



OFFICE OF THE MAYOR  
CITY OF CHICAGO

**FOR IMMEDIATE RELEASE**

November 18, 2015

CONTACT:

Mayor's Press Office

312.744.3334

[press@cityofchicago.org](mailto:press@cityofchicago.org)

**CITY COUNCIL APPROVES ORDINANCE PROTECTING TAXPAYERS, INCREASING  
ACCOUNTABILITY AND TRANSPARENCY IN FUTURE CITY PRIVATIZATION AGREEMENTS**  
*Ordinance Requires Clear Vetting Process to Prevent Bad Privatization Deals like the Parking Meter  
Lease*

Mayor Rahm Emanuel today announced that City Council passed an ordinance designed to protect taxpayers from getting shortchanged by future asset and service privatizations like the parking meter lease deal. Mayor Emanuel and Alderman Roderick Sawyer worked with AFSCME and the Better Government Association to establish this transparent and accountable process that requires the City to outline benefits of privatization, provide sufficient time for public discussion and debate, and ensure ongoing oversight. The framework required by the ordinance is based on the process the City used to evaluate and ultimately reject the privatization of Midway Airport.

"This new ordinance establishes commonsense rules of the road for privatizing city assets or services," Mayor Emanuel said. "It shines a spotlight on the process and ensures that the right questions are asked. That way we will only approve privatization agreements that are good deals for Chicago's taxpayers."

The ordinance applies to any future proposals to privatize either city-owned assets or government services. For asset privatizations, the ordinance applies when the potential agreements have terms of at least 20 years and provide at least \$400 million in value to the city. Previous privatization agreements that would have been covered by this ordinance include the Skyway, parking meters and the parking garages at Grant and Millennium parks.

The ordinance also applies to the privatization of service contracts valued at \$3 million or more. Some contracts are exempt under the ordinance to ensure that the City can continue to obtain critical services, including those for construction, engineering and demolition work. Previous privatization agreements that would have been covered by this ordinance include the Water Department Call Center, recycling collection services and City Hall's Information Technology Help Desk.

"The City Council has a responsibility to ensure thoughtful and accountable processes are in place to protect working families and taxpayers from bad financial deals," said Alderman Sawyer. "This ordinance applies the lessons we have learned from the parking meter lease deal and other city privatization agreements to an important government reform."

The ordinance requires public discussion of the costs and benefits of any potential privatization. For asset privatizations, the City's Chief Financial Officer will be required to issue a Request for Qualifications, identify an independent advisor to evaluate the potential transaction, and notify the chairmen of the City Council Committees of Budget and Finance 90 days before a privatization agreement can receive a vote. As part of this process, the City must hold a public meeting and accept comments online. Seven days prior to a Council vote, the committee with jurisdiction must hold a hearing, and 23 days prior to the committee hearing, the city would be required to provide summary information and the report prepared by the independent advisor.

Similarly, for every proposed service privatization, the Budget Director will prepare and submit to City Council a cost effectiveness study that outlines benefits to residents. The bargaining units for affected employees will have ten business days to provide a written response and any proposal to maintain the delivery of the service by City employees. The City Council Committee on Budget and Government Operations will conduct one or more hearings on the proposal.

"The ordinance provides basic safeguards to protect the public interest and ensure public debate regarding privatization in the future," said Executive Director Roberta Lynch, AFSCME Council 31

Ongoing oversight after a potential asset or service privatization agreement is a key component of this ordinance. The oversight requirements include annual performance reports from the contractor, oversight by the Inspector General and biannual departmental performance reports on service privatizations.

"The BGA worked with Alderman Sawyer and the administration over the last year to develop this ordinance to provide the time, transparency and information necessary for good decision making," said Judy Stevens, BGA's Policy Coordinator. "It represents a significant reform, one that we're glad to support."

For asset privatizations, the proposed ordinance includes reforms that will ensure the protection of long-term taxpayer interests. The ordinance would require the city to invest 10 percent of funds not used for investment earnings, expenses, debt service, public infrastructure or pension payments into a fund to be invested by the Treasurer. This fund could not be tapped until half of the term of the agreement has been completed or after a three-fourths vote of the City Council. The ordinance will also be required to return the asset to the City in a state of good repair once the agreement has ended.

###