

Committee on Finance

Ordinance Authorizing the Comptroller to Establish a Data-Driven Discount Pilot Program for Parking, Red Light and Automated Speeding Violations

WHEREAS, the City of Chicago (the “City”) is a home rule unit of local government under Article VII, Section 6(a) of the Illinois Constitution of 1970, with authority to exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City operates an administrative adjudication system for parking, red light camera, and automated speeding enforcement violations pursuant to Chapter 9-100 of the Municipal Code of Chicago (“MCC”) and 625 ILCS 5/11-208.3, 625 ILCS 5/11-208.6, and 625 ILCS 5/11-208.8, and retains 100% of revenue generated from such violations; and

WHEREAS, the City carries substantial outstanding debt attributable to unpaid parking, red light, and automated speeding citations, a significant portion of which has historically proven resistant to recovery through conventional enforcement mechanisms, including wheel-boot and tow enforcement, third-party collections, periodic amnesty programs, and civil judgment; and

WHEREAS, recent analysis indicates that a substantial majority of outstanding citation debt is owed by residents of low- and moderate-income households for whom conventional enforcement mechanisms have not produced payment, and for whom targeted relief and calibrated payment structures may produce materially better recovery outcomes while reducing financial harm to residents; and

WHEREAS, the Office of Inspector General’s April 2026 Audit of the Department of Finance’s Management of Outstanding Debt found that the outstanding debt managed by DOF exceeds \$8.1 billion, that DOF lacks overarching policies, strategies, and goals for addressing the overall amount of outstanding debt, and that owing City debt disproportionately impacts economically vulnerable residents in communities where fines and fees are highly concentrated; and

WHEREAS, the Office of Inspector General recommended that DOF implement a formal plan with performance indicators, timelines, and measurable goals for collecting outstanding debts, pursue technical solutions to better track and collect debt, and tailor its collection efforts to reflect equity concerns, and this Pilot Program is intended to advance those objectives; and

WHEREAS, the City faces acute fiscal pressure, including a reported midyear revenue shortfall of approximately \$130 million in fiscal year 2026, and initial efforts to monetize outstanding debt through a third-party sale have not produced responsive bids, underscoring the need for collection approaches that recover revenue directly for the City; and

WHEREAS, the Ernst & Young Revenue Options Study published in October 2025 identified material potential revenue from fee adjustments but expressly did not incorporate behavioral response to pricing changes, leaving a defined analytical gap that this Program is intended to address; and

WHEREAS, the City has established precedent for income-based and hardship-based relief from parking and camera violation debt through the Clear Path Relief Program codified at MCC 9-100-170, the Administrative Debt Relief program authorized at MCC 2-32-1700 et seq., and through extended hardship payment plan terms; and

WHEREAS, the Comptroller is authorized under MCC 2-32-096 to promulgate rules and regulations necessary to implement programs within the Department of Finance's jurisdiction, including relief programs and modifications to fine amounts owed; and

WHEREAS, the City seeks to enhance recovery of outstanding citation revenue in a manner that is data-driven, transparent, equitable, auditable, and consistent with the City's published principles for responsible use of automated analytical tools; and

WHEREAS, a time-limited pilot program is an appropriate mechanism to evaluate the effectiveness of data-driven discount recommendations before any decision is made regarding broader adoption or codification; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Incorporation of Recitals.

The above recitals are expressly incorporated herein and made part hereof as though fully set forth herein.

SECTION 2. Short Title.

This Ordinance shall be known and cited as the "Data-Driven Citation Recovery Pilot Ordinance of 2026."

SECTION 3. Definitions.

As used in this Ordinance, the following terms shall have the meanings set forth below:

(a) **"Covered Violation"** means any citation issued by the City pursuant to MCC Chapter 9-100 for (i) a parking violation, (ii) a red light camera violation issued under 625 ILCS 5/11-208.6, or (iii) an automated speeding enforcement violation issued in a Children's Safety Zone under 625 ILCS 5/11-208.8.

(b) **"Pilot Program"** means the Data-Driven Citation Recovery Pilot Program established by this Ordinance.

(c) **"Comptroller"** means the Comptroller of the City of Chicago or the Comptroller's designee.

(d) **"Eligible Account"** means an account that has received one or more Covered Violations as of the Pilot Program launch date or during the pilot, and that satisfies additional eligibility criteria established by the Comptroller pursuant to Section 5 of this Ordinance.

(e) **"Qualified Analytics Provider"** means a contractor selected by the Chief Procurement Officer, with the concurrence of the Comptroller, to provide the services and software required to operate the Pilot Program.

(f) **“Recommendation”** means a non-binding output produced by the Qualified Analytics Provider identifying a proposed waiver/amnesty/discount amount, payment structure, or other relief amount to all or any portion of the Outstanding Balance for an Eligible Account, together with the reasoning and data inputs that produced the output.

(g) **“Administrative Data”** means records the City maintains in the ordinary course of its administrative adjudication operations, including citation status, payment history, enforcement stage, account age, and owner location. Administrative Data does not include Social Security numbers, bank account information, credit scores, or biometric data.

(h) **“Outstanding Balance”** means the aggregate sum due on an Eligible Account resulting from a Covered Violation, encompassing the initial fine, subsequent late penalties, accrued interest, administrative collection expenses, and all other authorized fees or assessments.

SECTION 4. Establishment of the Pilot Program.

There is hereby established within the Department of Finance a Data-Driven Citation Recovery Pilot Program. The purpose of the Pilot Program is to evaluate whether data-driven, account-level discount and payment structures improve the City’s recovery of outstanding Covered Violation revenue relative to existing collection methods, while producing equitable and defensible outcomes for Chicago residents.

SECTION 5. Authority of the Comptroller.

The Comptroller is hereby authorized to implement the Pilot Program through rules and regulations promulgated under MCC 2-32-096. Such rules and regulations shall, at a minimum, address the following:

- (a) Eligibility criteria for inclusion of accounts in the Pilot Program, consistent with Section 3(d) of this Ordinance;
- (b) The maximum waiver/amnesty percentage or dollar amount of the Outstanding Balance that may be recommended for a single Eligible Account, and any differentiation of maximum waiver/amnesty by tier or category;
- (c) The protocol by which authorized staff of the Department of Finance may review, modify, or decline Recommendations applied to Eligible Accounts;
- (d) The method by which a pre-Pilot baseline shall be established for purposes of measuring Pilot Program performance;
- (e) The form, frequency, and content of reporting to the City Council, the Office of the Inspector General, and the public;
- (f) Protocols for handling resident inquiries, appeals, and corrections related to Recommendations or actions taken pursuant to a Recommendation;
- (g) Protocols for securing the Administrative Data used in the Pilot Program, including compliance with the Chicago Data Residency Ordinance codified at MCC § 2-68-050 and the Illinois Personal Information Protection Act, 815 ILCS 530/1 et seq.

The Comptroller may impose such additional requirements as the Comptroller determines are necessary to ensure the Pilot Program operates consistent with the City's published principles for responsible use of automated analytical tools, the Chicago AI Roadmap, and any other applicable policy guidance in effect at the time of implementation.

SECTION 6. Program Boundaries.

Notwithstanding the Comptroller's authority under Section 5 of this Ordinance, the Pilot Program shall operate within the following boundaries:

(a) Human review. Recommendations applied to Eligible Accounts may be altered, rejected, or overridden at any time by authorized staff of the Department of Finance.

(b) Prohibited inputs. The Qualified Analytics Provider shall not use, as an input to the generation of Recommendations, any of the following: (i) race, ethnicity, national origin, religion, gender, gender identity, sexual orientation, disability status, or any other protected characteristic under federal, state, or municipal law; (ii) Social Security numbers; (iii) bank account information; (iv) credit scores; or (v) biometric data.

(c) Data residency. All City data processed in connection with the Pilot Program shall be processed and stored within the United States, consistent with MCC § 2-68-050.

(d) Explainability. Each Recommendation shall retain sufficient logic to allow authorized City staff to explain, in plain language, the basis for the Recommendation to the resident, to the City Council, and to the public.

(e) No direct resident contact by provider. The Qualified Analytics Provider shall not communicate directly with Chicago residents regarding their accounts. All communications with residents concerning the Pilot Program shall be conducted by the City.

(f) Independent audit. The Qualified Analytics Provider shall cooperate with any audit, review, or inquiry undertaken by the Office of the Inspector General or by any other City officer with audit authority.

SECTION 7. Term and Extension.

The Pilot Program shall commence on the date on which the Qualified Analytics Provider executes a data sharing agreement with the City and shall continue for a period of twelve (12) months (the "Initial Term").

The Comptroller may, at the Comptroller's sole discretion, extend the Pilot Program for one additional period of up to twelve (12) months (the "Extension Period") upon the following conditions: (i) the Comptroller has reviewed the performance of the Pilot Program during the Initial Term against the pre-Pilot baseline and has determined that extension is in the best interest of the City; (ii) the Comptroller has filed a written determination to that effect with the Office of the City Clerk; and (iii) the Comptroller has transmitted a report of Pilot Program performance to the Committee on Finance prior to the commencement of the Extension Period.

At the conclusion of the Initial Term, or, if extended, the Extension Period, the authority granted under this Ordinance shall expire unless further action is taken by the City Council. The Comptroller shall submit to the City Council a comprehensive report on the outcomes of the Pilot Program, including financial performance, demographic impact, and recommendations regarding permanent codification or discontinuation, not later than ninety (90) days following the conclusion of the Pilot Program.

SECTION 8. Compensation of the Qualified Analytics Provider.

Compensation to the Qualified Analytics Provider shall be paid solely on a contingency basis from revenue collected by the City on Eligible Accounts that paid a Covered Violation after application of a Recommendation.

The specific compensation rate, together with any additional terms governing invoicing, audit of compensation, and dispute resolution, shall be established in the contract between the City and the Qualified Analytics Provider, subject to the requirements of the Municipal Purchasing Act for Cities of 500,000 or More Population (65 ILCS 5/8-10-1 et seq.) and MCC Chapter 2-92.

If, at any point during the Pilot Program, the Comptroller determines that Pilot Program performance has declined measurably below the pre-Pilot baseline, the Comptroller may terminate the engagement with the Qualified Analytics Provider without further liability to the City, subject to any termination provisions in the governing contract.

SECTION 9. Procurement.

The Chief Procurement Officer is authorized to procure the services of the Qualified Analytics Provider through any procurement method available under MCC Chapter 2-92, including direct negotiation where such method is permitted and appropriate given the specialized nature of the required services, or through an existing cooperative contract vehicle available to the City.

Nothing in this Ordinance shall be construed to waive any applicable procurement requirement, including without limitation requirements relating to minority-owned and women-owned business enterprise participation codified at MCC Chapter 2-92-420 et seq., insurance, Economic Disclosure Statements, and vendor compliance.

SECTION 10. Reporting.

The Qualified Analytics Provider shall provide to the Department of Finance reports describing the operation of the Pilot Program. Such reports may include:

- (a) the number of Eligible Accounts considered during the reporting period;
- (b) the number of Recommendations generated and the disposition of those Recommendations;
- (c) the total dollar value of discounts applied under the Pilot Program during the reporting period;

(d) the total dollar value of revenue collected on Eligible Accounts following application of a Recommendation;

(e) aggregate demographic impact metrics, measured at the census tract level, of Pilot Program outcomes; and

(f) a plain-language summary of any material changes to the operation of the Pilot Program during the reporting period.

Nothing in this Section shall be construed to require the disclosure of any individual-level data that would, if disclosed, identify a particular resident.

SECTION 11. Severability.

If any provision of this Ordinance or its application to any person or circumstance is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision or application of this Ordinance that can be given effect without the invalid or unenforceable provision or application, and to this end the provisions of this Ordinance are declared to be severable.

SECTION 12. Effective Date.

This Ordinance shall take effect upon passage and approval.



Gilbert Villegas
Alderman, 36th Ward