

PRIVATIZATION TRANSPARENCY, ACCOUNTABILITY AND PERFORMANCE ORDINANCE

This ordinance would provide for greater transparency and oversight of proposed privatization of City of Chicago services or assets. It sets requirements for public access to information, adequate time for review, public hearings and annual performance reports and is an important step in ensuring meaningful accountability to Chicago residents.

Privatizing Services

The Ordinance provides that the city must take the following actions prior to privatizing city services:

- Conduct a study on the cost-effectiveness of privatizing the service prior to the award of any contract. The study will include a comparison of the cost of privatizing to the cost of maintaining the services in-house and an analysis of cost savings.
- Notify and consult with the potentially affected employees and their union, and allow employees to comment, including submitting a proposal to maintain the services in-house.
- Cooperate with the City Council Committee on Budget and Government Accountability which will hold at least one hearing on the proposed privatization plan.
- Receive City Council approval, by majority vote, prior to entering into the contract.
- Complete an evaluation of the contractor's performance every two years; contractors will be required to submit annual reports regarding compliance with relevant labor, environmental, non-discrimination and workers' compensation laws.

The ordinance exempts some contracts including those under \$3 million, and those for highly specialized or temporary services.

Privatizing Assets

The ordinance provides that any proposal to privatize a city asset valued at \$400 million or higher for a term of 20 years or longer must meet the following requirements:

- Provide at least 90 days for public and City Council review (time from issuance of an RFQ to City Council vote to authorize a privatization). In those 90 days, there must be a public hearing hosted by the City as well as a public City Council committee meeting.
- Engage one or more independent advisors to monitor the process and issue a report to the City Council that assesses the implications of a privatization deal.
- Create an Intergenerational Trust Fund for major leases in which 10% of the proceeds will be held for the benefit of future Chicago residents.
- Contractor must assure continued public access to and use of the Asset on fair, nondiscriminatory terms
- The contractor must fund city oversight of the transaction and asset
- At least 90 days before a Council vote, the City must prominently post a plain-English summary of the contemplated transaction, and provide a site for public comment.

- Utilize a competitive process to select a contractor. Contractors must submit an Economic Disclosure Statement as well as annual performance reports on MBE, WBE, residency and EEO/Affirmative Action and other requirements.

Why this Ordinance is needed:

- Too often, privatization of vital city services and assets has occurred without a full accounting of the potential costs and consequences. In addition, there is a loss of transparency and accountability in privatized services. Private contractors are not open to the same level of scrutiny that public services are.
- The stakes can be very high in privatization deals; good jobs, quality services and efficient use of tax-payer dollars are all at stake. Such decisions require reliable information, careful analysis, public input and thoughtful consideration on the part of city leadership.

This ordinance was introduced by Alderman Roderick Sawyer on July 29, 2015.

Call your alderman and tell him/her:

Support the Privatization Transparency, Accountability and Performance Ordinance.

It will help improve oversight of privatization deals and give taxpayers and city employees a greater voice in those deals.

To find out who your alderman is call 311 or go to www.cityofchicago.org/city/en/about/wards.html

