

Revenue Proposal: *Contracting Procurement Auctions*

Proposal Overview

The proposal is to shift City-run vehicle auctions to a contract model, soliciting professional auctioneering services for auctioning vehicles at City impound lots. By contracting out the vehicle auction process, the proposal suggests a private company would maximize value received for each vehicle and streamline payment and revenue collection. The contractor would handle auction planning, promotion, and execution, ensure bidder registration and compliance, and oversee the financial processes and reporting for the City.

Context

The City of Chicago's Department of Procurement Services oversees public auctions of impounded and surplus vehicles. The City lists available vehicles – among other surplus equipment, furniture, office equipment, and other goods and materials – [online](#) via PublicSurplus.com along with relevant details for potential bidders. Winning bidders of the vehicle pay the bid online or at one of the City's four Revenue Payment Center locations. The winning bidder will pick up the vehicle from the City's Salvage Yard. According to the revenue proposal, any vehicle that exceeds a \$10,000 bid is removed from the impoundment lot and transferred to the procurement auction lot, incurring an additional cost to the City to transfer the vehicle.

While the City auctions impounded and surplus vehicles, the proposal specifically refers to impounded vehicles. Thus, it is worth briefly noting the impoundment process. The Department of Streets and Sanitation oversees the process of impoundment – currently contracted to a private company that also tows and stores the vehicles. If the vehicle has not been collected 18 days after a notice impoundment is mailed, the City can dispose of or auction the vehicle; vehicles are normally stored for [no more than 21 days](#) at the impoundment lot.

While there is not accessible data specific to vehicle auctions, vehicles make up a majority of the City's available auction items. In 2024, the City [collected](#) \$1,360,139.57 in revenue from all City auctions – 68% of its goal. As of April 20, 2025, the City has collected \$446,456 in revenue from auctions. The City's fundraising target from auctions is \$2 million in 2025 and has been since 2023, slightly down from \$2.2 million for previous years. One estimate notes the City [sold](#) 50,000 impounded vehicles between 2011 and 2017, with 8,000 in 2017 alone (though not all vehicle sales are sold through auction).

Estimated Revenue

The City generates revenue from auctioned vehicles, and under the proposed service model, would continue to receive a portion of these revenues. The proposal includes 15% compensation for the contractor on vehicle bids higher than \$10,000. **However, the proposal does not make clear if sales under \$10,000 are submitted to the City.** The percentage of bid price is in addition to the price paid for contracting overall services.

Average bid prices and number of auctioned vehicles are not publicly available. Minimum bid prices for vehicles currently available on the City's auction site as of April 2025 range from \$100 - \$1,600. The following table assumes the City receives full bid price for bids under \$10,000. The lack of accessible average bid price and number of cars auctioned makes an annual estimate difficult.

*Table 1. Proposed City revenue from auctioned vehicles**

<i>Vehicle bid price</i>	<i>Additional fee to contractor</i>	<i>City revenue</i>
\$100	0%	\$100
\$1,600	0%	\$1,600
\$10,000	15%	\$8,500
\$16,000	15%	\$13,600

*Amounts if the City receives revenue for bids under \$10,000

Implementation & Stakeholders

Implementing the proposal to contract professional auctioneering service for impounded vehicles would follow similar procedures for other City contracts. The responsible Department would issue a Request for Proposals, determine metrics for evaluating proposals, select the most qualified and cost appropriate proposal, and transfer auction responsibilities to the selected contracting entity. The selected company, based on the submitted proposal for services, would then develop the process and implement the contract to provide auctioneering services for the City.

Responsible departments

- **Department of Procurement:** contracting, certification, and compliance authority; oversight of auctions
- **Department of Streets and Sanitation:** collaboration with respect to impoundment process, possible shared contractors

Discussion

Proponents

Proponents of contracting services argue private companies provide services at lower costs and more efficiently than the public sector. By shifting the responsibility for operating auctions for impounded vehicles to a private sector contractor, the City would not spend money on related employees, employee benefits, and associated costs with transferring cars to the appropriate lots, certifying bids, and coordinating with winning bidders. The City's expense would include only the costs within the agreed upon contract, and for employees responsible for contract oversight.

Opponents

The proposal only focuses on auctioned vehicles and would not eliminate the need for the City's auction services for other surplus materials. Thus, cost savings or administrative burden reduction from contracting vehicle auctioneering may be minimal. Further, the City has received [significant negative](#) attention based on the towing, impoundment, and scrap sale process with contractors – not only for lost revenue but for [inequitable](#) citation and towing practices. Though auctions are not a part of “tow-and-sell” operations, by transferring City administration of vehicle auctioneering services to a contractor that may also receive City funds for towing, storage, and scrap sales, there may be enhanced conflicts of interest or public pushback.

Concluding commentary

The additional revenue generated for the City is unclear. The primary value of contracting with private companies for auctioneering services would likely be efficiency and reduced administrative burden. Without adjustments to the towing and impoundment process or contracting out all auction functions, contracting auctioneering services for impounded vehicles would not necessarily lead to more auctioned vehicles nor higher prices paid by the public to bid on available vehicles. Savings would also be impacted by the agreed upon contract terms. The City's troubled history with contractors in the towing and impoundment industry may further hinder transparency in the City's process related to surplus and impounded vehicles.

Deliberative and Predecisional