



OFFICE OF INSPECTOR GENERAL
City of Chicago



REPORT OF THE INSPECTOR GENERAL'S OFFICE:

***DESCRIPTION OF THE SOURCES AND USES OF
CITY OF CHICAGO FUNDING FOR THE
2012 CHICAGO NATO SUMMIT***

FEBRUARY 2013

The North Atlantic Treaty Organization (NATO) held a summit in Chicago from May 20-21, 2012. The City of Chicago spent \$27.6 million on the NATO Summit. The City submitted its expenses to the federal government for reimbursement, and received additional contributions from the Host Committee designated by the Mayor to collect private donations.¹

The table below details the costs incurred by the City.

NATO-Related Cost	Amount
Chicago Police Department Overtime	\$14,618,466
Equipment Purchases	\$5,194,419
Chicago Fire Department Overtime	\$2,711,248
Chicago Fire Department Training	\$870,950
Illinois Law Enforcement Alarm System	\$651,518
Chicago Office of Emergency Management and Communications, Chicago Department of Transportation, and Chicago Department of Fleet and Facility Management Overtime	\$624,569
University of Illinois Chicago	\$374,292
Department of Streets of Sanitation Overtime	\$352,201
Chicago Transit Authority	\$309,800
Chicago Department of Aviation Overtime	\$301,874
Illinois State Police	\$271,229
Milwaukee Police Department	\$265,394
Charlotte - Mecklenburg Police Department	\$210,002
Philadelphia Police Department	\$154,956
Chicago Police Department and Office of Emergency Management and Communications Training Overtime	\$146,866
Chicago Department of Water Management Overtime	\$146,398
Salvation Army	\$71,056
Cook County	\$66,903
Philadelphia Police Department Straight Time Cost	\$60,754
Fuel for National Guard	\$35,095
Chicago Department of Public Health Overtime	\$30,226
Grand Total	\$27,468,216
Source: City of Chicago, Office of the Mayor, "Response to IGO Request Regarding NATO Cost Reimbursements," October 2012 and January 2013.	

¹ The NATO Host Committee also paid for other event costs such as insurance, marketing, office space, travel, freight, and professional and hospitality services, but it paid the entities providing these services directly and did not involve the City of Chicago. According to its 2011 Annual Report, World Business Chicago, which ran the NATO Host Committee, raised \$33 million for NATO and as of June 13, 2012 had spent \$13.4 million on non-City of Chicago related NATO expenses.

World Business Chicago, "Annual Report 2011," 19 and 20, accessed January 28, 2013, <http://www.worldbusinesschicago.com/files/downloads/WBC-2011-Annual-Report.pdf>

Federal funds covered \$20.5 million of these costs through a State Department grant that paid for police and fire overtime and training and equipment purchases, a National Guard grant that paid for fuel consumed by National Guard vehicles, and four Federal Emergency Management Agency (FEMA) grants that paid for a variety of expenses. The NATO Host Committee paid for \$7.1 million of the costs to the City including equipment purchases, police and fire department overtime and training, expenses of outside police agencies, and expenses of other City departments such as Aviation, Health, Water, and Streets and Sanitation. The table below summarizes the sources of funding for NATO-related costs incurred by the City.

Funding Source	Amount
FY 2012 National Special Security Event Grant (FEMA)	\$7,500,000
Host Committee Funds	\$7,082,644
FY 2009 Urban Areas Security Initiative Grant (FEMA)	\$5,658,075
FY 2010 Urban Areas Security Initiative Grant (FEMA)	\$4,023,835
FY 2009 Port Security Grant (FEMA)	\$1,235,569
FY 2008 Urban Areas Security Initiative Grant (FEMA)	\$922,023
State Department Grant	\$750,000
FY 2007 Transit Security Grant (FEMA)	\$260,975
National Guard	\$35,095
Grand Total	\$27,468,216
Source: City of Chicago, Office of the Mayor, "Response to IGO Request Regarding NATO Cost Reimbursements," October 2012 and January 2013.	

The National Special Security Event (NSSE) FEMA grant was provided to Chicago specifically for NATO-related costs, as the purpose of the program is to “provide supplemental federal assistance...for certain actual costs of providing emergency management, public safety, and security during the preparation and conduct of a Nation Special Security Event,” which the NATO Summit was designated.² NSSE paid for \$7.5 million of Chicago Police Department overtime.

After reimbursing the City for \$7.1 million in NATO-related costs and, as of June 13, 2012, spending \$13.4 million on non-City NATO-related costs, the NATO Host Committee had an estimated \$12.5 million in remaining funds. These “NATO Legacy” funds are being spent at the discretion of the Mayor of the City of Chicago.³ To date, the Mayor has announced \$11 million in NATO Legacy fund spending.⁴

² “FY 2011 National Special Security Event Grant Program,” accessed November 26, 2012, <http://www.grants.gov/search/search.do?mode=VIEW&oppId=125713>.

³ Jeff Coen and David Heinzmann, “Emanuel controls leftover NATO funds,” *Chicago Tribune*, August 24, 2012, accessed January 28, 2013, http://articles.chicagotribune.com/2012-08-24/news/ct-met-emanuel-nato-funds-20120824_1_nato-host-committee-chicago-nato-summit-world-business-chicago.

⁴ City of Chicago, “Mayor Emanuel Announces \$2 Million in Neighborhood Park Investments with NATO Legacy Funds,” January 6, 2013, accessed January 28, 2013, http://www.cityofchicago.org/city/en/depts/mayor/press_room/press_releases/2013/january_2013/mayor_emanuel_announces2millioninneighborhoodparkinvestmentswith.html.

Instead of using the additional private donations raised by the NATO Host Committee to fund NATO-related expenses, the City used non-NATO specific federal grants, with federal government approval, to cover costs associated with NATO. Specifically, the City used \$12.1 million from three other FEMA grants that were not directly related to the NATO Summit; instead, they were dollars granted to Chicago from 2007 to 2010. Created in the wake of 9/11, Urban Areas Security Initiative grants are to be used to “address the unique planning, organization, equipment, training, and exercise needs of high-threat, high-density urban areas, and assists them in building an enhanced and sustainable capacity to prevent, protect against, mitigate, respond to, and recover from acts of terrorism.”⁵ Similarly, Port Security and Transit Security grants are provided to protect and secure transit systems and waterways against terrorist attacks and to increase their resilience more broadly. In the past, Chicago has used these grants for installing portable data terminals in police cars, replacing a Portable Water Supply Fire Boat, and replacing Police Marine Unit boats.⁶ When asked why these grants were being used for the NATO event rather than their original purposes, the Office of the Mayor stated that the grant funds were either about to expire or were not able to be used for their original purpose, so the City obtained approval from the federal government to use them for NATO instead of returning them.⁷

⁵ FEMA, “FY 2012 Homeland Security Grant Program,” accessed November 26, 2012, <http://www.fema.gov/fy-2012-homeland-security-grant-program>.

⁶ OEMC, “FY 2012 Budget Statement,” October 24, 2011, 28, accessed November 26, 2012, http://www.cityofchicago.org/dam/city/depts/obm/supp_info/2012%20Budget/2012BudgetDeptCmteDocs/OEMC.pdf.

⁷ City of Chicago, Office of the Mayor, “Response to IGO Request Regarding NATO Cost Reimbursements,” October 2012.

CITY OF CHICAGO OFFICE OF THE INSPECTOR GENERAL

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To Suggest Ways to Improve City Government	Visit our website: https://chicagoinspectorgeneral.org/get-involved/help-improve-city-government/
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MISSION

The Chicago Inspector General's Office (IGO) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, and integrity in the administration of programs and operations of City government. The IGO achieves this mission through:

- Administrative and Criminal Investigations
- Audits of City programs and operations
- Reviews of City programs, operations and policies

From these activities, the IGO issues reports of findings, and disciplinary and policy recommendations to assure that City officials, employees and vendors are held accountable for the provision of efficient, cost-effective government operations and further to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

AUTHORITY

The authority to produce reports and recommendations on ways to improve City operations is established in the City of Chicago Municipal Code § 2-56-030(c), which confers upon the Inspector General the following power and duty:

To promote economy, efficiency, effectiveness and integrity in the administration of the programs and operations of the city government by reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.