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MAYOR EMANUEL, ALDERMAN SAWYER INTRODUCE ORDINANCE TO PROTECT TAXPAYERS FROM GETTING SHORTCHANGED BY FUTURE ASSET, SERVICE PRIVATIZATIONS

Ordinance designed to prevent bad privatization deals like the parking meter lease

Mayor Rahm Emanuel and Alderman Roderick Sawyer announced today that they will be introducing an ordinance designed to protect taxpayers from getting shortchanged by future asset and service privatizations like the parking meter deal. The ordinance, which is supported by AFSCME and the BGA, would require the city to make a clear case for why a proposed privatization would benefit the city, provide sufficient time for public debate before moving forward and establish an accountability and transparency framework. This framework is based on the process the city used to evaluate and ultimately reject the privatization of Midway Airport.

"Looking back at the city's parking meter lease – which was unequivocally a bad deal for taxpayers and the city – it is clear that a number of things could have been done differently to achieve a better result," said Mayor Emanuel. "This ordinance would insert accountability and transparency into the process to ensure that any potential privatization in the future would be appropriately evaluated, publicly debated, and, if accepted, would be subject to ongoing oversight."

While no privatization proposals are currently in the pipeline, the proposed ordinance would apply to any future proposals to privatize either city-owned assets or government services. For asset privatizations, the ordinance would apply 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. As for service privatizations, the ordinance would apply to the privatization of service contracts valued at \$3 million or more. A number of contracts would be exempt 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.

"It is important to protect Chicago taxpayers from poorly vetted privatization deals, and I'm glad to partner with the Mayor on this important issue," said Alderman Sawyer. "Residents expect that their elected officials be good stewards of city resources; this ordinance introduces very important protections for working families and taxpayers to ensure we meet this expectation."

The ordinance also requires public discussion of the costs and benefits of any potential privatization. For asset privatizations, the Chief Financial Officer would 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. The city would be required to hold a public meeting and accept comments via an online inbox. 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 be required to prepare and submit to City Council a cost effectiveness study that outlines benefits to residents. The bargaining units for affected employees will have 10 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.

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

Finally, for asset privatizations, the proposed ordinance includes protections 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 an intergenerational fairness 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.

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