

# 2018 NOTICE REGARDING EXECUTIVE ORDER 2014-1 AND THE CHICAGO BASE WAGE ORDINANCE

## EXECUTIVE ORDER 2014-1

For City of Chicago contracts advertised on or after October 1, 2014, Contractor must comply with Mayoral Executive Order 2014-1 and any applicable related regulations issued by the CPO.

As of July 1, 2018, the Minimum Wage to be paid under City contracts or concessionaire agreements pursuant to the Order is **\$13.80** per hour. When applying an allowance for gratuities to the wage of City concessionaire employees in positions that customarily receive gratuities, the resulting rate is **\$7.45** per hour. The Minimum Wage must be paid to:

- All employees, also including employees of City concessionaires, regularly performing work on City property or at a City jobsite.
- All employees whose regular work entails performing a service for the City under a City contract.

Each July 1st, this wage shall increase in proportion to the increase, if any, in the Consumer Price Index for All Urban Consumers most recently published by the Bureau of Labor Statistics of the United States Department of Labor.

For those contracts advertised prior to October 1, 2014, Contractor and all other Performing Parties must pay the Base Wage listed below.

Whether a City contract was awarded before or after October 1, 2014, however, if the payment of prevailing wages is required for work or services done under that contract, and the prevailing wages for Covered Employees are higher than the Minimum Wage or the Base Wage, then the Contractor must pay the prevailing wage rates.

## THE CHICAGO BASE WAGE ORDINANCE

A. Section 2-92-610 of the Municipal Code of Chicago provides for a base wage for certain categories of workers employed in the performance of City contracts, specifically non-City employed security guards, parking attendants, day laborers, home and health care workers, cashiers, elevator operators, custodial workers, and clerical workers ("Covered Employees"). Accordingly, except to the extent Executive Order 2014-1, the Chicago Minimum Wage Ordinance, the Prevailing Wage Act, or other applicable law requires a higher wage, pursuant to Section 2-92-610 and regulations promulgated thereunder:

1. if the Contractor has twenty-five (25) or more full-time employees, and
2. if at any time during the performance of the contract the Contractor and/or any subcontractor or any other entity that provides any portion of the Services (collectively "Performing Parties") uses twenty-five (25) or more full-time security guards, or any number of other full-time Covered Employees, then
3. the Contractor must pay its Covered Employees, and must assure that all other Performing Parties pay their Covered Employees, not less than the minimum hourly rate as determined in accordance with this provision (the "Base Wage") for all work performed pursuant to the Contract.

B. The Contractor's obligation to pay, and to assure payment of, the Base Wage will begin at any time during the Contract term when the conditions set forth in A.1 and A.2 above are met, and will continue thereafter until the end of the Contract term.

C. As of July 1, 2018, the Base Wage is **\$12.55** per hour. Each July 1st thereafter the Base Wage will be adjusted, using the most recent federal poverty guidelines for a family of four (4) as published annually by the U.S. Department of Health and Human Services, to constitute the following: the poverty guidelines for a family of four (4) divided by two thousand (2000) hours or the current base wage, whichever is higher. At all times during the term of the Contract, Contractor and all other Performing Parties must pay the Base Wage (as adjusted in accordance with the above). If the payment of prevailing wages is required for work or services done under this Contract, and the prevailing wages for Covered Employees are higher than the Base Wage, then the Contractor must pay the prevailing wage rates.

D. The Contractor must include provisions in all subcontracts requiring its subcontractors to pay the Base Wage to Covered Employees. The Contractor agrees to provide the City with documentation acceptable to the Chief Procurement Officer demonstrating that all Covered Employees, whether employed by the Contractor or by a subcontractor, have been paid the Base Wage, upon the City's request for such documentation. The City may independently audit the Contractor and/or subcontractors to verify compliance herewith. Failure to comply with the requirements of this Section will be an event of default under this Contract, and further, failure to comply may result in ineligibility for any award of a City Contract or subcontract for up to three (3) years.

Not-for-Profit Corporations: If the Contractor is a corporation having Federal tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is recognized under Illinois not-for-profit law, then the provisions of Section A through D, above, do not apply.

### **THE CHICAGO MINIMUM WAGE ORDINANCE AND PAID SICK LEAVE ORDINANCE<sup>1</sup>**

On December 2, 2014, the City Council of the City of Chicago passed a new chapter of the Municipal Code, Chapter 1-24, specifying a minimum wage of \$10.00 per hour to be paid to all workers within the City of Chicago, not just employees of City contractors, effective July 1, 2015. Every July 1 until 2019, these wages will increase.

As of July 1, 2018, the minimum wage for non-tipped employees under Chapter 1-24 of the Municipal Code is **\$12.00** per hour. In 2019, the minimum rate will be \$13.00/hour, and in 2020 and every year thereafter, the minimum wage will be increased in proportion to the increase, if any, in the CPI-U; provided that such increase shall be capped at 2.5 percent. If the Contractor is required by Executive Order 2014-1, the Base Wage Ordinance, or any other law (e.g., the Prevailing Wage Act) to pay a higher rate, above the generally applicable Chicago minimum wage, that higher rate will apply.

On June 22, 2016, the City Council passed a new section of the Minimum Wage Ordinance, which requires paid sick leave and became effective July 1, 2017, codified at Section 1-24-045 of the Municipal Code of Chicago.

On October 5, 2016, the Cook County Board of Commissioners passed a new section of the Cook County Code of Ordinances, 16-4229, which has a similar paid sick leave requirement and also went into effect July 1, 2017.

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<sup>1</sup> For more information, please visit the City's Department of Business Affairs and Consumer Protection website at [cityofchicago.org/bacp](http://cityofchicago.org/bacp).