

ORDINANCE NO. 014-124

AN ORDINANCE AMENDING THE  
CHICAGO TRANSIT AUTHORITY  
PROCUREMENT POLICY AND  
PROCEDURES TO INCORPORATE A  
MINIMUM HOURLY WAGE  
REQUIREMENT FOR EMPLOYEES OF  
CERTAIN CONTRACTORS AND  
THEIR SUB-CONTRACTORS

WHEREAS, More than 30 percent of Chicago workers make \$13.00 per hour or less, the median age of these workers is 33, two-thirds of these workers are over the age of 25, and a disproportionate share of these workers are women and/or minorities; and

WHEREAS, Chicagoland is the only metropolitan region in Illinois that ranks above the national average in cost-of-living expenses and rent as a percentage of income has risen from a historical average of 21 percent to 31 percent; and

WHEREAS, Research on previous minimum wage increases shows that increasing the minimum wage does not adversely affect employment and prices and, according to the Economic Policy Institute, an increased wage actually helps the economy to grow; and

WHEREAS, On September 3, 2014, the Mayor of the City of Chicago issued Executive Order No. 2014-1 setting forth a minimum wage requirement of \$13.00 per hour, to be adjusted for inflation on an annual basis, for certain employees of contractors performing work and services for the City of Chicago, effective October 1, 2014; and

WHEREAS, The Authority wishes to require for the reasons above that a minimum hourly wage of \$13.00 be paid to certain employees of the Authority's contractors and their subcontractors performing work and services for the Authority; and

WHEREAS, To incorporate a minimum wage requirement applicable to the Authority's contracts, it is necessary to amend Chapter 1 of the Procurement Policy and Procedures; and

WHEREAS, Staff recommends amending Chapter 1 of the Procurement Policy and Procedures as set forth herein; now, therefore:

BE IT ORDAINED BY THE CHICAGO TRANSIT BOARD  
OF THE CHICAGO TRANSIT AUTHORITY:

SECTION 1. Chapter 1 of the Procurement Policy and Procedures is hereby amended by inserting following underscored language as a new Section 1.10:

1.10 Minimum Wage

A. Definitions. For purposes of this Section only, the following terms will have the following meanings. This Section does not amend the meanings of these terms as they are used generally in the Procurement Policy and Procedures:

“Contract” means an agreement formed under the authority of Section 32 of the Metropolitan Transit Authority Act and the Procurement Policy and Procedures, except that the term “Contract” does not include: any agreement with a Not-For-Profit Organization, any intergovernmental agreement, or any agreement relating to the acquisition, sale or use of real property, such as leases, licenses, easements and permits.

“Authority Contractor” means a person who or entity that enters into a Contract with the Authority.

“Employee” means an employee of an Authority Contractor, or of one of its subcontractors, performing work or services under a Contract who fits one or more of the following descriptions: (i) the employee performs the work or services at a location that is either (a) on property owned or controlled by the Authority or (b) on other property that is specified by the Authority in the Contract as the site for the performance of the Contract; (ii) the Authority pays the Authority Contractor on an hourly rate basis for the work or services provided by the employee under the Contract; (iii) the Authority pays the Authority Contractor on a per piece rate basis for the work or services provided by the employee under the Contract; or (iv) the employee’s work or services are being provided in order to comply with a Contract requirement that the Authority Contractor provide sufficient staffing so as to supply the Authority with a specified quantity of work hours or workers. For purposes of this Section, except for a person whose regular place of work is a location described in (i) above, a person is not considered to be performing work or services under a Contract if his or her work or services are limited to providing general or administrative support for the Authority Contractor’s operations; do not directly relate to the work or services to be provided under the Contract; and either are not included in the Contract price or are included in the Contract price as overhead.

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For purposes of this Section, the term "Employee" does not include persons subject to subsection 4(a)(2), subsection 4(a)(3), subsection 4(d), subsection 4(e), or Section 6 of the Minimum Wage Law. Notwithstanding these exclusions, for purposes of this Section, the term "Employee" does include the categories of workers described in subsections 4(a)(2)(A) and 4(a)(2)(B) of the Minimum Wage Law.

"Minimum Wage Law" means the Illinois Minimum Wage Law, 820 ILCS 105/1 et seq., in force on the effective date of this Section and as thereafter amended.

"Not-For-Profit Organization" means a corporation having tax-exempt status under Section 501(c)(3) of the United States Internal Revenue Code and recognized under Illinois law governing not-for-profit corporations.

"Per piece rate basis" means a method of compensation whereunder the Authority pays an Authority Contractor on the basis of completion of discrete tasks involving work or services, such as a payment per linear foot or per square foot of installed materials or a payment for processing a specified number of documents. It does not include per unit compensation for supplies and manufactured goods.

- B. Every Contract advertised by the Authority on or after November 15, 2014 ("Effective Date") shall contain a provision or provisions stipulating that the Authority Contractor will pay its Employees, and will require the Authority Contractor's subcontractors to pay their Employees, no less than \$13.00 per hour for work or services performed under the Contract. Beginning on July 1, 2015, and every July 1 thereafter, the foregoing minimum hourly wage shall increase in proportion to the increase, if any, in the Consumer Price Index for All Urban Consumers – Midwest Region ("CPI") most recently published prior to June 1 by the Bureau of Labor Statistics of the United States Department of Labor. Any increase pursuant to the foregoing will be rounded up to the nearest multiple of \$0.05 and shall remain in effect until the next subsequent annual adjustment. The Authority will notify Authority Contractors of the increase and the resulting minimum hourly wage as soon as practicable following publication of the most recent CPI available prior to June 1.
- C. Nothing in this Section shall be deemed to interfere with, impede, or in any way diminish the right of Employees to bargain collectively with their employers through representatives of their own choosing.

If a bona fide collective bargaining agreement between an Authority Contractor or its subcontractor and their respective Employees is in force on the Effective Date, the salary or wage provided in the collective bargaining agreement shall control. The requirements of this Section may be waived in a bona fide collective bargaining agreement negotiated after the Effective Date; however, unless the waiver is set forth explicitly in such collective bargaining agreement in clear and unambiguous terms, the requirements of this Section shall control with respect to the work or services provided by Employees under a Contract.

- D. The Vice President, Purchasing and Supply Chain may promulgate administrative rules and regulations to implement this Section.
- E. If the Vice President, Purchasing and Supply Chain has reason to believe that any Employee of an Authority Contractor or its subcontractor has been paid less than the minimum hourly wage required by this Section, or upon the Authority's receipt of a written verified complaint from such an Employee, the Vice President, Purchasing and Supply Chain is authorized to conduct an investigation to determine whether this Section has been violated.
- F. In addition to any other penalty authorized by law, any Contract or subcontract negotiated, entered into, or performed by an Authority Contractor or its subcontractor in violation of any of the provisions of this Section shall be grounds for the Authority to declare the Authority Contractor in default of its Contract and to exercise any remedies that may be available to the Authority, including but not limited to termination of the Contract. Any bid or proposal submitted in response to a solicitation by the Authority that does not comply with the provisions of this Section shall be subject to rejection by the Authority.

SECTION 2. The Ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

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Chairman

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Assistant Secretary

October 15, 2014

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