Chicago Park District 2019 Budget Address
Michael P. Kelly, General Superintendent & Chief Executive Officer
Wednesday, December 5, 2018

Good Morning!

President Ruiz, members of the board and park patrons – thank you for joining us today and providing me with the opportunity to present the Chicago Park District’s proposed 2019 budget.

When I had the honor of accepting the role of General Superintendent and CEO back in 2011 – I understood it came with great expectations and immense responsibility.

The type of expectations that only build upon success and never shrink with limitations.

It came with the kind of responsibilities that require tough debate and at times even tougher decisions – all with the good of the parks and the people of the city of Chicago in mind.

The 2019 budget, a balanced $464 million spending plan, represents a thorough and mindful analysis that I believe meets both the expectations of Chicagoans and responsibilities of this role. It is based on data and on countless conversations with staff, stakeholders and community members.

It is a careful and measured financial approach that will help drive the Park District’s core values.

And make no mistake – putting children first, offering families the best deal in town, supporting a capital campaign that is built to last
and fostering a staff that always makes the extra effort – are the values that we work and live by every day.

From Brooks Park to Carver Park and Columbus Park to the Lakefront Trail – we raised the bar in 2018, with more children and families in our programs than any other year.

This past year we saw more than 21,000 enroll in “Learn to Swim” – a record; we saw 13,000 Park Kids enrollments – another record; and more than 50,000 kids registered in Chicago Park District summer camps – yes, yet another record participation number. THOSE summer day camps were completely sold out for the second consecutive year!

Furthermore, winter program registration kicked off Monday and after only two days we already have more than 23,000 program enrollments.

With 413,000 direct program registrations to date we have nearly eclipsed last year’s total program numbers, which stands as a record.

Those are tremendous figures that we are committed to working to surpass again in 2019.

But behind the quantitative is the qualitative. Behind the “records” and perennial history-making are the heart and soul of the Chicago Park District – the men and women who serve our communities as lifeguards, instructors, laborers, park supervisors, counselors, and coaches.
Those men and women cultivate, teach and train championship boxers, gymnasts, world class sprinters, competitive swimmers, collegiate water polo players and the list goes on.

Let me pause for just a moment and tell you that it is an honor to work alongside the very best park professionals in America.

And I want to thank each and every one of you for your dedication and effort. I am proud of the work we do.

Now back in September we came together at the citywide public budget hearing, as we always do, and heard feedback from community leaders and stakeholders. Like always the dialogue is informative and spirited.

That meeting was an instrumental moment in helping us develop the 2019 operating budget.

As you know, there are many legitimate needs in our parks and it is our focus every year when developing this budget – to fulfill as many pressing and important items, as possible, all while looking to the future. But as I alluded to everyone at the budget hearing in September, and as is evident in this budget proposal, we must make insightful decisions in order to thrive.

With increases in labor and healthcare costs, along with rising utility expenses – it is a delicate financial balancing act trying to meet the needs of millions of park visitors every year. And as we all know, a major impediment in our financial planning and operations is the state of the Chicago Park District’s pension fund.

Regarding the pension, in 2019 the Park District will contribute the state mandated $14.6 million to the fund. In addition, we will make a
voluntary supplemental contribution of $13 million. Thus nearly a double contribution. Nevertheless, we must double the latter amount in order to avoid a future collapse.

As severe as that may appear, this obstacle will not deter us from delivering the very best park experiences for all of Chicago. There is work for us to do – on both sides of the negotiating table. And we will remain in discussions with our labor partners in order to work toward finding a solution to the pension predicament. And on that note I want to recognize the leadership of Mr. Roger McGinty, Business Representative of Local 399, as well Mr. Don Finn, Business Manager of Local 134 and Chairman of the Building Trades Coalition, which collectively represents over 20 individual locals that are employed with the District. These leaders were with us on pension reform five years ago and I am confident that they will stand with us again in Springfield in 2019.

The 2019 budget will expand our existing programs, as well as create new programs. And we will continue to invest in our neighborhoods with no additional property tax burden on city taxpayers. As we have shown repeatedly over the years, we turn to taxpayers as the ultimate last resort – and in fact have only increased the property tax twice during the past 14 years.

At $315 million, property taxes and personal property replacement tax make up the majority of Chicago Park District revenues at 68 percent. And although property tax is our largest revenue source, as a component of a City resident’s overall tax bill, the Chicago Park District is only 4.93 percent – with the average homeowner paying $200 toward parks.
At $464 million, this coming year’s spending plan is approximately $1.7 million higher than the 2018 adopted budget equating to just under half a percent growth.

Proudly, for the seventh consecutive year, the Park District will reduce its reliance on the prior year fund balance to address its structural deficit.

We will work to achieve operational efficiencies, starting with conducting a comprehensive review of permit fees to ensure fees are set in a manner to support our core values. We will also allocate our resources to engage new sponsorships and partnerships to benefit children, families and the Park District, as a whole. In addition, we will hire an experienced firm to manage our cellular telecommunication program in order to maximize revenue from infrastructure installed on park property.

In 2019, the Park District will benefit $1.5 million in the form of a property tax value capture for new properties, as well as TIF expirations and terminations. Anticipated growth in interest earnings, and minor increases in fees also will help generate the revenue necessary to support programs. In addition, a downward sloping debt profile positively impacts our bottom line by decreasing the Park District’s debt service payments in 2019.

On that note, I am pleased to say that the Chicago Park District’s debt rating has remained consistent and stable over the past year, with an S&P Global Ratings at AA+, Fitch at AA- and Kroll at AA.

With respect to staffing, this budget does incorporate the reduction of 27 full time equivalent vacancies. This decrease is a result of a detailed analysis and subsequent right-sizing of our staff. Despite
that reduction, Park District workforce will be allocated in the most efficient manner possible and still meet the needs of every neighborhood in the city.

Just last month, the Chicago Park District earned its re-accreditation as an Illinois Distinguished Accredited Agency by the Illinois Association of Park Districts and the Illinois Park and Recreation Association. And we are still the largest agency to earn national accreditation.

Earlier this year, the NRPA, National Recreation and Park Association, recognized our efforts in Social Equity through our Night Out in the Parks initiative.

I am extremely proud of our accomplishments over the past year. We re-opened the Lakefront Trail with new separated bike and pedestrian paths along the full 18 mile trail length. We broke ground on projects that will come to life in the upcoming years – from what will be a world class track and field facility located on the south side at Gately, to what will be a remarkable state of the art sports center on the near west side at Addams Park.

We celebrated an historic moment this past year – not just for the Park District, but globally – as we hosted the 50th anniversary of the Special Olympics.

The success and achievement of the past has me thrilled about the progress we will make in the future.

This promises to be a big year for us as we continue our march toward 2,020 acres of natural areas by the year 2020; as we cut the ribbon on the historic restoration of community treasures such as the
South Shore Cultural Center and the Columbus Field House and Refectory; as we prepare to move our headquarters from downtown to the south side; and as we celebrate the Chicago Park District’s 85th Anniversary.

The budget put forth today allows the Chicago Park District to continue to deliver, innovate and raise the bar.

As I mentioned earlier and true to our mission be the best deal in town. Families in need will continue to have access to $3 million in financial assistance on top of the built-in discounts of our tiered pricing structure. We will remain well below competitor rates – I challenge you to find a six-week full-day summer camp program anywhere else at our average rate of $1.62 per hour – and, as always, no child will be turned away for an inability to pay.

Among new and expanded initiatives for children in the coming year will be a focus on eco-recreation activities such as hiking, rock climbing, adventure courses, camping and off-road biking. Tied to that, we will continue to grow activation at our Natural Areas and our wildly popular Nature Play Spaces, of which we will expand with at least three additional sites this coming year – on the south and west sides.

We will host a Girl’s Empowerment Fair to connect young girls with resources, provide a forum to explore their interests and celebrate their achievements. We will also expand our TRACE (Teens Re-imagining Arts, Community & Environment) program on the west side at Austin Town Hall.

In the water, we will create a new water safety outreach program in partnership with the Chicago Public Schools, the Police and Fire
Departments and the U.S. Coast Guard. And we are going to expand the sailing program based on the success of Endeavor Chicago, our unique program to give kids hands-on STEM experience through the fun and sport of sailing.

So let there be no doubt – CHILDREN ARE FIRST in the Chicago Park District’s programming.

Enhancing the quality of life in Chicago means prioritizing the needs of children and families; as well as providing safe, inviting and beautifully-maintained parks and facilities.

Building on Burnham serves as our road map on capital development, and the Park District will continue to deliver projects that serve and excite our communities.

As you all know, each year we receive a high number of infrastructure improvement requests. With approximately $30-35 million in bond funding annually, our goal is to equitably stretch the limited internal capital funding available to its fullest, along with leveraging outside support. It is no easy task. We have 77 neighborhoods to serve, 50 wards, 2.8 million residents.

And as Commissioner Edwards very eloquently pointed out last month, the level of funding available gives us roughly 11 capital dollars per Chicago resident to improve our current facilities and build for the future. Nevertheless, we do “more with less.”

In 2019, we will construct six new dog friendly areas on the south side; we will develop nine new artificial turf fields across the city at Ogden, Douglas, Dunbar and Read-Dunning; and we will create the Ford Calumet Environmental Center at Big Marsh Park. Along with those
developments is our continued work around the Jackson Park Framework Plan and the 312 RiverRun that connects three parks – Clark, California and Horner, with one new trail system across two miles.

From a city imagined by Daniel Burnham to a grand vision for our lakefront, river, neighborhoods and natural areas.

That vision has now become a reality for millions of Chicagoans. And I want to specifically thank Mayor Emanuel for his support and vision over the last seven plus years. He has been a great proponent of parks and truly one of the great American leaders when it comes to our business.

I am a believer that the greatest feats are only reached through collaboration. Success is sweeter when accomplished through teamwork.

Throughout the upcoming year, we will continue to work with our dedicated partners, including sister city agencies and non-profit organizations, in order to cultivate new partnerships and expand the number of people we serve and programs we offer at parks.

On valued partners, I would be remiss not to mention the care, commitment and generous support from our donors.

Andrea and James Gordon and their commitment to programming at Theater on the Lake and to expanding theater and cultural programming to all Chicago neighborhoods.
Exelon, who committed $9 million to the new indoor rec centers at Gately and Addams; Cubs Charities, who support programming and renovation of our ball fields; and the Blackhawks, who helped deliver new hockey rinks across the city.

And I cannot go without mentioning Ken Griffin, whose support is helping build 50 new soccer courts in Chicago parks and who has helped make our lakefront trail the crown jewel of the city. Thank you!

I stand before you proud of our past accomplishments and committed to the work we do every day; yet, I am not satisfied. We can, and will, do more.

I challenge myself, along with each Chicago Park District staff member to serve more in 2019; more families, more children, serve more individuals in need.

In the spirit of Burnham – we must dream bigger.

The 2019 budget reflects the accountability, efficiencies and transparency the Chicago Park District promises all citizens.

It positions us to continue to expand and grow in a financially responsible manner for the good of all Chicago.

I deliver you this 2019 budget proposal and thank you for the opportunity to serve.