



OFFICE OF THE MAYOR  
CITY OF CHICAGO

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**MAYOR EMANUEL ANNOUNCES NEW REFORMS TO ENSURE MORE FAIRNESS,  
COMPETITIVENESS IN CITY CONTRACTING**  
*eBay-like Reverse Auction will save city millions; Non-competitive contract decisions are more  
accountable, transparent*

Mayor Rahm Emanuel and Chief Procurement Officer Jamie Rhee today announced a series of innovative reforms to ensure more transparency, accountability and cost-effectiveness in the city's contracting process. The reforms are part of the objectives outlined in the Emanuel administration's transition report.

"In order to advance Chicago as the most business-friendly city in the nation, we must take innovative steps to ensure competitive, accountable and open bidding, all of which foster trust and efficiency in contracting," said Mayor Emanuel. "These reforms will ensure city contracts save taxpayer dollars, attract new businesses and deliver better services to the people of Chicago."

New reforms being implemented this week will have a direct impact on the competitive bidding process – saving potentially millions in tax payer dollars, increasing transparency and improving the contracting process.

- **New Reverse Auction:** The new Reverse Auction initiative allows open and competitive bidding online in a format that feels like eBay in reverse, where vendors have more than one chance to bid on a contract. Previously, vendors were allowed to bid only once. In this new approach, vendors can compete against each other in a dynamic, real-time environment to drive prices downward and save taxpayer dollars.
- **Transparency in Non-competitive Contracting:** Non-competitive contract applications, known as sole-source applications, will be posted online for public review prior to the Non-Competitive Review Board's (NCRB) decision to allow time for public feedback and ensure more accountability. This will improve transparency on contracts that aren't competitively bid. The Office of Procurement is taking steps to crack down on the sole source contracting process to ensure that any non-competitive contracts awarded are absolutely essential, federally mandated or in cases of emergency.

**Examples of Successful Reverse Auctions:**

**Local and State Governments:** Reverse auctions, which function like eBay bidding in reverse, have been saving the public and private sector millions of dollars. Several local and state governments, including the State of Nebraska, Los Angeles, CA, and Norton, OH, have fully embraced the online



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bidding platform. In just over six months since it started using the platform, Los Angeles has already saved \$700,000 on just two auctions, a savings of approximately 18.28 percent.

**Federal Government:** In 2009, the Obama administration identified \$19 billion in savings through the use of the Reverse Auction with a goal of saving more than \$40 billion. (<http://www.ebridgeglobal.com/blog/?p=432>).

**Cook County:** In just over a year, Cook County has run 14 auctions for items such as armored cars, furniture, toner cartridges, unarmed security guards and other items. Over the 14 auctions the County has experienced average savings of 21 percent, approximate \$500,000.

In the coming months, reforms and efficiencies will continue to be implemented in the city's Procurement Department to ensure that as many tax dollars as possible can be saved. This modernization process will reorganize the Procurement Department to streamline the business processes, upgrade the IT system and ensure costs are saved through more effective and strategic sourcing.

You can learn more about the new reforms [here](#).

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