CITY OF CHICAGO
OFFICE OF INSPECTOR GENERAL

ADVISORY CONCERNING INEQUITIES IN CHICAGO’S RESIDENTIAL STREET INFRASTRUCTURE MANAGEMENT
I. THE ALDERMANIC MENU PROGRAM CREATES SIGNIFICANT FUNDING INEQUITIES, INCLUDING A GAP OF $9.3 MILLION BETWEEN THE BEST- AND WORST-FUNDED WARDS.

The Aldermanic Menu Program ("Menu") is the City's primary means of funding residential street infrastructure, including street and alley resurfacing, street lighting, speed humps, and sidewalk replacement. The City gives each alderman control of $1.32 million in Menu funds annually, regardless of ward size or the amount of infrastructure in need of rehabilitation. Consequently, wards with more miles of residential streets and alleys have a much lower percentage of their needs met by Menu funding. Our audit found that, in 2015, this resulted in a funding disparity relative to need of $9.3 million between the best- and worst-funded wards. We have no reason to believe this gap has changed significantly since 2015, when we estimated that the best-funded ward (46) received 88.5% of necessary funding from...

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Menu ($218,563 less than necessary), while the worst-funded ward (34) received only 15.1% ($9.5 million less than necessary). Figure 1 illustrates the percentage of each ward’s estimated residential infrastructure need that Menu-funded in 2015. The wards where Menu funding falls short of meeting need must pursue other sources, such as tax increment financing, for basic residential infrastructure improvements.

**FIGURE 1: 2015 MENU FUNDING MET SIGNIFICANTLY MORE NEED IN SOME WARDS THAN OTHERS**

Source: OIG calculations based on CDOT project life cycle data and 2015 Menu pricing.
II. MENU UNDERFUNDS CITYWIDE RESIDENTIAL INFRASTRUCTURE NEEDS BY $228.8 MILLION ANNUALLY.

Based on pricing in the 2015 Menu and CDOT’s component life cycle data, OIG estimated that the City’s residential infrastructure needs total $312.8 million annually. Menu, however, provides only $84.0 million per year, leaving a gap of approximately $228.8 million that is only partially met through other sources.

To be clear, Menu is the primary, but not the sole, source of funds for residential street infrastructure maintenance. In 2015, the City allocated an additional $27.6 million to other programs that address streets, alleys, lighting, and sidewalks. The Department of Water Management (DWM) also restores streets after water and sewer main work, which OIG estimated may have reduced the funding deficit for residential street resurfacing by as much as $78.3 million in 2015. Taken together, however, the other programs and DWM street restoration work still left a gap of $122.9 million in unmet need citywide.

III. THE CITY ALLOWS ALDERMEN TO SPEND MENU FUNDS ON PROJECTS OTHER THAN RESIDENTIAL STREET INFRASTRUCTURE.

Our audit found that between 2012 and 2015, the City allowed aldermen to designate $15.1 million of Menu funds for projects unrelated to core residential infrastructure. For the purpose of this Advisory, we also analyzed spending from 2016 through 2018 and found that aldermen designated an additional $12.0 million of Menu funds for projects other than residential street infrastructure, for a total of $27.1 million from 2012-2018, as shown in Figure 2. The projects in question were either not included in the Menu catalog provided to aldermen (i.e., they were “off-Menu”) or in the catalog but connected to the City’s public safety camera program instead of street infrastructure. The off-Menu items included artificial turf and playgrounds at Chicago Park District and Chicago Public Schools facilities, decorative garbage cans, designer bike racks, flower baskets, carpet replacement and automatic doors at libraries, and community gardens. Regardless of whether these items were worthwhile, using Menu funds to purchase them diverted already scarce funding from residential street infrastructure needs.

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2 To understand how OIG estimated the City’s residential infrastructure needs, please see the Methodology described in the 2017 audit at https://igchicago.org/2017/04/20/cdot-aldermanic-menu-program-audit/

3 In 2015, the $84.0 million included $66.0 million for project execution ($1.32 million for each of the 50 wards), $6.0 million for design costs, and $12.0 million for subsidized sidewalk curb ramps. See the audit for more detail. In the 2017-2021 Capital Improvement Plan, the annual Menu amounts range from $80.0 million to $82.0 million.
IV. THE CITY DOES NOT FOLLOW BEST PRACTICES FOR MULTI-YEAR CAPITAL PLANNING OF RESIDENTIAL STREET INFRASTRUCTURE.

Contrary to best practices for multi-year capital planning, CDOT said that it did not perform comprehensive, long-term analysis to determine annual residential street infrastructure needs. Rather, the Office of Budget and Management (OBM) set the budget at the level it determined the City could afford, without seeking input from CDOT on how much funding was required to meet citywide need. OBM has allocated $1.32 million annually to each ward for at least the last twelve years. Due to the increasing cost of projects and this stagnant funding level, the actual buying power of Menu funds has declined substantially over time.

Furthermore, CDOT did not follow capital planning best practices to identify and prioritize projects. In a separate OIG audit of CDOT’s pavement management program, the Department stated that it assisted aldermen by providing them with complaint data and a list of streets that were rated poor or very poor during its 2014-15 visual inspection of residential street conditions. But CDOT left project prioritization to

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4 The Miscellaneous category includes all Menu spending labeled “Miscellaneous-Other” or “Miscellaneous-CDOT” and described in a manner sufficient to determine that the projects were unrelated to core residential infrastructure.


V. OIG SUGGESTIONS

To reduce inequities in residential street infrastructure funding between wards and to begin to address unmet needs citywide, we urge the City to stop funding core residential infrastructure through Menu. Instead, you should empower CDOT to fully inhabit its infrastructure management role. CDOT should conduct a comprehensive citywide needs assessment, prioritize projects according to need, and implement a multi-year capital plan for maintenance and improvement of both residential and arterial streets, in line with best practices. While aldermen and constituents should be encouraged to provide input, CDOT’s infrastructure professionals are best positioned to develop long-term plans and make cost-effective decisions regarding the City’s limited infrastructure resources. If you choose to continue some form of Menu Program, it should be limited to discretionary projects with no program or operational connection to core citywide infrastructure such as street resurfacing.

Responsible, equitable management of taxpayer dollars requires the City to take a comprehensive, long-term strategic approach to capital planning. Chicago’s financial concerns make it even more urgent that the City adhere to this fundamental principle of good governance.

Respectfully,

Joseph M. Ferguson
Inspector General
City of Chicago

cc: Candace Moore, Chief Equity Officer, City of Chicago
    Tom Carney, Interim Commissioner, Chicago Department of Transportation
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- performance audits of City programs and operations by its Audit and Program Review Section;
- inspections, evaluations and reviews of City police and police accountability programs, operations, and policies by its Public Safety Section; and
- compliance audit and monitoring of City hiring and employment activities by its Hiring Oversight Unit.

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