Chicago's Public Works Program: Is It Working for Everyone?

Capital Investment in Our Neighborhoods, 1990-2002

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Revised Edition

Chris Schwartz
Research Associate &
Principal Author

Jacqueline C. Leavy
Executive Director

John Paul Jones
Director of

The Neighborhood Capital Budget Group
407 S. Dearborn Street Suite 1360
Chicago, IL © 60605
312.939.7198 © schwartz@ncbg.org

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NCBG Staff:
Jacqueline C. Leavy, Executive Director
John Paul Jones, Community Outreach Director
Dion Miller Perez, Community Outreach Associate
Chris Schwartz. Research Associate
Liz Anders, Intern
Rachel Hawkey, Intern

407 S. Dearborn, Suite 1360
Chicago, IL 60605
312.939.7198

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Executive Summary and Major Findings

Since taking office, Mayor Richard M. Daley's administration has allocated over $7 billion[1] for replacing and improving Chicago's basic infrastructure – the "bricks and mortar" investments that form the foundation of the City's neighborhoods and its economic base. That money has gone to streets and alleys, sidewalks, water mains, sewers, industrial infrastructure, economic development initiatives and a host of other projects. And while $7 billion is an impressive figure by itself, it does not answer the most important questions: *How* and *where* is the City really planning to spend its money?

This report analyzes the City's five-year "Capital Improvement Program" (CIP) documents from 1990 through 1998. These documents -- which represent the City's public works "wish list" -- cover *planned allocations* for a 13-year period from 1990 through 2002. We must stress that because the City does not always report actual expenditures,[2] we cannot say for certain how much money was actually spent on capital projects during this period. However, our database does allow us to show how much the City planned for different types of projects in various areas of the City. NCBG developed a database covering 6,070 individual entries for 3,126 separate projects in order to track planned investments and evaluate planned spending patterns. To get a sense of local impacts, we determined which wards were affected by each project. We then ranked the wards according to how much money the City allocated to each one. *(The complete ward-by-ward rankings are on page 9.)* Allocations for the City's airports were excluded from our analysis.

Overall, NCBG's careful analysis of the City's Capital Investment Program reveals a pattern of investment that favors the "Central City" – downtown and the Lakefront together with the booming real estate markets on the Near South and Near West sides. No one questions the importance of maintaining a thriving downtown business district or preserving Chicago's Lakefront treasures. But the vast disparities in public investment between these areas and the rest of the City raise serious questions about the City's priorities. Contrary to what some observers might expect, the level of investment in particular wards does not appear to follow a simple pattern of aldermanic clout. Rather, private sector developers now possess that clout when it comes to allocating the City's public works dollars. It appears that the Central City has been deemed to be Chicago's priority as an economic engine, and that the vast majority of the City's population and commercial base has been allocated a substantially smaller share of the City's capital resources.

[1] This figure -- **$7,145,375,103** – represents planned allocations for all programs except aviation from 1990-2002 and was calculated from the City's annual Capital Improvement Program documents, beginning with 1990 and ending with 1998. Unlike the ward-by-ward rankings, it includes projects with a city-wide – as opposed to distinctly local – impact. The figure excludes funds associated with projects that disappeared from the CIP with no evidence of construction. **It also excludes the aviation category.** Although airports are included in the City's CIP, this report focuses on infrastructure that affects city services, transportation, and economic development. As self-supporting enterprises, the airports have little impact on how much or where capital investment is made in the City's urban infrastructure. Of course, airports have some spillover effects on investment, but those are largely contained in other program categories. The Midway Orange Line, for example, is included in the Transit category, and work on Cicero Ave. outside the airport is contained in the Transportation category.

[2] The City does report expenditures in its Comprehensive Annual Financial Report (CAFR), though it is incompatible with the CIP and incomprehensible to the general public. When published, the Construction Status Reports provide expenditure data for completed projects but not for projects in-progress. Those reports, however, have been inconsistently published.

The report documents four specific findings:

The City's public investment strategy focuses primarily on the "Central City" at the expense of Chicago's neighborhoods.

Three wards (2,27, and 42) by themselves account for 20 percent of all infrastructure allocations analyzed in this study. These areas, which represent the Loop and the booming real estate markets that surround downtown, represent $880,629,436 worth of

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The City is not meeting the infrastructure needs of its industrial base.

As with neighborhood infrastructure projects, NCBG is concerned about the City's commitment to retaining and attracting a strong industrial base. Industrial projects suffer even more severely when it comes to securing concrete funding sources: *75 percent of industrial street projects and 57 percent of viaduct clearance projects are unfunded in the 1998-2002 CIP*.

The total allocation for industrial projects (viaduct improvements, industrial streets, the Industrial Development Initiative, and Brownfields Redevelopment) from 1990-2002 is **$624,547,897**, or about $48 million per year. In comparison, since the City started a large-scale campaign of building median landscape projects in 1996, they have allocated $132,748,700 ($22 million per year).

On average, each of the City's 22 industrial corridors has been allocated just $2,183,734 per year in infrastructure investment.

The use of tax increment financing is widening the gap between the Central City and Chicago's neighborhoods.

Tax increment financing (TIF) has become the City's most prevalent economic development strategy. In short, TIFs use the property tax system to provide incentives for private development in blighted areas through public works investments and direct subsidies. State statute limits TIFs to "blighted" areas, but they are being used with increasing frequency in areas where growth is likely to have occurred without a TIF (such as the Central Loop).

The use of TIFs is increasing at an astonishing rate. So far this year, 19 new TIF districts have been approved by the City Council, representing $825,503,665 of property value. That brings to 64 the total number of TIFs Chicago has put in place, *more than half of which (36) have been approved in the last three years.* In all, at least $2,405,976,713 worth of property value is under TIF designation. But while there are a large number of TIFs, most of the property value under TIF designation is downtown. In fact, *more than half* ($1,237,404,807, or 51 percent) of all the property value within TIF districts is in three wards in or around downtown (2nd, 27th, and 42nd).

$228,050,157 worth of capital investments funded by TIF dollars can be found in the available CIP documents.

In practice, the use of TIF funds appears to be widening the gap between the haves and the have-nots. This trend stands in stark contrast to the intent of the state law, which aims to reclaim blighted areas that lack other options for attracting investment and spurring economic growth. *The three Central City wards represent $208,100,584 in TIF infrastructure allocations -- a remarkable 91 percent of the total TIF funds reported in the CIP.*

The 42nd Ward by itself accounts for 78 percent of the total.

Recommendations for Action:

Prioritize badly needed neighborhood projects over those in downtown and near-Loop wards. The revenues from the 1999 General Obligation Bond is good news for Chicago's neighborhoods, but the City must guarantee the public that funds from these large-scale borrowing initiatives go to projects in Chicago's neighborhoods, not just more investment in and around downtown. The bond funds should go exclusively to projects that will enhance the economic and job base of Chicago's neighborhoods. But the City should not stop with the money generated by bond issues. NCBG recommends that the City establish a "rainy day fund" that sets aside a portion of each year's City budget for future neighborhood improvements. Such a fund would ensure that the City has a ready reserve of available cash to jump-start economic growth and job creation efforts even when economic times are tough.

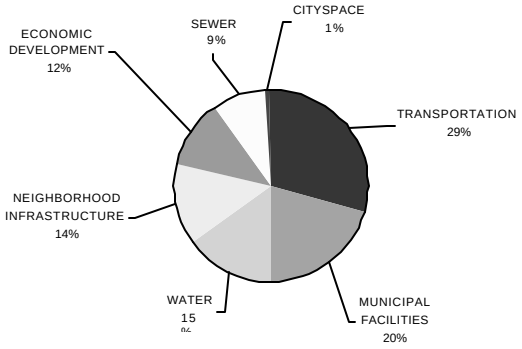
Accelerate implementation of the dozen neighborhood Model Industrial Corridor plans, and assess the infrastructure needs of the other 10 recognized industrial corridors. Those projects that have already been identified as priorities should be fully funded and their construction schedules accelerated.

Institute community oversight committees to help prioritize TIF spending on neighborhood infrastructure improvements and job creation for local residents. Strong community involvement is the best way to energize TIFs and ensure they work to elevate neighborhood economies, not widen the gap between the Central City and the rest of Chicago.

Institute an annual capital budget to eliminate the City's historic tendency to shift infrastructure priorities. Such a plan would increase government accountability and compel the City to deliver on the investments that our neighborhoods need most.

Introduction: What Is the CIP and How Does It Work?

The Capital Improvement Program (CIP) is the official statement of the City's capital improvement plans – how the City plans to allocate its infrastructure money over any given five-year period (e.g., 1990-1994, 1998-2002, etc.). The CIP includes various road projects, sidewalks and alleys, sew58s and wa114 mains, 3ix C056year r05 Smpr12.Repor30j -117 .75 l8 Tw (ho6roductio0.2078TD -00mains,3355 T -38 Tw (The C



Although the CIP at first may resemble a typical municipal budget document, it differs in several important respects from the City's operating budget (what people generally mean when they refer to the "City Budget"). For one, the City Council never votes to approve the entire CIP as an overall annual spending plan, or even as the official five-year plan. The City Council *is* asked to review funding measures (such as General Obligation Bonds, which provide a large portion of the City's capital money) and some portions of the spending plan (such as the plan for using federal Community Development Block Grant funds). But aldermen never review the City's big-picture capital spending priorities in any formal or meaningful way.

The CIP process begins with a draft document produced by the Office of Budget and Management that reflects initial recommendations of City departments. Public hearings are held in the fall, then OBM releases a final CIP. It is not a legally binding document, and individual items never need to be approved by anyone other than the Mayor's own staff. Consequently, projects are free to appear and disappear at the whim of City Hall staff. It can be quite difficult to track projects over time, to determine if they have been completed, and even to calculate exactly how much money was spent. *The CIP is not a record of expenditures; it is a "wish list" of public works projects with estimates of how much they might cost.*

A Note on Report Methodology[5]

Because the CIP does not document specific expenditures, we cannot claim to evaluate the actual amount the City has spent on capital projects. However, we can track how the City has *allocated* money. This allows us to arrive at a reasonable estimate of how the City is allocating infrastructure dollars. This report is based on a database containing 6,070 individual entries for 3,126 projects and was compiled by NCBG over almost five years. The dollar figures used are the most recent available. Projects that disappear from the CIP without evidence of construction are not included. For example, if a project appears in the 1997 CIP with no funding source and a 2001 construction date, then fails to appear in the 1998 CIP, we deem that project "disappeared" and eliminate it from our analysis (unless we uncover any evidence to the contrary). *Wherever reasonable, we have given the City the benefit of the doubt when it comes to funding amounts and project completion.*

To determine local impact, we plotted each project on a map of the City's 50 wards. If a project fell on the border of two or more wards, we divided the cost proportionally. For projects with a local impact but no list of locations, we distributed the cost equally among all 50 wards. Projects with a city-wide impact – such as Lake Shore Drive, the Skyway, the Museum Campus, and city-owned buildings -- were not assigned to any ward. *A substantial amount of 42nd Ward investment (about $451 million) beyond the money allocated to downtown in the ward-by-ward rankings fits into this category because it represents projects that all Chicagoans enjoy or that benefit tourism.* Police and fire stations, libraries, health clinics, and human services centers were assigned to the ward in which they are located, even though they often serve multiple wards. Water system projects (other than water mains) were placed in a separate category similar to city-wide projects.

There are several reasons why we use wards as the basis for comparison. While there are many ways to divide the City into regions (e.g., community areas, census tracts, and planning districts), wards are the only unit with any consistency in size. Although geographic area varies, each has a roughly equal population. Furthermore, people view their alderman as their first point of access to the City government. To a limited extent, the City structures its capital investments by ward via the Aldermanic Menu Program, which distributes $1 million per year to each alderman for use at his or her discretion on a "menu" of local improvements (streets, sidewalks, alleys, etc.). But while wards are the best unit of comparison we have, they are imperfect. A ward with large land area and relatively low population density (such as the 10th) will probably receive more than another, geographically smaller ward.

[5] For a complete discussion of the report's methodology, please see Appendix One.

Finding #1: The City's public investment strategy focuses primarily on the "Central City" at the

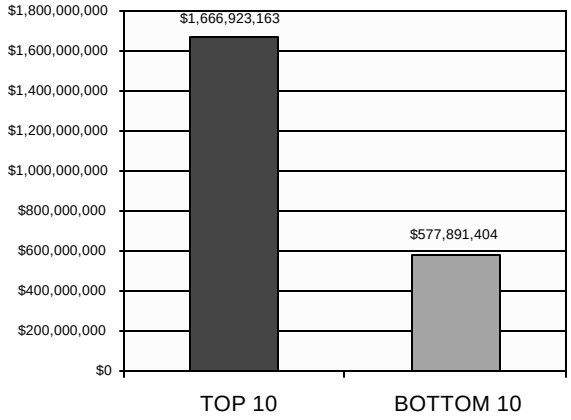
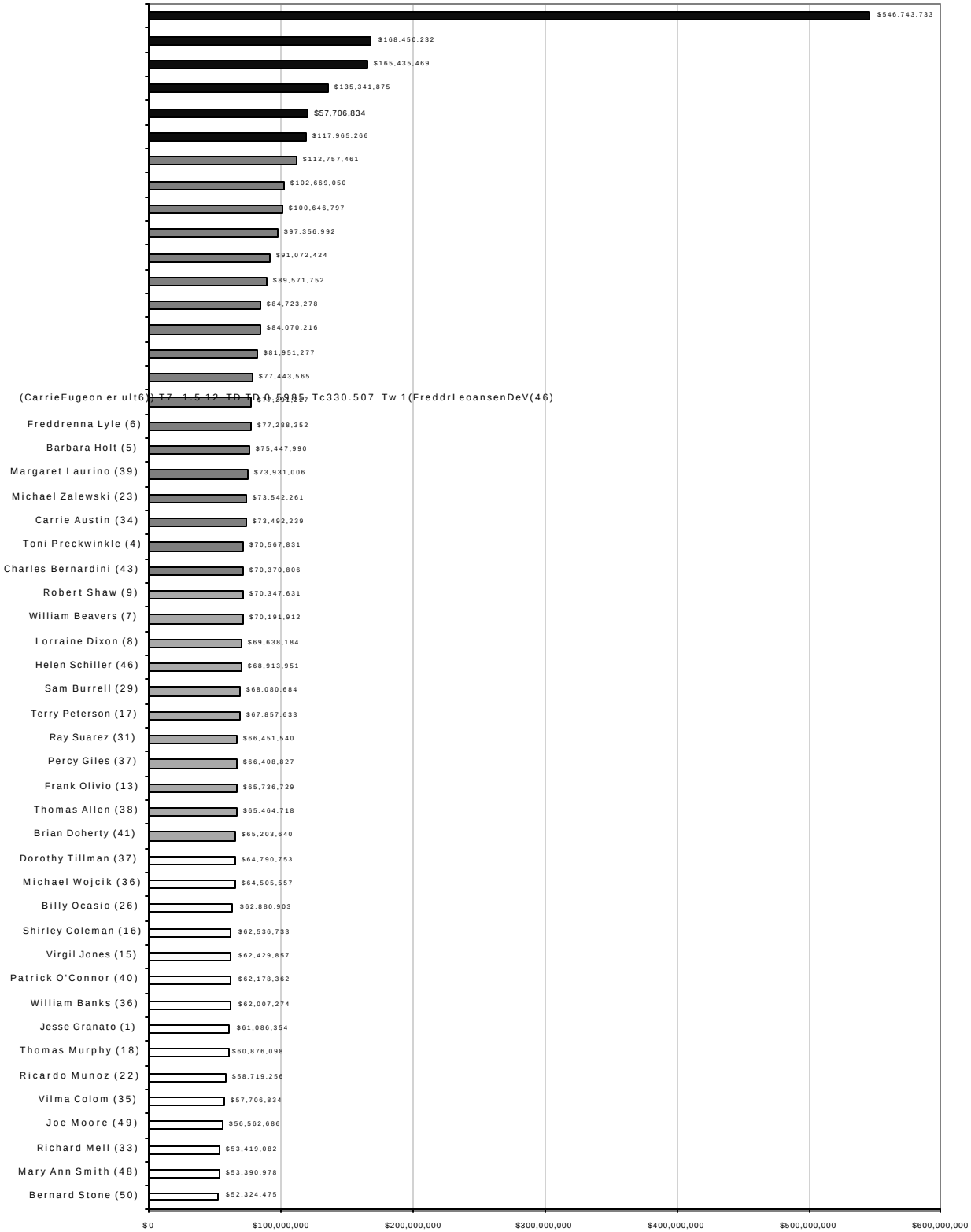


Table IV: Ward-by-Ward Comparison of City Infrastructure Allocations, 1990-2002[10]

Rank	Ward	Alderman	Ward Total
1	42	Burton Natarus	$546,743,733
2	2	Madeline Haithcock	$168,450,232
3	27	Walter Burnett	$165,435,469
4	10	John Buchanan	$135,341,875
5	25	Daniel Solis	$119,856,283
6	11	James Balcer	$117,965,266
7	32	Theodore Matlak	$112,757,461
8	28	Ed Smith	$102,669,050
9	20	Arenda Troutman	$100,646,797
10	24	Michael Chandler	$97,356,992
11	19	Virginia Rugai	$91,072,424
12	45	Patrick Levar	$89,571,752
13	21	Leonard DeVille	$84,723,278
14	47	Eugene Schulter	$84,070,216
15	12	Ray Frias	$81,951,277
16	14	Edward Burke	$77,443,565
17	44	Bernard Hansen	$77,291,227
18	6	Freddrenna Lyle	$77,288,352
19	5	Barbara Holt	$75,447,990
20	39	Margaret Laurino	$73,931,006
21	23	Michael Zalewski	$73,542,261
22	34	Carrie Austin	$73,492,239
23	4	Toni Preckwinkle	$70,567,831
24	43	Charles Bernardini	$70,370,806
25	9	Robert Shaw	$70,347,631
26	7	William Beavers	$70,191,912
27	8	Lorraine Dixon	$69,638,184
28	46	Helen Schiller	$68,913,951
29	29	Sam Burrell	$68,080,684
30	17	Terry Peterson	$67,857,633
31	31	Ray Suarez	$66,451,540
32	37	Percy Giles	$66,408,827
33	13	Frank Olivio	$65,736,729
34	38	Thomas Allen	$65,464,718
35	41	Brian Doherty	$65,203,640
36	37	Dorothy Tillman	$64,790,753
37	36	Michael Wojcik	$64,505,557
38	26	Billy Ocasio	$62,880,903
39	16	Shirley Coleman	$62,536,733
40	15	Virgil Jones	$62,429,857
41	40	Patrick O'Connor	$62,178,362
42	36	William Banks	$62,007,274
43	1	Jesse Granato	$61,086,354
44	18	Thomas Murphy	$60,876,098
45	22	Ricardo MuZoz	$58,719,256
46	35	Vilma Colom	$57,706,834
47	49	Joe Moore	$56,562,686
48	33	Richard Mell	$53,419082
49	48	Mary Ann Smith	$53,390,978
50	50	Bernard Stone	$52,324,475

[10] Excludes the City's bridge program.

Figure II: Ward-by-Ward Rankings of Total Infrastructure Allocations, 1990-2002



Finding #2: The City is not meeting the basic infrastructure needs of its neighborhoods.

Simply looking at total capital allocations does not, however, tell the entire story. It is certainly true that different wards need different things, and that downtown – because of its density, traffic, and prominence – requires more intensive investment than other areas of the City. But the degree of the disparity between top and bottom is simply unacceptable by any measure. **The 42nd Ward receives over 10 times more planned investment than Bernard Stone's 50th Ward, which ranks last on the list.** The 10 top-ranked wards received allocations totaling $1,666,923,163 – 38 percent of the city-wide total – while the bottom-ranked 10 wards received $577,891,404 – just 13 percent of the city-wide total.

A thorough analysis must also include some sort of benchmark to measure how much investment neighborhoods need to meet their "bare bones" infrastructure requirements. To accomplish this, we determined a set of basic infrastructure projects that all wards need just to keep neighborhoods running. We excluded industrial infrastructure and economic development programs because those needs vary from ward to ward. Municipal facilities such as police stations and libraries were also excluded from the analysis. But despite differences in geographic size, population density, and land use, there is a set of essential infrastructure features that occur in every ward (e.g., sewers, water mains, streets, alleys, sidewalks, and traffic signals). By estimating the average annual need of a "typical ward," we can assess how well the City is doing in meeting the most basic needs of its neighborhoods. While this system is not perfect, local variations tend to even out and it is possible to get a snapshot of how much capital investment is necessary just to keep basic systems in place. NCBG checked its allocations of these infrastructure amounts against the City's own needs assessment and inventory and found that our average ward need lined up very closely with the City's own overall assessment.

NCBG used the Areplacement cycle≅ method, a common standard for calculating infrastructure costs, to determine how much investment a typical ward needs to maintain its existing infrastructure.[11] A replacement cycle is the amount of time that a piece of infrastructure will last before it needs to be replaced. For example, the City estimates that a sewer will wear out after about 100 years. So 100 years after a sewer is installed, you can expect that it will need to be replaced.

[11] The City published its own tables of replacement cycle need in the 1993-1997 Capital Improvement Program. NCBG assumed the City's estimates

Table VI: Ward-by-Ward Comparison of Basic Infrastructure Allocations, 1990-2002

Rank	Ward	Alderman	Ward Total	Annual Share
1	42	Burton Natarus	$134,244,923	$10,326,532
2	10	John Buchanan	$83,039,809	$6,387,677
3	27	Walter Burnett	$58,028,353	$4,463,719
4	2	Madeline Haithcock	$56,942,306	$4,380,177
5	19	Virginia Rugai	$54,540,303	$4,195,407
6	28	Ed Smith	$49,622,573	$3,817,121
7	7	William Beavers	$49,501,172	$3,807,782
8	6	Freddrenna Lyle	$48,518,462	$3,732,189
9	14	Edward Burke	$47,316,002	$3,639,692
10	41	Brian Doherty	$46,733,437	$3,594,879
11	20	Arenda Troutman	$45,542,454	$3,503,265
12	4	Toni Preckwinkle	$45,542,454	$3,503,265

While it is reasonable to expect that the City will seek to develop additional funding for some future projects, this number raises concerns because fewer projects appear fully funded than in past years:

Table VIII: Unfunded Neighborhood Infrastructure Projects, by CIP Year, 1995-1998

CIP Year	Total Allocation	Amount Unfunded	% Unfunded
1998-2002	$388,511,070	$204,085,380	52 percent
1997-2001	$392,627,575	$176,106,000	

Finding #3: The City is not meeting the infrastructure needs of its industrial base.

Some still harbor the notion that Chicago's industrial base is in perpetual decline, the victim of shifting global economies, aggressive recruitment efforts by suburbs, and the general decay of the Midwest's o-called "Rust Belt" economies. To help evaluate this long-held "conventional wisdom," the Dept. of Planning and Development in March 1998 commissioned Arthur Andersen LLP's Real Estate Advisory Services Group to prepare a report on industrial opportunities in Chicago.[13]

The report found that urban areas such as Chicago still possess some distinct advantages when it comes to proximity to transportation, access to labor markets, and desirability of location. Provided that the City make a concerted effort to attract and retain industry – an effort that should include vital infrastructure improvements – the report predicts a bright future for Chicago industry. In fact, the Andersen report goes so far as to forecast potential increases in industrial property tax revenue of nearly $220 million between 1998 and 2005, *as well as the creation or retention of 31,000 jobs*[14]:

> Importantly, industrial development can be a major redevelopment tool for the City to use in restoring economic vitality to abandoned brownfield sites and blighted city neighborhoods. The assembly and cleanup of sites restores citizen and investor confidence in areas and *the attraction of expansion and new industry brings the most essential ingredient of area redevelopment – new jobs* [emphasis added]. Industrial redevelopment compliments residential and retail development by providing an economic base for the latter and by allowing the revitalization of sites not appropriate for either retail or residential development.[15]

However, the report acknowledges that there are a number of barriers to industrial development, including *adequate industrial and arterial roads to serve truck traffic*. While Chicago has excellent access to Interstate highways and rail cargo depots, the Andersen study finds that many parts of the City lack adequate connecting roads. Of the five submarkets analyzed by the report, three of them (North, Northwest, and Southwest) are listed as having infrastructure-related barriers to development. Among the problems listed for these regions are inadequate viaduct clearances, turning radii that are too tight for many trucks, and insufficient off-street parking for industrial activities. The report's description of the North submarket is illustrative of the types of problems many of the City's industrial corridors face:

> A key locational advantage of the North submarket is the Kennedy Expressway that runs roughly along the western boundary of the submarket. However, this proximity must be tempered somewhat by issues of access, which are common in older industrial areas. Truck access is inhibited in several locations by insufficient viaduct clearances. As a result, trucks are forced to take circuitous, sometimes confusing routes to and from the expressway.[16]

Some City actions actually tend to undermine the industrial sector. Large-scale beautification projects, such as the North Ashland Avenue median landscaping, resulted in the banning of truck traffic from this major arterial street, worsening the very issue of access to North Side industrial corridors that Andersen highlights. Also, the flurry of tax increment financing districts in some areas may be intensifying pressures for replacing industrial areas with new residential developments.

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[13] Arthur Andersen LLP Real Estate Services Advisory Group, *City of Chicago Industrial Market and Strategic Analysis*, March 1998.

[14] Ibid., p. 25.

[15] Ibid., p 25.

[16] Ibid., p. 30.

The CIP contains inadequate funding for Chicago's industrial corridors.

Two subprograms – industrial street improvements and viaduct clearance improvements – contain the bulk of the funding targeted for industrial development and retention. However, as with neighborhood infrastructure projects, these vital initiatives are often left without concrete funding sources:

Table IX: Unfunded Industrial Infrastructure Programs in 1998-2002 CIP

As with neighborhood infrastructure projects, the problem of underfunding has become worse over time for industrial projects:

Table XI: Unfunded Viaduct Clearance Projects, by CIP Year, 1995-1998

CIP Year	Total Allocation	Amount Unfunded	% Unfunded
1998-2002	$32,242,181	$18,471,700	57 percent
1997-2001	$26,991,700	$17,816,700	66 percent
1996-2000	$20,597,000	$5,970,000	29 percent
1995-1999	$18,429,000	$5,510,000	30 percent

The City may have other funding sources in mind for these projects (such as revenue from tax increment financing districts[17]), but they have not disclosed these plans anywhere in the CIP. Still, these figures do not answer the big-picture question: *Even if the City fully funds all its proposed industrial infrastructure programs, will that be enough to meet the needs of Chicago's industrial base?*

During the 13 years under study, the City has allocated a total of $625 million for projects specific to industry:

Table XII: Total Industrial Infrastructure Allocations, 1990-2002

SubProgram Name	Original Allocation	Canceled/ Disappeared	Total Allocation
Industrial Streets	$403,395,170	$31,270,000	$372,125,170

The City should perform a thorough assessment of industrial need.

Calculating the total industrial infrastructure need is a daunting task because neither the Dept. of Planning and Development or the Office of Budget and Management have surveyed industrial councils about their needs since 1995. At that time, DPD published a useful, albeit rather conservative, guide to industrial improvement needs.[18] That report has never been updated. Without a clear idea of what goals it hopes to accomplish, how can the City expect to properly allocate capital funds in a way that helps maintain Chicago's industrial base? The first step toward revitalizing Chicago's commitment to its industrial base is simply to ask them what they need and work with them on coming up with a coordinated plan to finance and complete those fundamental projects.

In the absence of a comprehensive assessment, we looked at several ways of putting the City's industrial allocations in context. Simply dividing up the industrial expenditures by ward is not a very useful calculation because some wards have few if any concentrated industrial areas. Instead, we looked at the average industrial infrastructure allocations for each of the 22 industrial corridors[19] designated by the City. According to that method, each of those 22 concentrated industrial areas receives an average allocation of just $2,183,734 per year. Using the City's own "typical project cost" estimates, that would buy less than 1 mile of industrial street improvements or just under two viaduct clearance improvements.[20]

Even if you divide the industrial infrastructure allocations among the 12 Model Industrial Corridors[21] –[illegible]owustr6 -3 gh 5/F6 6.lete s5 Tf ng 5 w (21),03,512(

Finding #4: The use of tax increment financing is widening the gap between the Central City and Chicago's neighborhoods.

In the last three years, the Daley administration has pursued tax-increment financing (TIF) with an astonishing vigor, essentially designating it as the City's primary economic development strategy. In fact, 1998 saw the fastest expansion of TIFs in Chicago – both in terms of size and number – that the City has ever witnessed. Through December 1998, 19 new TIF districts have been approved by the City Council, representing $825,503,665 of property value. That brings to 64 the total number of TIFs Chicago has put in place, *more than half of which (36) have been approved in the last three years.*

In short, TIFs are a tool that municipalities may use to foster economic growth by targeting new property tax revenue to a specific geographic region. They provide incentives – including infrastructure investments – designed to lure private developers into areas of the City that previously had been ignored, overlooked, or deemed to risky by investors. TIFs work by first freezing the amount of property tax revenues that the City, the school board, the park district, and other taxing bodies may receive during the 23-year life of the TIF. In other words, all new property tax revenue that arises during the life of the TIF district is re-invested in that district. In a successful TIF, property tax revenue increases as City-subsidized development takes-place, turning unused or under-used land into productive property. Rather than increasing tax rates to raise money, the City takes advantage of these higher property values to increase property tax revenue. That money then may be reinvested in the TIF district to subsidize developers (through property acquisition, environmental cleanup, or financing assistance, for example), construct public works projects, and fund job training initiatives.[22]

TIFs are based on the premise that no new development would take place in the project area "but for" the intensive use of public funds. Municipalities must conduct eligibility studies to demonstrate that a proposed redevelopment area is "blighted," or in danger of becoming blighted, and therefore is in dire need of the large-scale government intervention that TIFs can represent. What makes tax increment financing such an appealing tool for public officials is that it does not require them to raise taxes. But precisely because TIFs may appear to be such a politically palatable option on the surface, they are often overused and abused by the municipalities that employ them. If the standards for qualifying a TIF district are bent in order to usher in a borderline project, the consequences for other taxing bodies, neighborhoods, and businesses may be severe. Establishing TIF projects in areas that would experience new development in the absence of any special assistance robs money from other parts of the city and the County in need of public funds. In these instances, TIFs divert money back into already-healthy areas and away from neighborhoods that need an infusion of public funds.

NCBG's research has uncovered a distressing fact about the City of Chicago's TIF program: The bulk of the City's TIF dollars are going to the very same parts of the City that already receive the highest levels of traditional public investment. Far from reducing the disparities between the richer and poorer parts of the City, TIFs are actually widening the gap between the Central City and Chicago's neighborhoods. There is already evidence that Chicago has placed much of its most coveted real estate – particularly property in and around the Loop – under TIF designation. *The seven TIFs that fall into this category – Central Loop, Near North, Near West, Near South, River South, Michigan/Cermak, and Calumet/Cermak – represent 51 percent of the equalized assessed property value currently under TIF designation in Chicago.*[23] If, as many contend, these are areas that would have boomed without a TIF, then substantial revenue is being lost to the City's general fund. Without a TIF, thase pu(envirchudt would have boolacity's) Tj -41her aTIF. Wha5n going to the

The City relies on TIFs as a major source of infrastructure funds.

Historically, and even today, the Dept. of Planning and Development provides the public with the bare minimum of information when it comes to TIFs. Consequently, it is difficult to derive a comprehensive and accurate figure for the amount of infrastructure investment that is expected to be paid for with TIF dollars. The redevelopment plan for each TIF district does, however, contain an estimated project budget that gives a "ballpark" figure for how much infrastructure investment the City's 64 current TIFs could generate. Of the $3,035,064,967 total budget for these 64 TIF projects, $1,062,556,000 is slated for public works projects.

In part because many TIFs have been established since the 1998 CIP was written, only $228,050,157 can be accounted for by analyzing the available Capital Improvement Program documents. By examining the CIPs, we can isolate 31 projects that have been funded with TIF revenues. Keep in mind that these projects are only those documented in the CIPs. It is possible that other infrastructure projects have been funded with TIF dollars and never appeared in the CIP. *The City's June 30, 1998, TIF annual report does not detail infrastructure expenditures in each project area.*

Table XIII: CIP Projects Funded With TIF Revenue, 1990-2002

Year	Project Name	SubProgram	Project Cost	Ward
1998	Lower Wacker Dock Wall Removal	Bridge Improvements	$1,500,000	42
1998	Normal, 40th to 47th	Industrial Street Improvements	$1,500,000	11
1998	Stockyards North Quadrant	Industrial Street Improvements	$3,700,000	11
1998	Loop Alley Lighting	Lighting	$100,000	42
1998	Van Buren, Wabash to Wells Orn. Lighting	Lighting	$2,265,583	42
1998	LaSalle, Wacker to Jackson Orn. Lighting	Lighting	$99,000	42
1997	Michigan Ave., Randolph to Congress	Lighting	$7,000,000	42
1998	Lake St., Michigan to Wacker Dr.	Lighting	$5,069,000	42
1998	Randolph, Wacker to Michigan, Lighting	Lighting	$585,000	42
1998	Randolph, Wacker to Michigan, Lighting	Lighting	$7,000,000	42
1997	Wabash Roadway Improvements	Major Street Improvements	$100,000	42
1998	38th Ward Yard	Municipal Operating Facilities	$1,100,000	38
1992	North Loop Development, 190 N. Dearborn	Other Development Projects	$6,000,000	42
1992	Chinatown Square TIF District - Phase I	Other Development Projects	$3,755,804	25
1996	State St., Wacker To Congress	Other Development Projects	$10,553,400	42
1998	Central Loop -- Park Improvements	Other Development Projects	$2,000,000	42
1998	Central Loop, Acquisition/Demolition	Other Development Projects	$12,501,000	42
1998	Homan Square Infrastructure Phase IV	Other Development Projects	$1,400,000	24
1998	New Police Station - 18th District	Police	$10,400,000	32
1998	New Police Station - District 1	Police	$24,258,006	2
1998	New Police Station - District 1	Police	$6,241,994	2
1996	Halsted, Madison to Van Buren	Streetscaping	$700,000	27
1996	Randolph, Kennedy Expwy to Ogden	Streetscaping	$781,000	27
1996	LaSalle, Wacker to Washington	Streetscaping	$94,000	42
1995	Washington at Morgan	Traffic Signals	$125,000	27
1996	Washington at Sangamon	Traffic Signals	$243,600	27
1995	State St. at 14th St.	Traffic Signals	$117,770	2
1997	Randolph/Washington Station	Transit	$13,500,000	42
1996	Dearborn Subway - Lake/Wells	Transit	$1,200,000	42
1998	Misc. Transit Projects - Central Loop	Transit	$24,000,000	42
1998	Normal at 40th St. - Vertical Clearance	Viaduct Clearance Improvements	$500,000	11

The above figure clearly demonstrates that the Central City, particularly the 42nd Ward, is the primary beneficiary of TIF infrastructure allocations. This money is allocated to just a handful of TIF districts:

Table XV: TIF Infrastructure Allocations by Ward, 1990-2002

Ward	Alderman	TIFs	TIF Investment	Other CIP Investment
42	Burton Natarus	Central Loop, Near South, Calumet/Cermak, Mich./Cermak	$177,482,787	$370,760,946
2	Madeline Haithcock	Western/Ogden, Mich./Cermak Roosevelt/Canal	$30,617,770	$137,832,463
32	Theodore Matlak	Goose Island TIFs (3)	$10,400,000	$102,357,461
11	James Balcer	Stockyards (3)	$5,900,000	$112,065,267
24	Michael Chandler	Roosevelt/Cicero, Roosevelt/Homan	$1,400,000	$95,656,993
27	Walter Burnett	Near West, Near North Kinzie	$1,149,600	$164,285,870
38	Thomas Allen	Read/Dunning	$1,100,000	$64,364,719
37	Percy Giles	North/Cicero Laramie/Bloomingdale	$1,000,000	$65,408,827

The TIF-generated revenue going to Central City improvements has resulted in large part from bond issues that "jump started" development. But for TIFs in distressed, low-income and industrial areas, the City has not agreed to issue bonds. These newer "pay-as-you-go" TIFs are much less reliable, as sources of readily available funds for infrastructure or other investments. It will take much longer to get needed infrastructure repairs under the "pay-as-you-go" approach. If the City plans to wait for a TIF district to generate new revenue before funds are available for public works projects, then it will take much longer for the area to get needed infrastructure repairs. The fact that such a large percentage of industrial infrastructure projects are unfunded raises concern about the City's potential over-reliance on TIFs to fill this funding gap.

TIF investments should ultimately produce jobs for local residents.

The challenge for City officials is turning TIF investments – particularly those in industrial areas – into good-paying jobs for Chicago residents. The redevelopment plans for most industrial TIF districts acknowledge the preeminence of the jobs question by including money for job training as part of the TIF project budget. For the 31 TIF districts that have at least some industrial land within their boundaries, $86.21 million has been budgeted for job training over the lifetime of the TIFs. More than 80 percent of that ($71.8 million) has come in the project budgets of the nine industrial TIFs created in 1998 (Kinzie, North Branch-South, Northwest Industrial, Pilsen, Portage Park, Roosevelt/Cicero, Stony Island Commercial/Burnham Industrial, West Pullman and Western/Ogden). The Kinzie, Pilsen, and Northwest Industrial TIFs among them account for $42 million of that total. The increased commitment to job training in these newer TIF districts came as a direct result of heightened public scrutiny of the TIFs. In other words, the public demanded that TIFs include direct benefits for Chicago residents, and to a large extent, the City complied.

Winning the inclusion of substantial job training funds in the TIF project budgets was a significant victory, but it is only a first step. The public needs to remain at the table in order to ensure that this budgeted money turns into a reality. Ongoing public involvement will also ensure that any job-training programs are well-designed, with an aim toward bringing permanent, living-wage jobs to Chicago residents.

Recommendations for Action

A more equitable and open capital planning process would ultimately benefit the City as a whole. Chicago, it has often been said, is a City of Neighborhoods, and great neighborhoods at that. But unless the City makes a real and sustained commitment to strengthening these neighborhoods, there is no assurance that they will continue to be great. Perhaps even more urgent is the need to help Chicago's most distressed neighborhoods – those that suffer from chronic under-investment, endemic poverty, persistent unemployment, and crumbling infrastructure – turn themselves around. The only way to reach these goals is by setting clear priorities and providing the community with straightforward information. What follows are NCBG's recommendations to ensure that neighborhoods get a fair share of the pie:

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A rainy day fund is not just a pie-in-the-sky idea with no grounding in practical reality. At the state level, 45 states have implemented some sort of rainy day fund, and their experience could certainly be applied to large municipalities such as Chicago (John E. Peterson, "Don't Forget Your Umbrella," *Governing*, October 1998, p70). In Illinois, the idea has captured support from a diverse array of current and former public officials including Dawn Clark Netsch and State Comptroller Loleta Didrickson. Didrickson, in a letter to *Governing* magazine, wrote, "I strongly agree that this [the idea of a rainy day fund] is a significant fiscal issue. We recently convened a panel of fiscal experts from across the United States who concurred that enacting a rainy day fund is a conservative approach to managing state finances that would protect the state from economic ups and downs and result in a higher bond rating." (Loleta Didrickson, "Umbrella Shopping," *Governing*, December 1998, p10).

- **The City needs to accelerate implementation of neighborhoods' Model Industrial Corridor plans, and assess the infrastructure needs of other neighborhood industrial corridors.** The City needs to follow the advice given by its own consultants in

- **Institute an annual capital budget that reflects and implements the community's priorities.** Such a budget would help eliminate the City's historic tendency to shift infrastructure priorities. The City's capital program must undergo rigorous scrutiny and be subject to real public accountability. A capital budget would have to be approved by the City Council, as would any major amendments or changes to that plan. This would give aldermen and the public a way to monitor and assess the City's progress, and it would also make the setting of public works spending priorities a matter for public debate.

Appendix One: Report Methodology

NCBG's13-year analysis of the City's capital investment priorities is the result of gathering, combining and sifting through a variety of public documents in order to piece together a paper trail of where and how the City planned to allocate its money. Every research effort contains a number of judgment calls. These are the ones we made, included here so that readers will be able to retrace our steps and put our findings in context. The following documents were used:

City of Chicago Capital Improvement Program 1990-1994
City of Chicago Capital Improvement Program 1992-1996
City of Chicago Capital Improvement Program 1993-1997
City of Chicago Capital Improvement Program 1994-1998
City of Chicago Capital Improvement Program 1995-1999
City of Chicago Capital Improvement Program 1996-2000
City of Chicago Capital Improvement Program 1997-2001
City of Chicago Capital Improvement Program 1998-2002

1992 Mid-Year and Year-End Construction Status Reports
1993 Mid-Year and Year-End Construction Status Reports
1994 Year-End Construction Status Report
1998 Mid-Year Construction Status Report

(There was no CIP in 1991, though many of the projects appear in the 1992 Construction Report.)

The Database: NCBG's CIP database includes 6,070 individual entries for 3,126 separate projects, compiled over nearly five years. One of the biggest obstacles to analyzing the City's capital investments over the long term is the over-lapping nature of the CIPs. Each CIP covers a five-year period, with many projects included in multiple documents. The documents are not cumulative, so one cannot simply add each one together. The advantage to creating our own database was that as a given CIP superceded a previous CIP, we could account for projects that no longer appeared, projects that were carried over from previous CIPs, and projects that were new. Our analysis only counts the last time a project appeared in the CIP, with its accompanying cost and dates. Thus, NCBG has measure the "net new capital investment" planned by the City during the 13-year period described.

Another major obstacle to analyzing long-term investment is the City's propensity to lump some kind of projects together as "ongoing"

projects for which construction spans several years, the reports do not provide records of yearly expenditures. They only list adjustments to the total project costs. Still, the reports were useful in refining our estimates of project costs.

As was noted several times in the body of this paper, *the figures in this report do not represent actual expenditures, but planned capital allocations*. The City of Chicago does not issue an end-of-year capital expenditures report. This would be the best tool for evaluating the City's capital planning and project implementation. An annual capital budget, combined with an annual capital expenditures report, would enable both City government and the public to identify areas in need of improvement and evaluate actual spending patterns. However, planned allocations provide a reasonably good measure of the City's priorities, and the database allows us to adjust final figures for projects that disappear completely.

A word on disappearing projects: we compared each CIP to the year immediately prior, and attempted to account for each project listed. If a project is listed in one year's CIP but not the next, we had to decide if it was more likely that the project was completed or the project had been dropped. In the absence of any direct information on the project's status, we looked at two main factors: funding sources and construction schedule. If a project is listed in the 1997 CIP but not the 1998 CIP, for example, we would first look at the funding source. If the funding was listed as "to be determined" and no money was listed in the "first year allocation" column, then we made the initial assumption that the project had been dropped. We then verified that assumption with the construction timetable. If the construction start date did not fall within the first year covered by the CIP, then we considered the project abandoned. If it had an earlier construction date, then we gave the City the benefit of the doubt and assumed that it had been completed. Over the period analyzed, 110 projects fell into this category. Most of which were confirmed as "canceled" in one of the construction reports. Twenty-one of them were relatively small dollar amounts ($250,000 or less), while 65 of them were less than $1 million. *Whenever plausible, we gave the City the benefit of the doubt and assumed the project had been completed.*

Determining Local Impact: In order to assess the impact of Chicago's capital investment program on individual wards, we plotted each project on a map of the City's 50 wards. In attempting to determine local impact, however, we had to account for those projects that affected multiple wards, or had a larger "city-wide" impact. "Impact" was defined as dollars worth of investment. Local impact was defined as having an area of effect not greater than a few wards, depending on the size and nature of the project. We used wards as our geographic basis because they are the only division of the City that has a comparable basis (in this case, population). Community Areas, census tracts, and other informal neighborhood divisions are greatly varied in both population and size. Wards, at least, represent approximately equal populations.

The City does not provide the general public with any breakdown of capital projects by ward. The only exception was a draft CIP in 1990. The

tend to have a predominately city-wide effect by connecting various neighborhoods and facilitating transportation throughout the City. Finally, the size and scope of major bridge projects, together with the long time span between replacements, makes bridges closer to a "city-wide" or "mega-project" (see below) than an ordinary capital expense. Bridges, therefore, were not included in the ward-by-ward rankings. If you are interested in seeing how including the bridge program affects the ward-by-ward rankings, please see Appendix Two.

Major Streets, Industrial Streets, Streetscaping, and Sewer: All of these projects have a "start" and an "end" point in their location description. If a project fell in one or more wards, the cost for each ward would be proportional to the amount falling in the ward. If a project fell exactly between two wards (i.e., if the street was a ward boundary), then we attributed 50 percent to each. If the ward boundary was shared by three or more wards, we apportioned by the area bordering the project.

Municipal Facilities and Transit Stations: Although fire stations, police stations, libraries, senior centers, health facilities, human services centers and transit facilities often serve more than one ward, or "catchment area," it is not possible to quantify this impact by any fair and accurate method. These projects were attributed to the wards in which the facilities were located. If a project was on the border of two wards, 50 percent was attributed to each one. For municipal operating facilities other than Streets and Sanitation ward yards, projects were treated as having a "city-wide" impact.

Ward Impact, Multiple Locations: A major obstacle to analyzing the CIP by ward is the presence of projects with a multiple ward impact. These are projects which have one or more non-contiguous locations in other wards. For example, the CIP lists several fire station projects which make improvements to windows and roofs at fire houses throughout the City. These improvements have a local impact, but because they are aggregated into a single CIP line item, it is problematic to apportion costs to all wards.

There are two kinds of these multiple location projects in the CIP. First, there are projects for which the City provides an exhibit listing all the sites covered by the project. These are relatively easy to deal with. We simply geo-coded each site and then divided the total cost proportionally (by the number of projects) among the affected wards. While this method does not account for the different distances covered by each project, the relatively small size and cost of each location minimizes any skewing effect on the overall analysis.

Secondly, there are projects for which the City does not provide a list of locations. For the projects where no location list was made available to the public, we made a "Ward Impact – Multiple Location" category. We apportioned this pot of money – over $1.4 billion – equally among all 50 wards. We then added this figure to the total ward amount. While this approach may not be accurate for individual wards, it does give the City the benefit of the doubt by assuming equitable spending among wards.

Finally, we also attributed each program eligible under the Aldermanic Menu Program equally to each ward. Under the program, each ward receives $1 million that may be spent on a "menu" of neighborhood improvements at the alderman's discretion.

Neighborhood Infrastructure: Every ward is served by streets, sidewalks, alleys, street lights, curbs, and gutters. They are used by every citizen on a daily basis just to travel efficiently and safely throughout their neighborhood.

Transportation: Because of Chicago's street grid system, every ward has major streets and intersections. Unlike bridges or rapid transit, these major transportation assets are relatively evenly distributed and are a crucial part of each ward.

Sewer: Every neighborhood in the City is linked into the City's sewer system to provide basic sanitation and storm drainage.

Water: Water mains, like sewer lines, are essential for providing a reliable water source for homes, businesses, and industries. Pumping stations and filtration plants are excluded from the basic infrastructure analysis because of their city-wide nature.

Excluded from the definition are:

Municipal Facilities: Although such facilities as fire stations, police stations, libraries, and health clinics are critical to the quality of life for communities, we considered them to be beyond the scope of this type of analysis. because each type of facility is not present in every ward, and it is difficult to attribute their impact to a particular ward.

Economic Development: Capital improvements in the economic development program are also distributed unevenly throughout the City. Not every area of the City is eligible for Community Development Block Grants (often used for development in low- to moderate-income neighborhoods) or contains heavily industrialized areas. Economic development programs also tend to add new infrastructure to a neighborhood rather than maintaining existing assets, such as when previously vacant land is developed.

Bridges and Public Transit: Although bridges are part of the core infrastructure in many wards, they are unevenly distributed throughout the City. Using bridges in the ward-by-ward analysis would attribute large amounts of money to wards which just happen to be next to a waterway. Furthermore, bridges tend to have a predominately city-wide effect by connecting various neighborhoods and facilitating transportation through the City. As for public transit (mainly the rail system), it too is distributed unevenly and based on Chicago's early, unplanned and uneven urban development. While it is appropriate to include these investments in the "big-picture" ward-by-ward analysis, it is misleading for the basic infrastructure analysis.

OBM's1995 Typical Project Cost list, which break out the specific costs. Please note that we compared the 1995 and 1998 typical cost estimates and found the figures were fairly consistent. For specific programs, the data was derived as follows:

Sewers: Sewer mileage statistics were obtained from the 1995-1999 CIP, page 197. Life-cycle estimates came from the Metropolitan Housing and Planning Council's Portfolio for the Future: Chicago's Long-Range Infrastructure Planning Needs,≅ published in 1982. NCBG has verified this life cycle estimate during our research on other cities= capital programs. Sewer mileage costs came from the 1998 Typical Project Costs flier.

Water: Water main statistics were obtained from the 1995-1999 CIP, page 263. On life-cycle, that document states, AIn 1995, for the first time, the Water Department will replace 40 miles of water mains. This substantial increase will now put this program on a 100-year replacement cycle which is the recognized industry standard. Water main costs per mile come from the 1998 Typical Project Costs flier.

Arterial Streets: Because of a discrepancy between the 1995-1999 CIP and Table IV from the 1993-1997 CIP, we used arterial street mileage from the 1995-1999 CIP, page 233, which is more recent (986 miles). However, most of downtown Chicago's streets are actually arterial streets, which results in an estimate of almost 20 miles of arterial streets per ward. NCBG calculated that average-sized wards had about 13 miles of arterial streets. We used this as a conservative average for all 50 wards. Thus, we allocated 637 miles of arterial streets to the 49 wards outside downtown (the 42nd Ward). In order to determine the replacement cycle, we calculated the proportion of resurfacing activity vs. reconstruction activity in Table IV and then applied it to the new 13 mile ward average. The proportion ends up as 9.8 percent of streets are resurfaced each year and 0.9 percent of streets are reconstructed. Cost per mile is taken from the 1995 Typical Project Costs flier.

Traffic Signals: Traffic signal units and life cycle statistics were taken from Table IV above, for major streets only. Per unit costs were obtained from the 1995 Typical Project Costs list.

Residential Streets: Residential street mileage and life cycle statistics were obtained from Table I above. Resurfacing costs were obtained from the 1998 Typical Project Costs list (using the assumption that there are eight city blocks to the mile), but reconstruction costs were obtained from Table I above.

Sidewalks: Sidewalk mileage and life-cycle statistics for both residential and arterial street sidewalks were obtained from Tables I and IV respectively. However, for arterial sidewalks we had to scale back the number of miles per ward because we calculated a lower average mileage of arterial streets (see above). We calculated the ratio of total arterial sidewalks to arterial streets (1.75) and multiplied this by the 13-mile estimate for the average ward. Costs per mile were obtained from Tables I and IV. Again, by using these minimized, conservative estimates, we are giving the City the benefit of the doubt regarding the average total basic infrastructure need for the ward.

Alleys: Alley mileage and life-cycle statistics were obtained from Table I, above. Costs per mile were obtained from the 1998 Typical Project Costs List by adding the City's share ($45,000 per block) with the owner's share ($30,000 per block), again assuming eight city blocks to the mile. Likewise, both the City's and the owner's shares are represented in the CIP costs that NCBG attributed to the wards. This is consistent with the City's method, which also reports both the City's share and the owners' share to arrive at total cost.

Lighting: Lighting unit statistics were obtained from the 1995-1998 CIP, page 171. Life cycle and unit cost statistics were obtained from Table II, above. In this table, the City lists several distinct components to lights, such as the light poles and luminaries, as well as distinct kinds of lights, such as underpass lighting, arterial street lighting, non-arterial street lighting, and alley lighting. The CIP does not identify lighting projects at this level of detail; therefore, we could not make a direct comparison to the actual CIP lighting program projects. Conservatively, we estimate that, on average, a representative life cycle for typical street lighting would be 30 years at a representative cost of $1,000 per light. Our estimates are conservative because the City reports a $23 million per year replacement cost, while our city-wide total would be only $8.8 million per year.

Tax Increment Financing: NCBG's TIF data analysis was aided by the creation of a separate TIF database which utilizes figures provided in the Dept. of Planning and Development' June 30, 1998, *Review of Tax Increment Financing in the City of Chicago* and the associated annual reports on each TIF district. Data were also collected from the original redevelopment plans for each TIF district, interviews with DPD staff, and review of City Council records. ***Estimates of the property value under TIF designation (the "equalized assessed value," or EAV) are based on the original EAV for the TIF district and discount any growth in EAV since that time.*** This method results in a conservative estimate of the amount of total EAV under TIF designation.

Estimates of actual TIF infrastructure allocations in the CIP were performed by isolating the proportion of each project slated to be done with TIF revenues. We isolated these projects with the help of the list of funding codes provided on pages 39-40 of the 1998-2002 CIP. The dollar amount given is only the portion expected to be funded with TIF revenues, not the entire project costs (unless the two figures are equal). It is entirely possible that the City has not reported all the infrastructure expense that have actually been funded with TIF dollars. If that is the case, it draws attention to the need for more rigorous reporting of all sorts of TIF data. The annual reports produced by DPD have no information on infrastructure expenditures made with TIF dollars.

The seven "Central City" TIFs – Central Loop, Near North, Near West, Near South, River South, Michigan/Cermak, and Calumet/Cermak – were selected because of their location in or near the Loop. All of them are in areas with booming real estate markets and an immediate proximity to the Central Loop, McCormick Place, and/or the Lakefront. These TIFs roughly correspond to the "Central City" region defined elsewhere in this report, and therefore provide an appropriate basis for analysis.

Weaknesses in the Data: As with any major research effort, the data used in this report are imperfect, particularly in three areas. First, the boundaries of some of the wards have changed slightly since 1990. The data are geo-coded according to the ward the project was located in at the time the project last appeared in the CIP. Secondly, figures or project costs have not been adjusted for inflation. Finally, as noted elsewhere in the report, the figures that are available from the Office of Budget and Management represent the City's planned allocations, not actual expenditures.

Appendix Two: Ward-by-Ward Rankings (Bridges Included)

Rank	Rank w/o Bridges	Ward	Alderman	Ward Total
1	1	42	Burton Natarus	$787,453,680
2	3	27	Walter Burnett	$225,479,694
3	2	2	Madeline Haithcock	$193,339,435
4	4	10	John Buchanan	$172,017,577
5	6	11	James Balcer	$156,376,469
6	5	25	Daniel Solis	$156,236,236
7	7	32	Theodore Matlak	$155,216,199
8	8	28	Ed Smith	$104,797,752
9	9	20	Arenda Troutman	$100,760,999
10	10	24	Michael Chandler	$97,371,195
11	15	12	Ray Frias	$92,346,480
12	11	19	Virginia Rugai	$91,186,626
13	12	45	Patrick Levar	$90,385,955
14	14	47	Eugene Schulter	$89,117,919
15	16	14	Edward Burke	$87,914,768
16	24	43	Charles Bernardini	$87,249,371
17	13	21	Leonard DeVille	$84,837,481
18	19	5	Barbara Holt	$83,504,368
19	23	4	Toni Preckwinkle	$79,710,650
20	17	44	Bernard Hansen	$77,509,840
21	18	6	Freddrenna Lyle	$77,402,555
22	20	39	Margaret Laurino	$75,374,208
23	22	34	Carrie Austin	$73,606,442
24	21	23	Michael Zalewski	$73,448,329
25	45	22	Ricardo Munoz	$73,171,459
26	25	9	Robert Shaw	$70,461,833
27	26	7	William Beavers	$70,406,114
28	27	8	Lorraine Dixon	$69,752,387
29	28	46	Helen Schiller	$69,110,506
30	30	17	Terry Peterson	$69,101,835
31	29	29	Sam Burrell	$68,394,887
32	31	31	Ray Suarez	$67,330,742
33	37	30	Michael Wojcik	$65,969,760
34	33	13	Frank Olivio	$65,850,931
35	34	38	Thomas Allen	$65,578,921
36	32	37	Percy Giles	$65,523,029
37	35	41	Brian Doherty	$65,317,842
38	36	3	Dorothy Tillman	$64,904,955
39	38	26	Billy Ocasio	$62,995,106
40	39	16	Shirley Coleman	$62,650,936
41	40	15	Virgil Jones	$62,544,060
42	41	40	Patrick O'Connor	$62,462,564
43	42	36	William Banks	$62,121,476
44	43	1	Jesse Granato	$61,875,557
45	44	18	Thomas Murphy	$60,990,301
46	48	33	Richard Mell	$60,325,785
47	46	35	Vilma Colom	$57,821,036
48	47	49	Joe Moore	$56,676,888

49	49	48	Mary Ann Smith	$55,499,473
50	50	50	Bernard Stone	$52,438,678

Very few wards significantly switch positions as a result of adding bridges back into the analysis. In fact, only 7 wards switch positions by more than three ranks, and only one of those (Ricardo Munoz's 22nd Ward) makes a dramatic jump. The 22nd Ward, which includes bridges over the Sanitary and Ship Canal and the Stevenson Expressway, goes from 45th to 25th when bridges are added back into the analysis, in large part because of the large number of bridges in the ward and low levels of other capital allocations. Other wards with large numbers of bridges (such as the 10th, the 42nd, the 25th, and the 27th, for example) tend to have high levels of other types of investment, so adding the bridge program back in only serves to increase their margin. The most important fact to note, however, is that the general order (including the wards at the top and the wards at the bottom of the analysis) remain roughly the same, reinforcing our contention that removing bridges from the ward-by-ward rankings earlier in this report has a minimal skewing effect on the overall analysis.

Appendix Three: "Mega-Projects"

CIP #	Project Name		Year	Total Project Cost
10183	New Police Headquarters		1998	$75,800,000
12211	New Central Library-400 S. State St.	1990		$200,000,000
13385	Construction - New 911 Emergency Comm. Center		1995	$193,000,000
15526	Museum of Science & Industry - Underground Parking	1998		$42,740,332
20041	Southwest Transit Extension/CTA Orange Line		1998	$3,500,000
20240	Randolph/Wabash Station		1997	$18,000,000
20501	Southwest Transit Project		1993	$410,000,000
23396	LSD Relocation-Roosevelt Rd Bridge, Indiana	1996		$14,690,000
23397	LSD Relocation Balbo to 23rd Street	1996		$47,592,000
23399	LSD Relocation - 18th St Bridge over LSD		1997	$3,250,000
23400	LSD Relocation - Waldron/McFetdrige Dr. at LSD		1997	$4,650,000
23401	LSD Relocation - Museum Campus		1998	$10,100,000
23402	LSD Relocation - Landscaping		1997	$9,710,000
23403	LSD Relocation-Advance Work		1996	$1,400,000
23404	LSD Relocation-Sewer		1996	$3,100,000
44209	Rehabilitation of Northwest Incinerator	1995		$100,000,000
45095	Material Recovery & Recycling Facilities		1995	$41,000,000

Appendix Four: Tax Increment Financing Background

Tax Increment Financing is a special way for municipalities to generate money for economic and community development. In Illinois, TIFs have been around since 1977, when they were first authorized by state law as a tool through which cities could redevelop blighted areas that had no other means of attracting development. But the extensive use of TIFs in Chicago didn't really take off until 1997 when the City and the Dept. of Planning and Development announced that they were the only tool the City had left to stimulate economic development.

The key to understanding what makes tax increment financing work is knowing what is meant by the "increment." TIFs are politically appealing tools because they do not require increasing tax rates. Instead, *a TIF brings more money into a City's budget by raising the value of the property which is taxed*. How does TIF do this? Usually, investments such as new roads, parks, or schools make an area a more desirable place to live or work, and more attractive to private investors. For struggling commercial districts, an infusion of new money can help bring customers back by making shopping areas more attractive or parking easier. For many industries, better infrastructure, such as more accessible roadways, is often a life or death issue. Major infrastructure improvements may help encourage industrial expansion and keep other businesses from relocating elsewhere. Such capital investments, along with direct subsidies paid to developers in TIF districts, increase investment activity and hasten the appreciation of property values (referred to in City documents as the Equalized Assessed Value, or EAV) and allow the City to collect more revenue. The difference between the initial property value and the new, higher value is the increment.

What sets TIF districts apart from other redevelopment schemes is that all the new property tax revenue is reinvested in that same area. Property owners ultimately pay higher property taxes, but they are reaping direct benefit from those increases. Meanwhile, the City can earmark funds for specific public works projects in the TIF district, or reimburse private developers for some of the costs they incur for projects in the area. These reimbursements can take two forms. In some cases, the City issues a bond to raise money up-front for the projects, then pays back the bond as new property tax revenue rolls in. In other situations, the City may choose a "pay-as-you-go" scheme, which means that developers are reimbursed as money becomes available through growth in tax revenue.

How Do They Work?

1. A municipality, such as the City of Chicago, conducts an eligibility study and designates an area as a TIF district. For a full explanation of this process, see *Who Calls the Shots?* below.

2. The amount of tax revenue that the City and other taxing districts (such as the Metropolitan Water Reclamation District, Cook County, the Chicago Public Schools, and the Chicago Park District) are receiving is "frozen" at current levels. Until the TIF ends, up to 23 years later, these taxing districts will collect this same amount of revenue. All new tax revenue collected is reinvested in the TIF district.

3. The City makes its own capital improvements and/or provides money to assist developers in making their own improvements. TIF funds may be used for most costs related to development of the district, including: studies and surveys; legal, planning, engineering, accounting, and architectural fees; land assembly, costs of rehabilitation, financing costs, demolition, and environmental clean-up; public infrastructure; relocation costs; and costs associated with job training and career education.

4. TIF costs may be paid for either by borrowing money (through the sale of bonds) or spending the TIF revenue as it comes in (known as a "pay-as-you-go" TIF).

5. In some TIF districts, new development transforms previously vacant or underutilized land into taxpaying property. In others, public improvements or direct subsidies to developers prompt building rehabilitation and/or business expansions, or attract new businesses to the area. Once development occurs, properties become more valuable and tax revenue rises. Any revenue beyond the amount that was generated prior to TIF creation – the "increment" – goes into a special fund to pay for development within the TIF district.

Who Benefits From TIFs?

In areas that suffer from chronic disinvestment, years of neglect, and have few apparent avenues for stimulating growth, TIFs can be an effective economic development tool. New or expanded industrial and commercial activity generally produces the most new revenue, though improvements to housing also can raise property values and produce more tax revenue. Most importantly, however, TIFs perform best where property values are low. A TIF district created on abandoned property that generates no tax revenue will create an immediate jump in property value as soon as development takes place.

All too often, however, TIFs are created in areas that are already seeing economic growth. State law requires that TIF districts meet certain conditions regarding the age of building stock, degree of vacancy, extent of deterioration, and other factors. After a long and costly eligibility study, seriously neglected areas are classified as "blighted" and made eligible for TIF designation. Areas that are "in danger of becoming blighted" are referred to as "conservation areas," and are also eligible to become TIFs. Unfortunately, these criteria are so vague that many Illinois municipalities have created TIF districts in areas that do not fit a common-sense assessment of blight and most likely would have attracted development without a TIF. These TIF districts – the most notorious local example being Chicago's North Loop TIF – rob the City treasury of valuable funds. Without a TIF designation, property tax revenue would grow on its own and be distributed across the City, and to other local taxing bodies, serving needy areas that would benefit from an infusion of public revenues. Instead, the money is channeled into the pockets of developers and already thriving neighborhoods. Other arms of city government – including the public schools and the parks – also get left out. In short, the rich get richer and the p[redacted]

Who Calls the Shots?

Even in those areas where a TIF designation is clearly justified, Illinois law provides virtually no opportunity for public input. NCBG believes that public participation in the planning stages of the TIF is essential for its long-term success. Community members know the types of projects that would best serve the community, and the ones that would significantly alter their quality of life. Furthermore, those who live and work in a TIF district can be, and have been, displaced by the new development, and should have a right to have their voices heard during the earliest stages of the process.

Equally important, however, is that the community have ongoing input into how TIF funds are spent. TIFs are put in place for up to 23 years. pɵor get poo5

newspaper. *Typically, there is no other form of publicity for the public hearing other than the legal notice.*

4. Fourteen days after the TIF proposal is made to the CDC, the Joint Review Board – which includes all the local taxing bodies affected by the TIF – reviews and votes on the proposal.

5. The public hearing usually takes place at a regular CDC monthly meeting which occurs during the day at City Hall. At the public hearing, the TIF district proposal is presented for public comment. State law does not require the City to respond to those comments or heed public input regarding TIF districts, only that a public hearing take place.

6. The CDC meets after the public hearing (often at the same meeting, immediately following the hearing), and approves the TIF district proposal.

7. The proposal goes to the Chicago Plan Commission if it involves zoning and land use changes.

8. Within 14 to 90 days after the public hearing, the TIF proposal goes to the City Council for designation. The Finance Committee must first pass the proposal, then it goes to the full City Council.

9. For any subsidies to private developers or firms, a "Redevelopment Agreement" between the developer and the City must also be approved. The redevelopment agreement must go through the same steps as the TIF designation, including a public hearing.

10. Mayor Daley's Executive Order 97-2 mandates one additional meeting per year of the Joint Review Board. This new meeting must take place no earlier than July 15 and no later than August 1 of each year. At the meeting, the Joint Review Board will examine the effectiveness and status of the TIF process, including an examination of the status of TIF projects and TIF financing in existing TIFs. While this meeting is not a public meeting per se, it will be conducted in accordance with the Illinois Open Meetings Act – which means the public at least will be able to observe what happens. It is important to note that at this meeting, members of the Joint Review Board will be evaluating TIF activities that have already happened. *They may be able to criticize past decisions, but they will not be able to change them, or make different decisions about future implementation policies.*