Second Quarter 2020 Report

To the Chicago Park District Board of Commissioners, Park District employees, and Residents of the City of Chicago,

I am honored to present the Chicago Park District Office of Inspector General’s 2020 Second Quarter Report.

The second quarter of 2020 marked the beginning of a transitional period for the OIG. In early June, Mayor Lightfoot appointed Will Fletcher, the Park District’s Inspector General for the past five years, to serve as the new Inspector General for the Chicago Board of Education. Will is an exceptional choice for the position. All of us at the Park District OIG are proud of him, wish him the best, and thank him for his peerless guidance and leadership over the years. The Park District is moving swiftly to name Will’s replacement and, in the meantime, I am both excited and humbled to have the privilege to serve as Interim Inspector General.

During the second quarter, the OIG undertook investigations and reviews that it expects will have particular importance, given that the Park District and the City of Chicago continue to loosen the restrictions that were put in place in response to the Covid-19 pandemic. This report, in particular, highlights the Park District’s response to the OIG’s review of the District’s policies and new procedures related to the discounting of event permit fees. The report also details an investigation of a Maintenance Laborer who had admitted to (1) driving a Park District vehicle with an expired driver’s license; and (2) falsely telling his supervisors and reporting on Park District documents that he had a valid license.

Through the OIG’s independent oversight, the office will continue to combat fraud, waste and abuse. And in this role, we look forward to continuing our support of the Chicago Park District.

Sincerely,

Nathan Kipp
Interim Inspector General
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Response from Previously Reported Investigation and Review

In its First Quarter 2020 Report, the OIG detailed an investigation in which it had concluded that a music-festival Promoter, who held events in Park District venues in 2018 and 2019: (1) violated the terms of Park District event permit and partnership agreements; (2) made material misstatements to the Park District; (3) reneged on donation pledges to nonprofits; and (4) failed to make reports to Illinois taxing authorities.

As also discussed in the Report, the initially discreet investigation of the Promoter led to a larger review of the Park District’s waiver or discount of event permit fees in 2018 and 2019. Specifically, during those two years the Park District applied a total of $11.6 million in fee discounts. And of that $11.6 million in discounts, $4.45 million were applied to 114 events that the OIG classified as revenue-generating or for-profit festivals. The OIG further reviewed the updated nonprofit discount policy for event permits that the Park District had prepared for 2020, but that has not been applied due to the Covid-19 pandemic and subsequent shutdown of Park District facilities.

The Park District responded to the OIG’s report and recommendations earlier this month. The OIG’s recommendations are recounted below, followed by the Park District’s responses:

- **OIG Recommendation:** The Park District should permanently refuse to issue the Promoter or his/her company an event permit for future events.

  **Park District Response:** The Park District’s Revenue Department will disqualify the Promoter from receiving a future event permit; notify the Promoter of his/her disqualification; and retire the Promoter’s account on the District’s internal accounting system.

- **OIG Recommendation:** The Park District should replace the “net proceeds” policy with a readily verifiable minimum donation that, like the event permits themselves, is set depending upon variables like the expected attendance, advertising, the presence of merchandising, food and alcohol sales, and attendance fees.

  **Park District Response:** The Park District recommends retaining the current “net proceeds” approach, but is reviewing methods to strengthen the procedures to validate payments to nonprofits, including (1) requiring permit applicants to provide during the application process an endorsement letter from the nonprofit (on the nonprofit’s official letterhead) and a copy of the agreement between the event organizer and the nonprofit; and (2) with regard
to events that charge admission, pursuing greater information-sharing and coordination with the City of Chicago Department of Finance, which processes City of Chicago Amusement Tax exemption requests using similar supporting documentation.

- **OIG Recommendation**: The Park District should institute a cap on partnership waivers for all revenue-generating festivals and events or consider a minimum-donation requirement similar to the OIG’s recommendation for discounted permits.

  **Park District Response**: Again, the Park District recommends retaining the current “net proceeds” approach, while also stating that, under the new partnership process in 2020, one-time revenue-generating events are processed through the permit-discount procedures.

- **OIG Recommendation**: The Park District should increase the transparency surrounding the permit fee discounts or waivers by placing a regularly updated page on its website that lists (1) events and their sponsoring entities that received event permit fee waivers or discounts in excess of $5,000; (2) the amount of the waivers or discounts; and (3) the justification for providing the waivers or discounts.

  **Park District Response**: Park District event permit data is available on the City of Chicago public data portal. That data includes, among other information, the name of the permit applicant, the name of the event, the event description, and the event location. Additional information can be accessed through the procedures outlined in Illinois’s Freedom of Information Act, as well. As to partnerships, the New Business Development Department is working to provide regular reporting that provides similar information.

  [**OIG Note**: As currently administered, the City of Chicago data portal does not provide robust information regarding Park District event permits. In fact, the portal does not provide all of the information that it purports to. For example, although the data portal states that it provides the estimated number of attendees for events seeking Park District permits, it does not. But, importantly, the portal also does not include information regarding the cost of event permits, the amounts by which permits are discounted, or the justifications for providing permit waivers or discounts.]

- **OIG Recommendation**: The Park District should require festival sponsors (1) to complete an attestation during the permitting process, in which the sponsors will assure their compliance with Illinois law, which mandates the reporting of sales taxes at their events; and (2) to provide to the Park District a copy of its state-required tax reporting within ten business days after the report is filed. The OIG also recommended that the Park District advise event sponsors during the permitting process that failure to provide timely evidence that they had fulfilled their tax-reporting obligations will bar them from hosting future events at Park District facilities.
**Park District Response:** The Park District will implement measures to discourage tax evasion, including: (1) updating the event permit application to include notifications that detail the applicants’ tax-reporting obligations under Illinois law; and (2) pursuing greater information-sharing, referrals, and coordination with the State of Illinois and City of Chicago so as to allow state and city agencies to pursue their own audits or enforcement.

The Park District further stated that, in addition to the actions that it will take in response to the OIG’s recommendations, it will institute the following practices to further strengthen its event permit and partnership practices:

- Improved sharing of information with the City of Chicago’s Department of Cultural Affairs and Special Events to better evaluate permit applicants’ anticipated attendance numbers for planned events;
- Additional safeguards to ensure that permit applicants retain proper security staff; and
- Enhanced coordination between personnel in the District’s Revenue and Security Departments when reviewing proposed events’ security plans.

**Update on Previously Reported Investigation**

In its [First Quarter 2020 Report](#), the OIG recounted its findings in an investigation of a Lake View East homeowner who, for five years, had cordoned off approximately 3,000 square feet of Lincoln Park in front of his/her house with fences and hedgerows, all for his/her own personal use. Specifically, the OIG concluded that, for several reasons, the Homeowner’s claims that he/she had an easement over the park land, and thus had the right to cordon it off, were meritless. In addition, the Homeowner’s reticence in working with the Park District to resolve his/her encroachment had, for years, delayed the District’s attempts to reach access agreements with neighboring property owners who had made minor encroachments on Lincoln Park land. The OIG recommended that the Park District instruct the Homeowner to remove the fences and hedgerows within 30 days. If the Homeowner refused to do so, the OIG continued, the Park District should take all appropriate action to halt the Homeowner’s continuing encroachment as soon as practical including, if necessary, filing civil suit against the Homeowner.

Since the OIG issued its [Report](#), it confirmed that the Homeowner removed the hedgerows, and that the Homeowner is no longer encroaching on parkland.
Investigation

Maintenance Laborer Admitted to Driving a Park District Vehicle with an Expired Driver's License, and then Subsequently Lying to Supervisors About it

An OIG investigation concluded that a Maintenance Laborer violated Illinois law and the Park District Employee Code of Conduct after he/she admitted to the OIG that he/she had:

- Failed to renew his/her Illinois driver’s license when it had expired in 2019;
- Falsely told his/her supervisors during a departmental check of employees’ driver’s licenses that his/her license will expire in 2022, and falsely stated the same on Park District documents, to conceal that it actually had expired in 2019; and
- Operated a Park District-owned flatbed truck as part of his/her job duties, after his/her driver’s license had expired.

A valid Illinois driver’s license is a mandatory job requirement for the Laborer position, and the Laborer acknowledged to the OIG that one of his/her job responsibilities as a Laborer is to maintain a valid driver’s license. Yet the Laborer also told the OIG that he/she failed to renew his/her driver’s license when it expired in 2019 because he/she was unable to pass the Illinois Secretary of State’s written exam regarding Illinois traffic laws. As of the date of the OIG’s report, the Laborer still had yet to obtain a valid driver’s license.

The Laborer also admitted that, during the departmental check of employees’ driver’s licenses, he/she falsely represented on Park District documents that his/her license was valid and would expire in 2022. The Laborer further admitted that he/she had repeatedly and falsely told his/her supervisors that he/she had a valid driver’s license. The Laborer’s false statements run afoul of the Employee Code of Conduct, which provides that employees are subject to discipline, up to and including termination, for (1) making false statements regarding their job qualifications; and (2) “making a false statement or statements in any documents required to be made or signed by the employee in connection with Park District employment.”

Finally, the Laborer admitted to the OIG that he/she is “guilty” of driving a Park District-owned vehicle for 14 miles in February 2020. Operating a vehicle without a valid driver’s license is a crime in Illinois, and the Code of Conduct states that employees “shall comply” with any safety-related statute or ordinance, including “all applicable federal, state or local safety laws.”
Notably, the Laborer initially admitted to having completed Park District documents that reflect that he/she alone drove the vehicle on three other dates (for a combined total of 62 miles). But the Laborer then backtracked, telling the OIG that he/she had “mistakenly” listed himself/herself as a driver on each of those three dates, and that a co-worker had instead driven the Park District vehicle. The Laborer’s assertion is questionable at best, considering that Park District documents reveal that the Laborer and his/her coworker could not have possibly worked together on one of those occasions because the coworker had been assigned to a different vehicle altogether. And the fact that the Laborer was directly contradicted by Park District records calls into question whether he/she was truthful when speaking with the OIG.

Because the Laborer failed to meet the minimum requirements for his/her position, lied to supervisors about his/her job qualifications, made false statements on Park District documents, and violated state law by driving a District-owned truck without a valid driver’s license, the OIG recommended that the Park District terminate his/her employment.

The OIG’s report was issued within the timeline requested for the Park District’s response to the OIG’s recommendations. The OIG will report the Park District’s response, if any, in a subsequent report.
Quarterly Information

Investigations

Opened (6)

Closed (4)

Pending (18)

Reviews

Opened (0)

Closed (0)

Pending (5)

Pending matters include carry-over from 2019.
AUDITS

OPENED (2)  CLOSED (0)  PENDING (5)

TYPES OF INVESTIGATIONS AND REVIEWS

CRIMINAL MISCONDUCT OR FRAUD (1)  OTHER RULE, CODE, ORDINANCE VIOLATIONS (5)  WASTE, INEFFICIENCY, COMPLIANCE, ADVISORIES (0)
INVESTIGATED AND REVIEWED PARTIES

OFFICERS (0)  EMPLOYEES (2)  OTHER (1)

HIRING COMPLIANCE  PENDING OVER 6 MONTHS

REVIEWS/AUDITS (3)*

INVESTIGATIONS (9)

Other includes Agents, Concessionaires, Contractors, Unknown, and Other parties.

*Due to Covid-19, the OIG did not complete any Hiring Compliance Audits.
Internal Assists are OIG actions in response to department requests for information, analysis, and other assistance.

External Assists are OIG actions in response to requests outside of the Park District (e.g. law enforcement agencies, etc.) for information, analysis, and other assistance.
Hiring Compliance Monitoring Activity
Second Quarter 2020

OIG reviews and monitors the Park District’s hiring and assignment determinations from the quarter to ensure that the actions taken comply with the Employment Plan. OIG reports on its compliance-monitoring activities in each of its quarterly reports.

Monitoring Contacts by Hiring Departments

OIG reviews all reported or discovered instances where hiring departments contacted Human Resources to lobby for, or advocate on behalf of, actual or potential applicants or bidders for positions that are covered by the Employment Plan, or to request that specific individuals be added to any referral or eligibility list for upcoming jobs at the Park District.

Human Resources did not report any improper contacts by hiring departments for the second quarter of 2020. Since OIG started reporting the Park District’s hiring-compliance-monitoring activity, Human Resources has never reported any improper contacts by hiring departments.

Review of Exempt List Modifications

OIG reviews the Park District’s adherence to exemption requirements and modifications to the list of job titles and number of positions that are Exempt from the Employment Plan procedures. The following modifications to the Exempt List were approved in the second quarter of 2020:

- Positions added to the Exempt List (2):
  - Director of Workforce Development
  - Deputy Inspector General

- Positions removed from the Exempt List (1):
  - Director of Program Services and Special Events

Review of Exempt Management Hires

Human Resources reported three Exempt hires made during the second quarter of 2020:

- Director of Workforce Development
- Deputy Inspector General
- Deputy Director of IT
Review of Written Rationales
OIG reviews written rationales when no consensus selection (no one from the approved candidate pool was selected) was reached during a consensus meeting.

Human Resources did not submit any “no consensus” letters during the second quarter of 2020. The last “no consensus” letter that OIG received was in 2015, when the Park District was still under the federal Shakman decree.

Review of Emergency Appointments
OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code.

Human Resources reported no emergency appointments during the second quarter of 2020. Human Resources has never reported an emergency appointment.

Review of “Acting Up” Activity
OIG reviews all circumstances where employees are “acting up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the second quarter of 2020 showed that nine employees had “acted up” during the quarter, and three employees who had been in “acting up” status were placed back in their positions.

![Acting Up Activity - Second Quarter](chart.png)

Hiring Sequence Audits
OIG’s Hiring Sequence Audit reporting will resume later in 2020.