



OFFICE OF THE INSPECTOR GENERAL
City of Chicago



REPORT OF THE INSPECTOR GENERAL'S OFFICE:

***BEST PRACTICES AND RECOMMENDATIONS FOR SPECIAL
SERVICE AREA TRANSPARENCY***

JULY 2011

This report consists of (i) a summary of findings concerning the transparency of the City's Special Service Area (SSA) program and (ii) the IGO's recommendations to the City and its SSA Service Provider Agencies.

I. Introduction

SSAs are units of government. These taxing districts each have their own revenue base in the form of incremental property taxes and their own appointed officials in the form of SSA Commissioners. SSAs have constituents, public meetings, services and administrations.

As with any matter of public policy, the IGO believes in transparency and disclosure, not just for sake of creating a public record or merely meeting the minimum threshold of good government. Rather, in the context of the City's SSA Program, the IGO believes that improved transparency, both at the City level and the SSA Service Provider Agency level, will increase the SSA Program's effectiveness by first, demonstrating commitment to SSA taxpayers, and second, creating accountability.

II. Background

As reported on the [IGO's Open Chicago website](#), the SSA Program is an economic development tool through which property owners in a designated area pay an incremental property tax to fund services not otherwise provided by the City, such as sidewalk maintenance, landscaping, security and local business advertising.

The City has 42 SSAs with an aggregate budget of approximately \$23 million. Another six SSAs are currently in the application phase and are expected to be approved later in 2011.

The Program is designed such that the SSA Commissioners and Service Provider Agencies are responsible for managing their corresponding independent taxing districts. SSA Commissioners are appointed by the Mayor and confirmed by City Council. The SSA Commissioners select the Service Provider Agency. Most often, the Service Provider Agency is a chamber of commerce or community group. The Service Provider Agency performs administrative tasks such as contracting with vendors and managing the SSA funds.

The City's Department of Housing and Economic Development (DHED) monitors the program by reviewing SSA applications, budgets and other materials before such matters are approved by the City Council. In this way, the Service Provider Agencies report information to DHED.

III. The City's Role of Program Monitor

To its credit, the City provides a good amount of information regarding SSAs online. The site includes informational material such as a guide about SSAs, Frequently Asked Questions content, district maps, and contact information for each SSA Service Provider Agency. This is a good start, but the City can do better.

DHED already plays an active role in reviewing and approving annual budgets for each SSA. DHED also reviews annual workplans—that is, documented performance objectives prepared by each Service Provider Agency—and the Service Provider Agency’s self-assessments against those workplans. This content should be available to taxpayers, no different than how the City publishes this information about City departments in its [Program and Budget Summary](#).

The City should also consider the costs and benefits of preparing a program-wide annual report. New York City’s Department of Small Business Services, for example, provides a comprehensive [annual report](#) which includes a program wide budget, and year-over-year performance statistics such as vacancy rates in the taxing districts.¹ This provides a broad perspective on the program and allows users to analyze the accomplishments of the program as a whole. New York City’s annual report also provides a summary of each district’s budget, prior period accomplishments and current year goals. This information is valuable because it demonstrates each taxing district’s priorities and its progress on meeting those priorities based on appropriate performance metrics.

IV. The Service Provider Agencies’ Transparency

One part of the SSA application completed by Service Provider Agencies asks for the SSA’s communication strategy. Service Provider Agencies are expected to have the means for public outreach. The budget itself includes cost categories such as Public Relations Services, District Planning Costs, and Website Development. The IGO finds it reasonable that all Service Provider Agencies develop online content as part of their communication strategy. Given current technology, there is no more effective, efficient, and economical way to inform the public.

Starting with the [list](#) of Service Provider Agencies on DHED’s website, the IGO conducted a review of each agency’s transparency and disclosures. Findings from the IGO’s review are presented below.

All but one of the Service Provider Agencies have websites themselves, which in several instances offer explanatory narratives about the SSA and its services, scheduled meeting dates and SSA leadership. However, the quantity and quality of available information varies significantly across SSAs. In the best cases, the public can identify who the Service Provider Agency and SSA Commissioners are, can learn about the SSAs goals and strategies, find financial information such as budgets, and review minutes from past meetings. In the worst examples, there is no available online content.

The IGO’s review yields the following additional findings:

- One Service Provider Agency, South Shore Chamber (SSA #42), does not have a website. And at least ten SSA Service Provider Agencies that have a website make no mention of their role in managing the SSA.

¹ In New York City, the districts are called Business Improvement Districts (BID). However, their objectives and functions are similar to Chicago’s SSAs.

- Most Service Provider Agencies do not discuss their goals and strategies on the website. Of the 32 Service Provider Agencies credited with having a website that actually mentions the SSA, only 24 describe the SSA goals and strategies. Several made statements to the effect of:

The mission of the SSA is to improve the economic viability and stability of the business community by promoting a clean, attractive, and safe environment for property owners, tenants, residents, and visitors in the community. Authorized services include, but are not limited to: Maintenance and Beautification, Security Services, Economic Development, and Marketing.

The IGO finds this description too generic and vague to constitute meaningful disclosure. In sharp contrast, the Wicker Park Bucktown Chamber of Commerce (SSA #33) goes so far as to publish a [Master Plan](#) that identifies the challenges of the community, the goals of the SSA, and specific measurable efforts that will achieve those goals.

- Most Service Provider Agencies do not disclose SSA meeting schedules and meeting minutes. SSA Commissioners and Service Provider Agencies hold (approximately, based on this review) quarterly meetings—meetings which are subject to the [Illinois Open Meetings Act](#). The IGO found that 13 Service Provider Agencies post meeting schedules online. The IGO further found that 9 of those 13 Service Provider Agencies also make meeting minutes available online. The IGO appreciates the effort made by those 9 Service Provider Agencies. However, the IGO also believes that the other 33 can do much better in this area.
- Most Service Provider Agencies do not name appointed SSA Commissioners or identify other leadership positions. The IGO found that only 10 SSAs do this.
- Only the Chicago Loop Alliance and Wicker Park-Bucktown Chamber of Commerce (SSA #33) disclose financial information, including budgets and monthly statements of operations.
- Only the Wicker Park Bucktown Chamber of Commerce (SSA #33) fully discloses its vendors.

[Click here to view the full results of the IGO's review.](#)

V. **IGO Recommendations regarding SSA Transparency**

To ensure that SSAs are accountable and transparent to taxpayers and their communities, the IGO recommends that DHED require Service Provider Agencies to disclose the following information on each SSA's website:

Organizational Information

- Names and contact information of Commission Members
- Names of Employees
- Meeting Schedules at least 10 days prior to holding a meeting
- Meeting Agendas at least 48 hours prior to holding a meeting
- Meetings Minutes within 30 days of holding a meeting

Financial Information

- Budgets
- Audited Financial Statements
- Vendors
- Bid Opportunities

Performance Information

- Goals
- Measurable efforts to achieve those goals

The IGO also recommends that the City provide the SSAs' annual budgets and workplans online. This recommendation is not meant to duplicate the disclosures of the Service Provider Agencies. Rather, it would provide program-wide information in a single source, and show that information in a uniform presentation across individual SSAs. Lastly, the IGO recommends that Aldermen link to SSAs in their wards on their official websites to raise the visibility of SSAs generally.