creating a new Department of Fleet Management by transferring oversight of all city vehicles, except police and fire vehicles, from the Department of General Services.

In the Department of Revenue, we hope to improve services in two ways: first by our proposed overhaul of the tax code, and next, by consolidating the licensing division.

Although these reorganizations will improve services, reduce overlap and save money, we will still have to cut back on programs to balance our budget.

The Office of Special Events is doing a great job of promoting the city.

However, we're losing money on festivals, and, with so many pressing problems, we have to ask whether the many special events we produce are the most appropriate use of city funds.

The lakefront festivals are major tourist attractions, but they will have to get by with 2.7 Million Dollars less next year. We're also cutting subsidies to neighborhood festivals.

These festivals cost the taxpayers millions. While I encourage local festivals and the community spirit they promote, taxpayers can no longer provide free city services.

I'm very proud of our library system. However, we can no longer afford to keep nearly half our branch libraries open 64 hours a week.

Because of low usage, some branches are already cut back. Next year, all branch libraries will be cut back to 48 hours or less each week, saving 2 Million Dollars.

We want to make our libraries available when people use them the most, so we will conduct surveys to determine which hours best serve the individual communities.

We are also cutting two underused fire companies and reassigning the personnel to other companies, saving 1.8 Million Dollars. There won't be any layoffs in the fire department, nor will any fire houses close.

We're further saving money by privatizing custodial services at the central police headquarters; window washing at city buildings; new vehicle maintenance; and everything but library services at the Harold Washington Library Center.

Streets and Sanitation is privatizing curb and gutter work. The Department of Sewers is privatizing some cleaning and repair projects. The Department of Housing is privatizing property maintenance functions.

All told, these privatization measures could save as much as 4.3 Million Dollars. And they will get the city out of the business of doing jobs that can be done more efficiently outside government.

Overall, we are laying off a total of 1,055 employees.

Despite increased hiring in the police department, additional vacancies will bring the total appropriated workforce in the city budget down by 1,474 positions -- from 38,873 this year to 37,399 next year. These cuts add up to 13 percent of the corporate work force -- excluding police and fire.

Painful as these cuts are, they are necessary for the health of the city. They will free up more money for new programs, and for existing programs that are working well.

- Programs like New Homes for Chicago, which will get an increase this year.
- For the first time ever, we're also dedicating corporate funds for new multi-family housing construction.
- Programs like the Domestic Violence/Victims Assistance Program, which will provide counseling, advocacy and support services for victims of domestic abuse.
- Health programs that will expand breast cancer detection at three city clinics, create an epidemiology unit, reduce infant mortality, treat drug dependency of pregnant women, and fight sexually-transmitted diseases.
- A program in the newly-created Department of the Environment, to test alternative fuel vehicles.
- A program in Streets and Sanitation to collect and dispose of used tires, which are a pollution and health threat.

Under this budget, the Mayor's Office of Employment and Training is cutting its staff in half, leaving 3 Million Dollars more for job-training programs.

This will return M.E.T. to its original mission -- serving as a conduit of federal funds for job-training, rather than spending scarce funds duplicating private sector programs. That's just government for government's sake.

Most importantly, through these layoffs and reorganizations, we'll have the money we need to pay for the one thing the people of Chicago care about most -- and that is public safety.

No one is more frustrated than I over the time it is taking to bring on 600 additional police officers in this year's budget. It has been held up by the

testing process we established in order to insure both a fair hiring system, and the best-qualified candidates.

That takes time -- more than any of us would like. However, I expect to have all 600 in training before the end of the year.

And while the number of police on the force is important -- more important is the number of police on the streets, working with the communities to make their streets, homes, and schools safer.

That's why, under the '92 budget, the Police Department is hiring over 400 civilians to free up even more sworn officers for street duty. All told, we plan to have over 1,000 more police officers on the streets next year.

Because of the large percentage of city money we're devoting to public safety, it's absolutely essential that we seek every possible opportunity for greater efficiency in these departments.

Last week, we announced the results of a management study of the Police Department, conducted by outside experts. In addition to the civilianization program, they recommend:

- changes in our emergency response system to reduce the time wasted on non-emergencies;
- changes in our medical leave policies to reduce the abuses of a sick leave policy meant to protect those who really need it.

Under Phase 2 of the study, due in the spring, we will be looking at other changes in the way we deploy police officers, so they can better fight crime.

I don't pretend that these changes can end our crime problems or stop the drug wars. However, we must get more police on the streets, and create a greater police presence in our communities, if we are going to have an impact.

Through better management and better deployment -- as well as new hires -- I believe we can make Chicago a safer place to live.

I want to remind everyone that this budget began with a total anticipated shortfall of 124 Million Dollars.

Part of the hole was from the decline in income tax dollars resulting from a population decrease. 28 Million Dollars was lost to the decrease in sales tax revenues due, among other things, to the recession.

However, the biggest part of the hole was due to the 41 Million Dollar cut in state money from the income tax surcharge. We were one of the few municipalities in Illinois that gave some of that state money back to the taxpayers in the form of property tax relief last year. That's a measure we can no longer afford.

That 25 Million Dollar rebate will be rescinded next year, and the city's share of the property tax levy will return to its 1989 level.

Because there are more homes and businesses to help pay that same levy, the share of an individual homeowner's tax bill going to the city will be lower than in 1989. But it won't be as low as it would have been if the state had not cut our funding.

I'm as sorry as anyone to lose that state money. It's just one more example of the state government solving its fiscal problems by shifting responsibilities to the cities.

The state is also requiring us to pay 18.5 Million Dollars for pension costs and the city relief fund. That's a 59 Million Dollar hole in our budget, thanks to the state.

When you add in the full-year impact of this year's pay raises and police hires, we have no choice but to find new sources of revenue.

Next year, we're adding a five percent tax to long-distance, out-of-state calls. This message tax will raise approximately 20 Million Dollars.

This was a very difficult decision for me. This tax is not something I want to do, but it has to be done.

There will also be a combined increase in water and sewer fees of 2.8 percent -- between five and six dollars a year per customer.

That money will be well-spent helping to repay a 30 Million Dollar bond issue for sewer repair projects citywide. All told, we will be building or repairing 12 miles of sewers.

We're adding a dime to the parking tax, bringing it up to an even dollar. And we're raising the price of city vehicle stickers by 10 Dollars, the first increase since 1984.

These hikes represent real sacrifices on the part of people, and I did not make these decisions lightly. I'm also asking city government to make sacrifices.

The budget sets out no increases in wages for union employees. This will be the subject of the upcoming union negotiations.

We will also be focusing on employee benefits in the negotiations. Soaring health care costs are the number one factor affecting the ability of government bodies to balance their budgets, and we're no exception.

The city is paying roughly 6,000 Dollars apiece for employees on the city health plan, while the average figure in the private sector is 3,000 Dollars. Moreover, city employees pay nothing for their own health care, while private sector employees generally pay up to 25 percent of the cost.

One other area we will consider in the negotiations are outmoded work practices. They were adopted in the past under working conditions that are very different from today.

With changes, both in technology and in the duties of workers, they have no place in a Chicago of the future.

Right now, we pay several workers with three or four different job titles just to do some simple tasks, and it's costing the city millions of dollars.

I want to emphasize that I believe that most city employees are honest and work hard.

They deserve a day's pay for a day's work, and I'm committed to giving them a fair wage.

However, when I'm forced to take back the 25 Million Dollar rebate, and I'm asking everyone to pay more for water, parking, vehicle stickers, and long-distance service, I will also ask city employees and the union leadership to work with me to keep Chicago healthy and strong.

I realize this is not a happy budget. But I believe that the fiscal burdens we face also represent an opportunity to make government work better.

This budget is a wake-up call. It's time to jolt the bureaucracy, demand accountability, improve performance, and establish stricter management practices in government.

Only then can we meet critical needs like housing, health care and job-training. It's important to remember that, as the Mayor of Chicago, I'm managing 38,000 employees, but my bottom line is 2.8 million people, who are the shareholders.

My concern is children -- victims of violence, prisoners of drugs, parents too soon, and unqualified to compete in the working world.

Young people who want jobs they can raise families on, and homes to call their own.

My concern is working families, facing rising prices for food and clothing, and senior citizens on fixed incomes.

My concern is the small businessman who cannot absorb any more costs and begins laying off people.

And the large corporation that looks at its own bottom line and asks whether it can save money by taking its jobs somewhere else.

My concern is Chicago itself and our future as a city. I'm asking everyone to share these added burdens I've outlined, in order to avoid the larger, far more painful burden of a property tax hike on top of the 25 Million Dollar rebate we are rescinding.

Because property taxes are unfair to the poor, the elderly, the young and working families.

Increases hit hardest the people who can least afford it.

People are convinced that government is going to take everything away from them. They need some sense of security, and they're not getting it from government at any level.

Right now, some politicians are telling people that the way to keep property taxes down is with tax caps. The fact is, tax caps are a political gimmick, not a real answer.

When new assessments come out -- here in Chicago, or anywhere -- individual tax bills will go through the roof in the areas where property values are up. And no tax cap will make a difference.

Tax caps will not keep a homeowner's property taxes down. I refuse to peddle that myth to the people of Chicago.

The only way to keep property taxes down is to do what I'm doing -- cut spending, cut waste, and be more efficient. Anything else is a game. That's why I did not go along with tax caps last year. And I won't do it this year.

I believe that property taxes are fundamentally unfair. I'm not the only one who believes that income taxes are a much more fair way of funding government.

And that's why I'm going on record in favor of substituting, dollar-for-dollar, revenues from the state income tax for local property taxes. We have to get away from reliance on the property tax as the primary source of funding for local governments.

The city will be in a much stronger position in the future if we take this step now.

Over the years, politicians have made too many promises about taxes. People have been deceived so often that they no longer even listen.

I think it's time to stop making promises and tell the truth about where we are. This budget does not rely on a pot of gold at the end of the rainbow. It doesn't set up a wish list of programs we can't afford.

It's not full of inflated revenue projections that allow us to avoid the painful cuts. It doesn't make promises we can't keep.

It tells people up front what we're doing to give them a better deal. And it tells them up front what it's going to cost.

And when tax bills go out, I want the people of Chicago to look closely at the city's share.

Because, aside from the adjustment due to the loss of the state money, the city's share won't go up.

I hope that other taxing bodies will join us in maintaining property taxes at an affordable level.

We're making the tough choices now, so we can continue to meet our needs. I'm willing to accept the political burdens that come along with these choices, and I hope you, the members of the City Council, are as well.

Because these are tough times -- especially for people who pay the bills for government. They want to see something for their money and it's our job to give it to them.

Elected officials who are unable or unwilling to change with the times and make the tough choices, are not serving the public.

Instead, they are perpetuating pipe dreams that will only cost taxpayers more in the end.

Just as we united in the past to build our great city, let us unite today to keep Chicago strong and healthy.

Thank you.

Rules Suspended -- TIME FIXED FOR PUBLIC HEARING ON
EXECUTIVE BUDGET FOR YEAR 1992.

Alderman Austin moved to introduce the following proposed resolution:

WHEREAS, Mayor Richard M. Daley on October 15, 1991, submitted to the City Council the Executive Budget of the City of Chicago for the fiscal year beginning January 1, 1992 and ending December 31, 1992; and

WHEREAS, It is provided by law that at least one public hearing shall be held by the corporate authorities on the budget document not less than one week after publication thereof in such manner as the corporate authorities may determine, and prior to final action thereon; and

WHEREAS, It is further provided by law that notice of such hearing shall be given by publication in a newspaper having general circulation in the City of Chicago not less than one week prior to the time of such hearing; now, therefore,

Be It Resolved, That the budget document for the fiscal year beginning January 1, 1992, and ending December 31, 1992, as submitted by the Mayor to the City Council on October 15, 1991, be published in pamphlet form and made available for public inspection in the Office of the City Clerk and the Municipal Reference Library no later than October 22, 1991; and

Be It Further Resolved, That the public hearing on said budget document be held by the City Council at 11:30 A.M. on November 6, 1991, in the City Council Chamber in City Hall; and the City Clerk is hereby directed to cause a notice of such hearing to be published in a newspaper having general circulation in the City of Chicago at least one week prior to the time of such public hearing.

Alderman Burke moved to *Suspend the Rules Temporarily* for the immediate consideration of and action upon the foregoing proposed resolution. The motion *Prevailed*.

Thereupon, on motion of Alderman Burke, the foregoing proposed resolution was *Adopted* by a viva voce vote.

Adjournment.

Thereupon, Alderman Burke moved that the City Council do *Adjourn*. The motion *Prevailed* and the City Council *Stood Adjourned*.

A handwritten signature in cursive script, reading "Walter S. Kozubowski". The signature is written in dark ink and is centered on the page.

WALTER S. KOZUBOWSKI,
City Clerk.