

Illinois Appellate Court Reminds Businesses of Potential Limitations in Public Contracts

Article By:

John Redlingshafer

Earlier this year, an Illinois court ruled on the validity of a contract between the City of Chicago and a private company regarding the operation of the city's metered parking system. In the case of [Independent Voters v. Ahmad, Comptroller of the City of Chicago](#), the **Illinois Appellate Court upheld the contract** (valued at over \$1 billion), but the case serves as a reminder for **potential reasons why a contract between a private contractor and public body may be improper**.

Taxpayers against the contract argued that a provision forced the city to enforce its parking rules but the money paid for parking went to the private company. To them, this arrangement violated the "public purpose provision" of the Illinois Constitution, which states "[p]ublic funds, property or credit shall be used only for public purposes." The court did not agree, for two main reasons: the city council's ordinance authorizing the contract stated the agreement was "in the best interests of the residents of the City," and the contract still provided numerous public benefits, including the fact that the fines for parking violations would still go to the city.

Extending this reasoning, the court upheld the contract in its entirety because whether or not the agreement truly was in the "best interests of the residents" is a policy argument left for the Council to decide and not the courts.

The taxpayers also argued the duration of the contract (75 years) was inappropriate, because it binds future city councils to its terms. The court disagreed, saying the Chicago City Council was a "continuing body" that does not end, even when its membership changes.

While it is unlikely we will see many private-public contracts worth over \$1 billion and lasting 75 years, if you wish to contract with a public body, make sure you give some consideration to the issues raised by the taxpayers in this case:

1. What are the "public purposes" of the contract? In many cases, this will be easy (e.g., a new building), but what if you are asked to take over a service a public body ordinarily provides?
2. Was there an ordinance authorizing the contract? What did it say?
3. How long does the contract last? The City of Chicago (and other bodies) have special "home

rule" powers under the Illinois Constitution, but a majority of governments in the state do not. Even if they do, contracts which last past the term of an existing council or board may not be valid under Illinois law, depending on the subject matter.

© 2025 Heyl, Royster, Voelker & Allen, P.C

National Law Review, Volume IV, Number 324

Source URL: <https://natlawreview.com/article/illinois-appellate-court-reminds-businesses-potential-limitations-public-contracts>