



CITY OF CHICAGO
CITY COUNCIL

COUNCIL CHAMBER
CITY HALL ROOM 200
121 NORTH LASALLE STREET
CHICAGO, ILLINOIS 60602

December 2, 2025

Honorable Brandon Johnson
Mayor, City of Chicago
121 N LaSalle Street
Chicago, IL 60602

Dear Mayor Johnson,

As elected officials, we have a duty to be honest with residents about the financial challenges we face. To meet this moment, we must come together to find budget solutions that enable long-term financial stability and growth.

When we fail to make the tough decisions needed for fiscal stability, taxpayers pay substantially more to fund basic city services. In January, the City's general obligation bonds were downgraded from BBB+ to BBB, resulting in roughly \$2 million in extra annual debt service for every \$1 billion in new debt issuance.[\[1\]](#) These downgrades were followed by a late-year negative outlook letter that serves as a final warning: Chicago is nearing junk level creditworthiness, which will cost taxpayers hundreds of millions more in bond interest. The bond market drove this home last week by turning down millions of dollars in City debt. Whether we like it or not, these institutions determine the City's future and we must take these warnings seriously.

Simultaneously, our biggest economic engine – the Loop – is sputtering with record-breaking office and retail vacancy, shedding jobs and contracting our tax base. Instead of pitting our residents against our economy, we must recognize their interdependence. The dramatic recent increase in residential property tax bills–partly because of the decline in downtown office values–is further evidence that we must ensure business growth to have any hope of reducing residents' tax burden.

Budgeting without regard for these realities is a dereliction of our public duty. We must choose to lead this government responsibly, and we must make that choice now.

We have enclosed an alternative budget proposal that makes a down payment on our financial future and the well-being of all our residents.

This proposal reflects our desire to pass a budget that:

1. Minimizes disincentives to economic growth, including a complete rejection of the head tax at any level;
2. Makes good on our obligations to labor by making our full advance pension payment; and
3. Refuses to perpetuate harmful financial practices like borrowing to pay for operating expenses.

A high-level accounting is as follows:

Alternative Budget Scenario

(Full Details Attached)

Items to Solve For	Amount to Solve For	Alternative Solutions	Amount
Removal of Head Tax	\$100,000,000.00	Additional EY Efficiencies	\$90,600,000.00
Make Full Advance Pension Payment	\$139,900,000.00	Improved Debt Collections	\$150,000,000.00
Fund Firefighter Backpay without Borrowing	\$166,000,000.00	Liquor Tax @ 3% of Off Premise Sales	\$24,000,000.00
Hemp Tax Preclusion (inconsistent with federal law)	\$10,000,000.00	Increase Garbage Fee to \$18 w/ Exemption for Seniors	\$55,000,000.00
Return \$100M of TIF Surplus	\$22,000,000.00	Congestion Fee	\$48,000,000.00
Restore Funding for Youth Guidance (BAM and WOW)	\$3,500,000.00	Augmented Reality Advertising	\$26,000,000.00
Total	\$441,400,000.00	Eliminate Community Safety Fund and Add Remaining Items Back to the Corporate Fund (where they were last year). Reduce the Following:	
		Youth Employment to 2025 level	\$6,200,000.00
		Environmental Benchmark Ordinance Enforcement (\$6M annually - assume 50% collection)	\$3,000,000.00
		City Council Money Give Back	\$500,000.00
		Work Toward 100% Operability of Parking Meters to Eliminate City Payment to Vendor	\$6,500,000.00
		Improved Revenue Forecast	\$31,600,000.00
		Total	\$441,400,000.00
		Left to Solve For	\$0.00

To develop this proposal, we consulted former senior municipal budget and finance experts, civic organizations, government stakeholders, non-profit leaders, and labor – but the next step requires that your team come to the table to inform our analysis and reach a reasonable budget we can support. We have included a series of negotiable options to consider that could help close the budget deficit without raising property taxes or reinstating the grocery tax. We request that members of your budget and finance teams be made available next week to work directly with the undersigned City Council members to finalize the assumptions attached to this letter, assign accurate and defensible cost estimates with the data that only your administration has access to, and provide scenario modeling.

We request that members of your budget and finance teams be made available next week to work directly with the undersigned City Council members to finalize the assumptions attached to this letter, assign accurate and defensible cost estimates with the data that only your administration has access to, and provide scenario modeling.

We also request focused working sessions next week with EY to fully review their efficiency report, for which Chicago taxpayers invested approximately \$3 million. These sessions must allow for open dialogue, detailed questioning of EY personnel, and line-by-line review of their recommendations so Council members can understand the methodology, assumptions, and true feasibility of their proposals. The hearing on November 19th did not allow for substantive engagement, and we cannot allow such a significant public investment to go unrealized at this time of crisis.

We believe this moment represents an opportunity to reset, to lead with integrity, and to model the transparent governance Chicagoans deserve. We are ready to problem-solve with our City Council colleagues. But we must also be clear-eyed, data-driven, and resolute in our responsibility to find solutions that are fiscally responsible and that promote economic growth, without which we can never resolve our structural budget challenges.

We respectfully ask that you fulfill these requests with urgency. We look forward to the anticipated cooperation of your administration and to your prompt response.

Respectfully,
Members of the City Council

Alderman Brian Hopkins
Alderman Pat Dowell
Alderman Desmon C. Yancy
Alderman Gregory Mitchell
Alderman Michelle Harris
Alderman Peter Chico
Alderman Nicole T. Lee
Alderman Stephanie D. Coleman
Alderman Derrick G. Curtis
Alderman Matthew J. O’Shea
Alderman Ronnie L. Mosley
Alderman Monique L. Scott
Alderman Felix Cardona, Jr.
Alderman Scott Waguespack

Alderman William Conway
Alderman Gilbert Villegas
Alderman Emma Mitts
Alderman Nicholas Sposato
Alderman Samantha Nugent
Alderman Anthony Napolitano
Alderman Brendan Reilly
Alderman Timmy Knudsen
Alderman Bennett R. Lawson
Alderman James M. Gardiner
Alderman Debra Silverstein

(Signatories in formation)

Attachment

City Council
Revised Budget Proposal
December 4, 2025

ITEMS TO SOLVE FOR:

1. Head Tax / Community Safety Fund

The City Council will not pass a budget that includes an employment head tax.

Charging businesses for every employee they hire sends the wrong message at a critical time. It's a tax on the employment Chicagoans need, and it makes us less competitive when we are desperately trying to attract jobs and investment to the City. The Chicago Federal Reserve recently released a jobs forecasting survey for the next 12 months and predicts hiring in Federal Reserve District 7, which includes Chicago, will be at its lowest point since COVID. A hiring tax is not appropriate for our reality.

Further, your proposed \$100M Community Safety Fund (aka the Head Tax) does not appear to provide additional spending on public safety. \$82M of the Community Safety Fund is for items previously paid for by the Corporate Fund - \$10-\$15M of which appears to replace one-time federal ARPA dollars. Furthermore, \$18M of this fund is for "Community Business Grants" – a non-public safety item that is a gimmick intended to provide money to certain businesses, who under your proposed budget, would owe a head tax.

In other words, the head tax is simply going to fill a hole in the City's Corporate Fund budget and offers no new public safety funding. The Community Safety Fund is simply a marketing effort, not justification for a damaging new tax on jobs. As such, it should be eliminated and the funding priorities moved back to the corporate fund where they have always been. We must move on from branding exercises and pursue real options to fund public safety and city services.

2. Meeting Our Full Pension Obligation

The proposed budget does not alleviate credit rating agency concerns about the City shortchanging our advance pension payment by \$139.9 million. A full advance pension payment should be included in the final FY26 budget at \$260 million.

The City's pension obligations have become one of the fastest-growing components of the budget. Annual pension contributions increased 114% in the last six years, from \$1.4 billion in 2019 to \$2.9 billion in 2025, driven by statutory requirements to address \$35 billion in unfunded liabilities across four pension funds. The supplemental pension payments (currently \$272 million in the FY2025 budget) have proven successful in slowing the growth of unfunded liabilities and reducing future obligations, with the City projecting \$3.9 billion in savings through 2055 from this disciplined approach. This fiscal discipline is even more critical following the City's failure to defend against the Illinois legislature's recent law increasing pension benefits for Chicago police and firefighters, which added roughly \$11 billion in new liability to the City's pension burden.

However, the proposed FY2026 budget trades long-term fiscal stability for short-term budget relief by reducing the supplemental payment by more than half compared to last year's level, a decision that threatens to undermine years of progress at a particularly precarious moment. S&P Global downgraded Chicago's credit rating earlier this year and recently issued a negative outlook citing concerns about our structural budget imbalance, proposed reduction of the advance pension payment, and proposed borrowing for operating costs. This reduction will make future borrowing more expensive precisely when the City needs affordable access to bond markets.

3. No Borrowing to Pay for Public Employee Salaries or Backpay

The proposed budget relies on the sale of general obligation bonds to cover the cost of backpay owed to the City's firefighters. We should not borrow to pay such operating costs, and therefore assume covering the full \$166M backpay cost out of the corporate fund.

Our long-term debt and pension obligations now consume a whopping 40 percent of net operating expenditures of the City budget. Borrowing \$166 million for firefighter back pay would add to this burden and violate fundamental municipal finance principles and represent precisely the type of fiscal mismanagement that S&P Global warned against when placing Chicago's credit outlook on "negative" status. The rating agency explicitly cited the city's "ongoing, heavy reliance on one-time measures" as grounds for potential downgrade, noting that Chicago's rating could decrease if the budget fails to incorporate structural solutions or adequately reduce pension liabilities.

During recent budget hearings, estimates suggest that a credit downgrade could cost the city up to [\\$400 million](#) in additional debt service payments over time.

Beyond the immediate fiscal impact, this borrowing decision reduces Chicago's financial flexibility to respond to future emergencies or fund necessary capital improvements, as the city's already-elevated debt burden makes lenders increasingly reluctant to provide favorable terms. Most troublingly, this approach reverses years of hard-won progress: borrowing for operating costs had been successfully phased out in favor of sustainable budgeting practices, and returning to this disfavored method signals to rating agencies a systemic inability to manage government finances responsibly, the very weakness they cite when justifying downgrades.

4. Other Changes

We also recommend restoring a portion of funding to solve other matters that emerged during recent department budget hearings. These include:

Hemp Tax Preclusion

Replace the \$10M your proposed budget relied on from taxing hemp products, which is now precluded by the federal government.

In November 2025, [Congress banned](#) hemp products that contain more than 0.4 milligrams of THC per container. This change by Congress makes capturing revenue from hemp products unviable.

Restore \$100 million of TIF Surplus

Return \$100M of the proposed TIF surplus, of which \$22M would be retained by the City. Sweeping the entire TIF Surplus shortchanges future neighborhood-based improvement efforts.

TIF funds are increasingly being used to cover our ever-growing structural deficit. As proposed, the FY2026 budget would sweep over \$1 billion in declared TIF surplus. This will be the eleventh consecutive year of sweeping TIF to bridge a budget deficit. This practice does injury to the City's interests and fiscal standing in two ways. First, it is one-time revenue sourcing for operating purposes and, as such, violates sound government budgeting best practices and has evolved to a magnitude that masks an unwillingness to make the hard decisions needed for the City's budget to be structurally balanced and sustainable.

Early in the eleven year span, the annual surplus declarations and sweeps were comparatively modest, totaling **\$177 million** in 2017. By FY 2023, the sweep had risen to a then-record **\$395 million**, and was immediately followed in FY2024, the first full year of this Administration, with still a new record sweep of **\$435 million**. In the current fiscal year, it exploded to **\$712 million** and now is proposed for another huge leap over that amount.

Critiques of TIF over the years are many, including that it has stretched the definition of "blight" which by law it was intended to address, beyond recognition, and that it is insufficiently solicitous of community priorities and needs, and fails to operate with true transparency and accountability. These are all valid concerns ripe for reform. Nonetheless, TIF is a critical community and economic development tool that the proposed budget scrapes to the bone to a degree that raises our second concern – that it may undermine the important community needs it critically serves. That concern is heightened by the fact that this Administration has changed surplusing rules to restrict TIF revenue holds to one year, thereby reducing funds for near-term development proposals.

As we have learned the hard way with pensions, hiding the true cost of government eventually puts the City in a position where either drastic cuts to public services and/or a nearly impossible revenue increase on taxpayers are the only options.

Moreover, this surplusing practice turns TIF into a back-door property tax. Originally intended to be a tool for neighborhood economic development, affordable housing, and public infrastructure improvements, TIF has instead become a Mayoral slush fund.

TIF funds are a major capital funding mechanism for CPS (which has \$14 billion in capital needs), CTA, City Colleges, and the Park District. These investments—in schools, transit infrastructure, field houses, and more—create jobs and improvements to public assets that will last decades. Rather than use excessive surpluses to fill budget deficits, the City should instead limit the surplus amount to only what is absolutely necessary.

We recognize – as a matter of necessity, rather than choice - that our fiscal situation at this eleventh hour requires recourse, yet again, to a TIF sweep in record amount. We similarly recognize that such a sweep is needed for FY2026 not just for the City, but for CPS, our fiscally precarious sister agency which has come to rely on TIF sweeps in a manner and magnitude that constitute a naked, albeit technically legal override of the state Property Tax Extension Limit Law.

We therefore recommend that the proposed sweep be reduced by \$100 million, to \$900 million. We also ask that there be a full accounting of at both the ward and project levels of the distribution and impact of the total, with a commitment to working in task force fashion in the first half of the year to examine the adverse impacts of this now customary but disfavored surplusing practice and to implement transparency and accountability reforms ahead of the FY2027 budget cycle.

Restore Funding for Youth Guidance

Restore \$3.5 million in grant funding to Youth Guidance for the BAM and WOW programs.

On November 20th, the *Chicago Sun Times* published an [article](#) stating that funding for Youth Guidance had been eliminated from the Mayor's proposed budget. We recommend restoring that funding in FY 26.

ALTERNATIVE SOLUTIONS:

1. Additional EY Efficiencies

Fully Implement the Ernst and Young Report recommendations both in the short and long term (\$90.6 million in structural savings in year one)

To fund these priorities, we start by making as many efficiencies as possible using the EY Report as our guide. The chart below provides the efficiency assumptions we made and the amount of savings they would generate.

	EY Report Efficiency Options	Workstream	Recommendation for FY26 (EY original and/or with assumption)	Notes
1	Close budgeted vacant positions for certain roles, while further analyzing the ability to close additional vacancies***	Organizational Analysis***	\$2M-\$10M	<i>Details of these vacant positions are not specified in EY report. A total of 772 non-public safety vacancies worth \$50.8M are carried into the 2026 budget. A 15% reduction in vacancies equates to nearly \$8M.</i>
2	Optimize managerial spans of control (<i>Rebalance teams so managers oversee 6-8 employees, instead of current 3</i>)	Organizational Analysis	\$7.4M	<i>FY26 achievable at 20% of EY mid-term projection; labor negotiations are required. (this is included in the proposed budget but is planned for mid-term- \$37M)</i>
3	Reduce external legal counsel spend through increasing the number of lawyers in DOL	Organizational Analysis	\$2.5M- \$5.5M	<i>FY26 achievable at 50% of EY mid-term projection (\$5M-\$11M); labor negotiations are required.</i>

4	Healthcare Plan Design Opportunities (<i>Increase employee out-of-pocket maximums, copays, and offer High-Deductible plans to align with peer city benchmarks.</i>)	Employee Benefits Efficiency	\$3M	FY26 achievable at 30% of EY mid-term projection (\$12M); labor negotiations are required.
5	Employee Contribution Opportunities (<i>Increase employee premium contributions for PPO plans; remove salary caps to employee contributions; reduce HMO employee contribution by 10%; and introduce surcharges for working spouses and tobacco users.</i>)	Employee Benefits Efficiency	\$12.5M-\$15.6M	FY26 achievable at 30% of EY mid-term projection (\$41.6M-\$52.2M); labor negotiations are required.
6	Worker's Compensation return-to-work	Employee Benefits Efficiency	\$10M	Expert inputs: This could take time
7	Engage a service provider for a claims and fee integrity study (<i>Audit medical spending to identify and recover billing errors, overpayments, or fraud.</i>)	Employee Benefits Efficiency	\$4M-\$9M	<p>It is the market norm to conduct claims and fee integrity studies. While there will be an upfront cost for the study and it is not certain that assumed recovery rates will materialize (1%-2% of medical spend and 4%-7% of admin costs), the city should pursue this opportunity and should conduct these studies periodically going forward. From a managerial and transparency perspective, it makes sense to understand where there are errors or fraud.</p> <p>This could be an opportunity for a firm to provide this service pro bono to the city.</p>
8	Eliminate the HMO's stop-loss coverage (<i>The City absorbs the risk for high-cost medical claims internally rather than paying insurance premiums to a carrier</i>)	Employee Benefits Efficiency	\$0.9M-\$1.5M	<p>It is not the market norm to insure against high-cost medical claims. While having stop-loss coverage may provide some protection against volatility, it may be less expensive in the long run to pay out high cost claimants on an ad hoc basis rather than paying insurance premiums.</p>

9	Revenue from increased Riverwalk gross revenue share fees	Real Estate	\$1.5M	While there are concerns about immediate implementation due to existing vendor contracts, this demonstrates opportunities to improve revenue through better contract management and alignment with national benchmark
10	Accelerated Land Sales (<i>Prioritize the sale of ~50 large, contiguous vacant land assemblages for industrial and residential redevelopment</i>)	Real Estate	\$5.6M	<i>Regarding real estate, EY estimated a first-year total of \$29.5M, consisting of \$14.7M in office optimization, \$7.7M from the sale of additional buildings in high-value markets, \$1.5M in increased Riverwalk gross revenue share, and \$5.6M in accelerated land sales. In comparison, the proposed budget only included \$12M.</i>
11	Accelerate Disposition Process	Fleet Services	\$1.4M-\$3.4M	Subtract \$3M in proposed budget from EY's estimate of \$4.4M-\$6.4M
12	Improve Lifecycle Modelling/Replacement	Fleet Services	\$2.2M - \$4.4M	
13	Expand Warranty Recovery	Fleet Services	\$1.7M - \$3.7M	
14	Fire Alarm Investigation fee, false burglar & fire alarm fees, EMS Cost recovery, etc	Service Optimization	\$9M-\$10M	FY26 achievable at 50% of EY total quick wins projection, excluding disband CPD mounted unit division
Total - EY report			\$63.7M - \$90.6M	

2. Improved Debt Collections

Improve debt collection by focusing on outstanding debt compiled over the last three years - \$150 million in one-time revenue

A recent *Chicago Sun-Times* [article](#) indicated that “more than \$1 billion in ambulance payments, utility bills, red-light camera tickets and other debts have gone unpaid since December 2023.” The article points to \$8.2 billion in uncollected City debt since the 1990s and suggests monetizing this liability into an asset. We agree and recommend selling off a portion of our debt to be recouped and applied to fill a portion of the FY26 budget gap.

3. Increase Liquor Tax at Liquor Stores by 3%

Increase liquor tax for off premise sales - \$24 million in structural revenue

Chicago's current liquor tax rates, which are paid by the purchaser, vary by the type and alcohol content of the beverage. The city's specific excise tax rates per gallon are:

- Beer: \$0.29 per gallon.
- Alcoholic liquor (14% alcohol by volume or less): \$0.36 per gallon.
- Alcoholic liquor (more than 14%, less than 20% alcohol by volume): \$0.89 per gallon.
- Alcoholic liquor (20% alcohol by volume or more): \$2.68 per gallon.

These city taxes are in addition to state, county, and federal excise taxes, as well as the combined Chicago sales tax rate of 10.25%. The rates are per gallon and have not been increased since 2008.

We recommend keeping the current tax structure in place for on-premise while revising the structure for off-premise retailers. Off-premise retailers would no longer be taxed based on gallonage and alcohol by volume, but would be taxed based on retail sales. This would require changes to the municipal code to create unique tax classification for on-premise and off-premise licensees and would add a 3% tax on sales for off-premise retailers. It would also require a new collection mechanism.

Off-premise alcohol retailers occupy a distinct corner of the city's ecosystem: they sell for consumption elsewhere, at lower per-unit prices and in larger quantities, and their operations generate a different pattern of neighborhood impacts than bars and restaurants. These outlets correlate more strongly with public-way drinking, nuisance activity, and disproportionate demands on policing, sanitation, and code enforcement. Because this class of retailers imposes unique costs on the city and operates under a markedly different commercial model than on-premise establishments, the City is justified—under its home-rule authority and the Uniformity Clause's allowance for reasonable classification—in applying a separate tax structure to off-premise sales.

4. Increase the Garbage Fee with an Exemption for Seniors

Increase the garbage fee from \$9.50 per month to \$18 per month - \$55 million in structural revenue

The City's garbage collection fee has remained at \$9.50 per month since 2016, generating approximately \$60 million annually while the Department of Streets and Sanitation's actual operating costs for providing this service total \$320 million. This means taxpayers are subsidizing nearly 80% of garbage collection costs through the general fund, resources that could otherwise support police, fire, infrastructure, or other critical services.

Chicago's garbage fee is among the lowest of major peer cities, and the mayoral-appointed Chicago Financial Future Task Force recommended increasing this fee as a fiscally responsible revenue source that would more accurately reflect the true cost of service delivery. The Chicago Financial Future Task Force estimated that adjusting the fee could generate between \$19 million and \$296 million in additional annual revenue, depending on the approach taken.

We recommend increasing the garbage fee incrementally over multiple years, with continued discounts for eligible seniors and expanded utility relief eligibility to ensure equity, generating an estimate of \$55 million in new structural revenue by raising the fee to \$18 per month (\$9 for eligible seniors). This approach asks residents

to pay closer to the actual cost of a service they directly receive, rather than continuing to subsidize it through cuts to other essential city services or through taxes that disproportionately burden working families.

5. Restore Original Congestion Fee Proposal

\$48 million in new structural revenue

The proposed FY26 budget includes changes to rideshare taxation through expanded congestion surcharges and a shift from flat fees to percentage-based rates. Current rates range from \$1.13 to \$5.00 depending on drop-off location or time of day.

The Revenue Ordinance establishes two new congestion zones. Congestion Zone One encompasses a large area of the City (excluding Navy Pier and McCormick Place) with boundaries running roughly from 31st Street north to Foster Avenue, and from Western Avenue east to the lakefront. Congestion Zone Two covers a smaller area around Hyde Park, bounded by Cottage Grove Avenue, East Hyde Park Boulevard, and East 60th Street.

Under the ordinance, additional fees would be imposed for rides with pickup or drop-off in these zones: \$1.50 per single ride and \$0.60 per shared ride between 6:00 a.m. and 10:00 p.m. (shared ride surcharge applies on weekdays only). These surcharges would be in addition to base transportation network tax rates, which would shift from flat fees to percentage-based rates of 10.25% for rides entirely within the city and 5.12% for rides with only pickup or drop-off in the city.

Your originally-proposed boundary was shrunk, resulting in a loss of revenue that we recommend keeping.

6. Augmented Reality Licensing

\$26 million in structural revenue in the first year of implementation.

Augmented reality (AR) is a technology that superimposes digital content—such as videos and interactive features—onto a real-world environment via smartphones, tablets, or specialized glasses. The City of Chicago can generate revenue from AR by licensing the use of AR content or applications “on” City property—like Millennium Park and the Riverwalk—and at City events, such as parades and festivals. By licensing companies to develop AR experiences—like interactive digital overlays to sponsor the Thanksgiving Parade—the City can earn advertising revenue, demonstrate its openness to innovation, and drive new interest and engagement in public experiences. AR offers unique advantages, because the content does not exist in the physical world and users only engage with it voluntarily through their devices. As a result, integrating it intelligently into existing City events and tourist locations does not clutter the physical streetscape or skyline and does not create additional City costs for event safety, clean-up, etc. Implementing AR licensing can also be done entirely through a third-party content broker and does not require additional City staff.

7. Maintain Youth Employment at 2025 Level

\$6.2 million - one time revenue

One Summer Chicago is a core pillar of the City's summer safety strategy, but its cost growth under this administration is unsustainable. In 2023, Corporate Fund support was budgeted at \$23.3 million. In the FY26 budget, One Summer Chicago is funded at \$48.9 million through the new "Community Safety Surcharge"—a \$6.2 million increase over 2025 levels and a 109% increase over the 2023 Corporate budget. While portions of this program were previously supported by ARPA, the Corporate Fund cannot continue absorbing One Summer Chicago at these elevated levels. As such, we recommend flat funding for One Summer Chicago in FY 26.

8. Environmental Benchmark Ordinance Enforcement

\$3 million in new structural revenue

The City of Chicago's Environmental Benchmark Ordinance requires commercial, municipal, and residential buildings over 50,000 square feet to track and report their annual energy use to the city. The ordinance, updated in 2017, also mandates that buildings post a public energy rating from zero to four stars and share this rating during sales or leases. Covered buildings must verify their data every three years. The ordinance applies to approximately 3,500 commercial, residential and municipal buildings and authorizes fines of up to \$100 for the first violation and up to \$25 per day that the violation continues. If a building simply doesn't comply, a max of about \$9,200 per building per year in fines could be levied on the owner of the property.

Based on an analysis by Electrify Chicago looking at non-reporting on the ordinance between 2018 and 2022, they found 3,325 instances of building owners not submitting data over that period. The analysis further reports the city could have generated up to \$30 million in fines.

Extrapolating per year instances of non-reporting we divided 3,325 by 5 for 665 instances of non-reporting per year. If each of the 665 were hit for a full year of non-reporting penalty of \$9,200 this would give us an upper limit of \$6.1 million per year.

Based on the Department of Environment's addition of staff for inspections and enforcement, we anticipate that revenue from enforcement could generate 50% of the upper limit of approximately \$3 million.

9. City Council Efficiencies

\$500,000 - one time revenue

In FY25, funds were appropriated to staff an Office of the Vice Mayor. The Vice Mayor retired in the summer of 2025. This year, you recommended dividing the appropriation across all 50 Aldermanic offices, which would result in each Alder receiving an additional \$10,000. We recommended returning this appropriation to the corporate fund to cover other City service costs.

10. Work Towards 100% Operability for Parking Meters

\$6.5 million - structural revenue

Under the City's parking meter lease deal with Chicago Parking Meters LLC (CPM), a formula determines the amount of revenue CPM is entitled to each quarter based on actions taken by the City (e.g., adding or removing spaces, closing metered parking spaces during construction or utility work, etc.). The City must make a payment to CPM when its actions have a deleterious impact on the value of the parking meter concession (a "true-up" payment).

This payment which is estimated at \$6.5 million for FY26 can be avoided if the City reaches 100% "system in service," which essentially means the parking meter system is producing its "full value" based on the equations established in the concession agreement, which include the previous year's revenue, plus an inflation adjustment. Reaching 100% system in service could be achieved using specific levers delegated to the City as "reserve powers" under the lease agreement (e.g., adjusting meter hours, increase hourly rates, and add more spaces), but whatever changes are contemplated should be viewed through the lens of eliminating the true-up payment.

11. Improved Revenue Forecast

\$31.6 million one-time revenue

The Q2 quarterly budget report was published on Friday, November 28th. The FY26 budget understates revenue capacity by relying on projections that are inconsistent with the City's actual mid-year performance and with Chicago's growing economic strength. As the 2025 Q2 report shows, Corporate Fund revenues are outperforming budget across nearly every major category: Transaction Taxes are up 15.7% (+\$57.3M), Utility Taxes are up 13.1% (+\$18.4M), Transportation Taxes are up 8.9% (+\$16.8M), and Recreation Taxes are also beating expectations. These gains are not one-off anomalies—they reflect Chicago's continued attractiveness to employers, an expanding tech and corporate footprint, strong tourism and hospitality recovery, and sustained growth in cloud, mobility, and entertainment sectors. The City's tax bases are proving more resilient and dynamic than the FY26 forecast assumes. As a result, the FY26 revenue estimates are artificially low and should be adjusted upward to reflect real economic activity and reduce pressure on the Corporate Fund.

[\[1\]](#) Durkin, Conor, A City That Works, "S&P just downgraded Chicago. What does that mean? – Budget mayhem has real consequences," January 21, 2025.