

## RESEARCH AND ANALYSIS SECTION – LEGISLATIVE REFERENCE BUREAU

### Executive Summary: 2008 Proposed Budget-City Attorney

1. The 2008 proposed budget for the Office of the City Attorney is \$7,023,288, an increase of 3.3% from the 2007 budget figure of \$6,797,710 (Page 2).
2. The 2008 proposed budget maintains an authorized staffing level of 64 that includes the 2 Assistant City Attorney positions created in 2006 (Page 2).
3. The Community Prosecution Program within the City Attorney's Office has been implemented and is operating successfully in its third year. This initiative involves placement of 2 Assistant City Attorneys at Police Department facilities on the north and south sides of the City (Pages 4 and 5).
4. The Public Nuisance Abatement Program continues a concerted interdepartmental effort to address nuisance housing (Pages 5 and 6).
5. The Kohn Law Firm continues to collect delinquent property taxes and accounts receivable under a new 5-year contract with the City that was awarded effective January 1 following a competitive process. The Kohn Law Firm collects *in personam* delinquencies related to property taxes and certain other accounts receivable. The Kohn Law Firm collected a total of \$8,376,333.24 on behalf of the City in 2006. Total commissions paid to the Kohn Law Firm on these amounts was \$1,134,911.22 (Page 11). This commission structure is changed under the new contract to the benefit of the City (Page 11).
6. The contract with Professional Placement Services (PPS), L.L.C., to provide collection services on overdue Municipal Court judgments, expired in March of 2007. After a competitive RFP process, the firm of Harris & Harris was awarded the contract. Changes in the Wisconsin Tax Refund Intercept Program (TRIP) have resulted in new efficiencies and lower costs of collection (Page 11).
7. The *Alexander* litigation settled in 2007 and the proposed amount budgeted for the Damages and Claims Fund SPA for the proposed 2008 budget has dropped back to historic levels based upon an assumption \$500,000 will carryover from 2007 (Page 8). Under the auspices of the Collection Contract SPA, over \$8 million is estimated to be collected in 2006 and \$8 million is projected for 2007. The Tax Intercept Program collected approximately \$2,625,720 in overdue municipal forfeitures in 2006. Projections for 2007 are speculative (Page 9).
8. Approximately \$200 of \$250,000 budgeted in 2007 for capital improvements to initiate planning and design for renovation of the City Attorney's 8<sup>th</sup> Floor City Hall offices has been expended. Due to the current status and anticipated schedule for City Hall renovation, capital funding for 8<sup>th</sup> Floor renovation is postponed (Page 4).

## RESEARCH AND ANALYSIS SECTION – LEGISLATIVE REFERENCE BUREAU

### **2008 Proposed Budget Summary: Office of the City Attorney**

<b>Category</b>	<b>2006 Actual</b>	<b>2007 Budget</b>	<b>Change</b>	<b>2008 Proposed</b>	<b>Change</b>
<b>Operating</b>	\$7,354,787	\$6,797,710	-7.6%	\$7,023,288	3.3%
<b>Capital*</b>	0	\$250,000	NA	0	NA
<b>Positions</b>	64	64	0	64	0

\* Approximately \$200 has been incurred by DPW in 2007 for development of plans for the renovation of the 8<sup>th</sup> floor City Hall offices of the City Attorney. Due to the status of current restoration efforts, renovation of these offices will not be practical prior to 2009.

### **Mission**

To provide quality legal services and successfully meet clients' needs in accordance with the City Charter and statutory requirements.

### **Services**

The Office of the City Attorney conducts litigation, provides legal advice to city officials, prepares and reviews legislation for the Common Council, collects claims and delinquent receivables, and prosecutes violations of City laws. The City Attorney is responsible for drafting all legal documents that are required in conducting the business of the city. The Office is also responsible for risk management functions.

### **Personnel**

- The 2008 proposed budget maintains the 2007 authorized staffing levels of the City Attorney's Office at 64 FTE.
- Two authorized positions remain vacant to allow for unanticipated reappointments of Deputies.
- The proposed budget funds 56.15 O&M funded FTE positions and 4.25 non-O&M funded positions. This is a net decrease of 1.70 actual FTEs compared to the 2007 adopted budget.
- The actual FTEs requested by the Office and the number of FTEs in the proposed budget are the same. However, the O&M request of 58.15 FTEs is reduced to 56.15 and the non-O&M positions are accordingly adjusted from 2.25 FTEs to 4.25. This is due to a change in the way the Office of Management and Budget considers cost recovery of services from the City of Milwaukee Redevelopment Authority (RACM). Rather than treating receivables from work on Tax Incremental Financing (TIF) as general revenue, the cost of services will be reflected as a charge against capital.

- Retirement of a Deputy and of an Assistant in the Ordinance Enforcement Division (OED) resulted in vacancies and a personnel cost adjustment in 2006. No retirements or vacancies are anticipated in 2007 or 2008. Based upon retirement eligibility, there may be one or more vacancies in 2009.

### **Professional and Informational Technology Services**

- The cost of services funded in the *Professional Services* line increased to \$195,000 (+13.7%) in 2007 and the proposed 2008 budget reflects an additional increase to \$202,500 (+3.8%), which is the amount requested by the City Attorney. There is no anticipated change in the scope or nature of the services funded. Expenditures levels are susceptible to change due to the nature of litigation.
- *Professional Services* include expenditures relating to litigation and administrative matters including: membership dues, outside copying services, court filing fees, courier services, Register of Deed recordings, state process charges, legal fund reimbursement, mediation services, title reports, court reporting and transcription services, and Westlaw database charges. Increases in these expense figures are based upon experience and upon anticipated annual increases in service charges such as Westlaw. *Professional Services* expenses are generally non-discretionary.
- The *Informational Technology Services* line is funded at \$86,550, which is 6.4% less than the \$92,500 budgeted for the Office for 2007. Expenditures in 2007 are expected to exceed the budgeted amount and may approach \$105,000. These unanticipated expenditures in 2007 are the result of City IT requirements that all departments upgrade and conform to Windows Active Directory and Microsoft Outlook Exchange. The proposed amount for 2008 is the same as the amount requested by the Office.
- The Department of Administration-Information Technology Management Division (ITMD) does not support the law-related programming of the Office of the City Attorney which is dependent upon the availability of outside consulting and IT support for certain critical functions including docketing, calendaring and document control systems.

### **Reimbursements to Other Departments**

- \$39,000 has been requested and proposed in the 2008 budget for the *Reimburse Other Departments* line. Expenditures include reimbursements to Milwaukee Printing & Records (MPR), Information Technology & Management Division (ITMD), DPW telephone charges, and DPW fleet charges (vehicle rental).

## **Capital Accounts**

- No amount has been included in the proposed 2008 budget of the Office of the City Attorney for *Capital Accounts*. An amount of \$5,184,000 was requested.
- A *Capital Account* of \$250,000 was budgeted for 2007 (cash levy) for planning the renovation of City Attorney offices on the 8<sup>th</sup> Floor of City Hall to accommodate the return of staff from temporary quarters on 2 floors of the Zeidler Municipal Building.
- The Department of Public Works has expended approximately \$200 on these planning efforts in 2007 to date. Planning and renovation are dependent upon the progress of City Hall restoration. Based upon current restoration schedules and unanticipated structural challenges, the renovation of City Attorney offices and facilities in City Hall cannot be expected to begin prior to 2009. Amounts remaining in the *Capital Account* for planning the 8<sup>th</sup> floor renovation will carryover.

## **2008 Continuing Initiatives**

- Before the Parking Citation Review Manager position was created, all the Assistant City Attorneys assigned to the Ordinance Enforcement Division reviewed parking tickets. This required the presence of one or more attorneys in the office, while other attorneys covered the three Branches of the Municipal Court. Creation of the Parking Citation Review Manager position enabled the office to transfer one attorney position to City Hall and eliminated the need for attorneys from City Hall to cover for this assignment, freeing up more attorney time at City Hall. The position has improved customer service through more consistent decision-making related to ticket challenges and has decreased waiting time for review appointments. There are no plans to change or add to the duties of this position.
- The Community Prosecution Program within the City Attorney's Office has been implemented and is operating successfully. The 2005 budget provided initial funding to hire two additional Assistant City Attorneys.
  - To provide service to citizens throughout the city, one attorney handles nuisance complaints on the north side and is stationed in the Seventh District Police Station. The other attorney is assigned to the south side and is stationed at the Second District Police Station.
  - The Milwaukee Police Department has provided office space for those attorneys and monies from the budget allocation was utilized to purchase the necessary office equipment. Both district station offices have been fully operational for more than 2 years.
  - One attorney located at City Hall coordinates the program and provides additional community prosecution efforts.

- Additionally, two Assistant District Attorneys from the Milwaukee County District Attorney's Office are located at these district stations and interact with the Milwaukee city attorneys on a regular basis.
- Since its inception, the community prosecution program in the City Attorney's office has been handling nuisance complaints reported by local leaders and citizens, as well as developing and implementing initiatives aimed at improving the quality of life in Milwaukee.

### **Public Nuisance and Abatement Program**

In addition to resolving problems referred to the City Attorney Community Prosecutors by numerous sources, the Office also continues to spear-head 4 citywide community prosecution initiatives.

- The first initiative of the Community Prosecution Unit is an effort to eliminate vacant, boarded-up, residential properties in the city of Milwaukee. That initiative was implemented to address the effects a vacant, boarded-up property has on the surrounding community and the city as a whole. The initiative utilizes the enactment in 2005 of s. 275-32-7.5 of the Code (Council File # 041383) as a means to compel property owners to remediate Code violations. Working with a variety of community groups, the Milwaukee Police Department and the Department of Neighborhood Services, approximately 200 vacant, boarded-up, residential properties located in the Sherman Park, Lisbon Avenue and near south side areas of Milwaukee were identified and referred to the City Attorney's office. Every property owner was notified by mail of the ordinance regulating vacant, boarded-up residential properties. Additionally, the City Attorney's office personally contacted nearly 90% of the property owners and instructed them on the necessity to restore their property to a compliant condition. At this time, the City Attorney reports that of the approximately 300 properties that have now been referred, 85% are now in compliance. The Department of Neighborhood Services is now the lead agency for this effort. The recent "meltdown" in the sub-prime mortgage loan market is expected to result in increases in vacant board-ups requiring attention.
- The Community Prosecution Unit launched a new initiative at the end of 2005 aimed at reducing the number of "known drug houses" in the city of Milwaukee. This initiative is an effort to end, in a definitive way, the continued use of any buildings or structures for the sale or distribution of illegal narcotics. Utilizing current nuisance abatement law, any documented arrests in the trafficking of illegal drugs in a building in the city are considered for nuisance action. Upon receipt of the police reports and criminal complaint from the Milwaukee County District Attorney's Office regarding an arrest for drug dealing, the City Attorney prepares a notice informing the building owner and all interested parties of the owner's responsibility to abate the drug nuisance. The building owner is asked to meet with the City Attorney, representatives from the Milwaukee Police Department, District Attorney's Office and the Department of Neighborhood

Services to devise a comprehensive plan to eliminate future drug dealing at that location. Inaction by a building owner leads to filing a formal nuisance action in Milwaukee County Circuit Court. Such court action has resulted in more than 20 cases of the owner losing his/her rights to ownership of the building, a receiver being appointed to manage the site, or other reasonable steps to stop the sale or distribution of illegal drugs. The ultimate goal of this initiative is to send a message to drug dealers and property owners that the continued use of properties to facilitate the sale and distribution of illegal drugs in the city of Milwaukee is over. In 2006 the Unit opened 215 “known drug house” assignments and in 2007 the Unit has opened more than 75 additional “known drug house” assignments.

- In response to requests from the Common Council and the Milwaukee Police Department, the Community Prosecution Unit has begun an initiative to deal with chronic nuisance properties in the city that have been identified through requests for police service. Prior to this initiative, the only adverse action taken against these property owners was to bill them for police services. This new initiative is designed to identify problems that exist at these properties and to work with owners to formulate viable solutions and plans to resolve the continuing problems. Failure to implement an effective plan may result in a nuisance action leading to forfeiture of the property. The City Attorney’s Office anticipates as many 50 to 100 potential nuisance actions annually that may be commenced against these property owners where the Milwaukee Police Department provides information concerning the nature of the calls for police service and the results of the corresponding investigation. One hundred general nuisance referrals were received in 2006 and 54 have been received in 2007.
- The injunction against known prostitutes in the City of Milwaukee that was commenced in 1998 by the City Attorney’s Office in Milwaukee County Circuit Court has been expanded through the efforts of the Community Prosecution Unit. The number of individuals subject to the injunction has expanded over time with the addition of affected geographic areas and the addition (as well as several subtractions) of individuals. The injunction currently operates against more than 150 individuals, primarily female prostitutes. Those additions and modifications to the injunction against prostitution activity in Milwaukee are a direct result of the Community Prosecution Unit working with police officers and various community groups to combat prostitution in the city. This work has resulted in initial planning toward further modifying the procedures under the injunction, adding additional and alternative approaches or both. The City Attorney’s Office has been in discussion with the Police Department and with the District Attorney’s Office about measures used in other states to attach conditions to bail and probation requiring persons engaged in prostitution, including “johns,” to remain out of a designated area or areas. This permits the imposition of more immediate sanctions, including criminal penalties in some cases, when bail or probation conditions are violated.

- The Community Prosecution Unit closed 384 assignments in 2006 and has closed more than 231 assignments in 2007.

### **In Rem Tax Foreclosure**

- In accordance with Common Council Resolution File No. 030680, the City Attorney's Office developed a protocol, finalized in December of 2004, for pursuing *in rem* property tax foreclosures. This protocol is intended to assist departments in determining whether community-improvement-in-rem-foreclosure-actions should be undertaken for particular parcels. In early 2005, the protocol, in questionnaire form, was put on the City's MINT. The protocol has resulted in improved interdepartmental coordination and communication. *In Rem* foreclosure can be a useful tool in addressing certain nuisance properties. The protocol provides a process for compiling information needed under a number of alternative foreclosure scenarios and replaces a process referred to as the "Fast Track" foreclosure. Failure to move quickly on properties that present an environmental hazard may be detrimental to public health and result in deterioration and a raze order.
- On August 14, 2006 a foreclosure judgment was entered. Twenty-four property owners applied to the Common Council to reopen and vacate the judgment upon payment of judgment and costs. An additional foreclosure judgment was entered on August 13, 2007 which remains open.

### **In Personam Tax Collection Remedy**

#### **Background**

- On June 29, 2001, the Common Council (File No. 001773) authorized amending the Kohn Law Firm collection contract to include use of the *in personam* remedy for collection of delinquent real property taxes. The Kohn contract was amended, and in mid August of 2001, the entire "do-not-acquire list" (DNA List) was referred to Kohn for collection (approximately 351 parcels with over \$8,000,000 in delinquent taxes (principal, interest, and penalties).
- In 2002, as part of a test program desired by the Treasurer's Office (the "Treasurer's Test Program"), additional delinquent real property taxes were referred to Kohn for collection. The "test" was to see how Kohn would do on collecting the tax-year 2000 delinquencies against non-DNA List parcels.
- Under the Treasurer's Test Program, it was agreed that Kohn would charge a flat fee equal to 10% of the amount collected, and, that Kohn would only engage in pre-lawsuit collection activities. On June 13, 2002, the non-DNA List parcels with tax-year 2000 delinquencies were referred to Kohn.

- The Treasurer's Test Program lasted approximately 180 days. In 2003, the Common Council approved amending the Kohn Collection Contract. The amendment included establishing new fees pertaining to collection of real-property taxes. Subsequent to the amendment of the contract, the Treasurer – after the Treasurer had sent out a series of letters to delinquent owners attempting to collect – began referring all delinquent tax accounts (real and personal) to Kohn for collection. *In personam* actions therefore became the remedy of choice for tax collection for the City. Accounts that Kohn is not able to collect (e.g., unable to locate owner; asset-less owners, etc.) are then referred back to the Treasurer for possible *in rem* foreclosure.
- If a City department or Common Council member wishes to “shortcut” the above process by having the City employ the *in rem* remedy sooner, rather than later, the department or Common Council member may use the process outlined in the “Community-Improvement-In-Rem-Foreclosure Protocol” as an alternative.

### **Current *In Personam* Experience**

- A new 5-year contract has been entered with the Kohn Law Firm effective January 1, 2007. The revised terms of the contract are discussed at Page 11 in the discussion of the Collections Contract Special Purpose Account.
- According to the Kohn Law Firm, the number of real property tax collection files referred in 2006 was 3,431. The total amount collected on these referrals to date is \$6,590,811.03.
- The Kohn Law Firm reports that the number of real property tax collection files referred in 2007 to date is 3,889. The total amount collected to date on the files referred in 2007 is \$3,262,214.24. Amounts continue to be received on cases referred in 2007.
- Overall, the *in personam* program has continued to run smoothly and successfully. According to the City Treasurer's report to the Outstanding Debt Task Force, “the contract with the Kohn Law Firm is resulting in the collection of millions of dollars in unpaid taxes.”

### **Special Purpose Accounts**

Special Purpose Accounts (SPAs) are not included in departmental budgets but expenditure authority over them is typically extended to departments by virtue of Common Council resolution following budget adoption.

The City Attorney's Office administers five special purpose accounts. Proposed funding for the 2008 City Attorney SPAs totals \$3,665,000, which is a reduction of \$2,600,000 from the 2007 budget. The reduction is due to 3 factors. First, the 2007 Claims and Damages Fund SPA included an additional \$2,000,000 in contemplation of resolving the



*Alexander* litigation. Second, an amount of \$500,000 is anticipated in carryover from the 2007 Damages and Claims Fund SPA. Third, a combination of recalculations and reductions in insurance premiums have resulted in a \$100,000 reduction in the Insurance Fund SPA .

<b>Special Purpose Accounts</b>	<b>2005 Expenditure</b>	<b>2006 Budget</b>	<b>2007 Proposed</b>
Damages and Claims Fund	\$1,213,158	\$3,875,000	\$1,375,000
Insurance Fund	352,368	590,000	490,000
Outside Counsel/Expert Witness	211,587	225,000	225,000
Collection Contract	1,173,545	1,250,000	1,250,000
Receivership Fund	285,792	325,000	325,000
<b>Total</b>	<b>\$3,236,450</b>	<b>\$6,265,000</b>	<b>\$3,665,000</b>

### **Damages and Claims Account**

This account provides for payment of general liability judgments against the city. The 2007 Budget provided \$3.875 million for the Damages and Claims Account. This amount was \$2,000,000 greater than the amount provided in the 2006 budget due to the potential exposure of the *Alexander* judgment. A judgment against the City in *Alexander* was upheld by the Seventh Circuit Court of Appeals and directed that damage amounts be recalculated. The proposed funding for 2008 is based on the average of previous years and consideration of current legal trends. It also reflects an anticipated carryover of approximately \$500,000.

Approximately \$35,000 to \$55,000 is paid out monthly for routine claim and lawsuit payments. Another \$75,000 is paid annually for uninsured motorist claims.

Due to the unpredictable course of litigation, it is not possible to determine what, if any, major matters and cases could result in judgments/settlements in 2008. It is believed that the proposal to fund the Damages & Claims Fund at \$1.375 million is adequate and responsible and will allow funding of routine settlements based upon multiple years of experience. Additional matters pending could result in judgments/settlements that could be more than \$1 million. In the event that occurs, the City Attorney would be required to request additional funding for those judgments/settlements.

### **Insurance Fund**

Funds are provided in this account to pay the insurance premiums on various policies carried by the city, to pay for public officials' bonds and to pay the fee of the city's risk

management consultant, who advises the office on an as-needed basis. In 2005 an amount of \$691,000 was expended from this SPA. However, only \$352,368 was expended in 2006. The 2008 proposed budget allocates \$490,000 based upon premium adjustment and recalculations.

### **Outside Counsel/Expert Witness Fund**

Council File # 030183 places expenditure authority for the Outside Counsel/Expert Witness Fund Special Purpose Account in the City Attorney's Office and requests the City Attorney to advise the Judiciary and Legislation Committee in writing within 48 hours of the hiring of any outside counsel; that the City Attorney advise the Judiciary and Legislation Committee in writing within 48 hours of the retention of any expert whose compensation is anticipated to exceed \$10,000; and that the City Attorney submit a written report to the Judiciary and Legislation Committee every other meeting of expenditures from the Outside Counsel/Expert Witness Fund Special Purpose Account. The reports for 2006 and 2007 can be accessed as attachments to Council Files # 051004 and # 060942, respectively.

This account supports outside legal services in specific major court cases and experts in court and administrative matters. A primary purpose of this SPA is to minimize Contingent Fund exposure. Contingent Fund authorizations for additional appropriations to this SPA were necessary in 2005 totaling \$160,000. In 2007, the budgeted amount in this SPA for 2007 has been exhausted in large part due to unanticipated expenses in connection with litigation and consulting in the matter of AT&T's entry into the Milwaukee cable television market with the rollout of its U-VERSE system. An additional \$30,000 has been appropriated to the 2007 Outside Counsel/Expert Witness Fund SPA from the Contingent Fund at Council File # 070713. An additional \$70,000 has been reserved within the Contingent Fund in the event that 2007 obligations for outside counsel and experts should require.

The following cases and matters are currently being funded and will likely carry over to 2008:

*City v. Camp Dresser & McKee, Inc. (Breach of Contract - faulty sewer)*  
*City v. Terra Engineering & Construction Corp, CAN Insurance, Camp Dresser & McKee, Inc. (North Avenue Dam Restoration - Breach of Contract)*  
*Curtis Harris v. City (Police Excessive Force)*  
*Fields v. Nawotka (Police Shooting)*  
**Grzeca Law Group (Immigration Matters)**  
**Hayes, Thomas (Legal Consultant)**  
*Jude v. City (Police Excessive Force)*  
*Kaye v. City Appeal (Sale of Real Estate)*  
*Loth v. City Appeal (Retiree Health Insurance)*  
**McDonnell, Patrick (Legal Consultant)**  
**Miller & Van Eaton (AT& T Franchise Litigation and consulting)**  
*MPSO v. City (Breach of Contract)*

It is not possible to predict what new actions or potential claims may require use of the fund in 2008.

The 2008 proposed budget provides \$225,000 for this SPA, a similar amount as the 2005, 2006 and 2007 budgets.

A footnote added as an amendment to the 2007 budget reserving \$40,000 from this SPA to retain outside counsel for nuisance abatement has been retained in the 2008 budget. None of these reserved funds have been expended to date in the 2007 for outside counsel.

### **Collection Contracts**

The Collection Contract SPA pays the commission and fees of 2 private collection agency contractors for the collection of outstanding personal property taxes and city accounts receivable. The 2008 proposed budget provides \$1,250,000 for this account, a similar amount as in the 2005, 2006 and 2007 budgets. The Collection Contract SPA generates more than \$5 million in net revenue for the City.

The first contract is with the Kohn Law Firm for collection of taxes and other receivables. This is a new 5-year contract awarded following a competitive bid process. The contract was effective on January 1, 2007. The Kohn Law Firm held the previous contract. The new contract provides for reduced commissions for actions resolved both pre and post formal filing.

According to the Kohn Law Firm, it is difficult to determine whether reduced contract fees have had a measurable impact on expenditures from the Collection Contract SPA at present. Kohn indicates that the Firm is still in the process of collecting many accounts referred prior to 2007, and those accounts are still incurring fees under prior contract terms. Total collection and fee figures year-to-date would include a blend of the old and new collection rates and therefore would not provide a clear picture.

To date, the Kohn Law Firm has collected a total of \$3,712,441 pre-suit on accounts referred in 2007, which under the new contract has generated fees of \$360,694, for an overall effective rate of 9.72%. Also to date, the Firm has collected a total of \$5,661,443 pre-suit on accounts referred in 2006, which under the old contract has generated fees of \$608,780, for an overall effective rate of 10.75%.

In addition to the Kohn Law Firm contract, the Collection Contract SPA funds the activities of firm of Harris & Harris, which collects overdue Municipal Court judgments. The Municipal Court Collections contract expired at the end of March, 2007. An RFP was released in December of 2006 in a competitive process resulting in an award of the new contract to the firm of Harris & Harris. Expenditure from the Collections Contract SPA for this new contract will total \$810,000 annually. It is too early to determine the potential collection experience under the new contract. Minimal delays during an aggressive timetable for transition have been overcome.

It is important to note that the collection of outstanding Municipal Court judgments has been assisted by the expansion of the Tax Refund Intercept Program (TRIP).

### **Receivership Fund**

This Special Purpose Account was created in the 2003 budget and placed under the control of the City Attorney's Office.

Most of the Receivership SPA funding is allocated to the Woodlands Project (91<sup>st</sup> & W. Brown Deer Rd.) Activities that have been funded to date include: ongoing maintenance of city and NIDC-owned units, insurance, and interest and principal payments on the revolving line of credit that NIDC incurred in purchasing those units. The SPA funds are used for recurring receivership costs.

The City and NIDC have formulated a strategy with Habitat for Humanity to sell units to reduce NIDC's debt which is currently at \$330,000. Six units are currently pending sale and 10 to 15 are units are expected to be sold in 2008. These sales should result in reducing the debt to approximately \$180,000.

Because most of the money in the Special Purpose Account is devoted to the Woodlands Project, the availability for funds to initiate and maintain receivership actions to abate public nuisances, and to provide emergency services, is limited. The goal of the program is to become more aggressive in taking control of properties that are menacing to neighborhoods and become more actively involved in abating nuisance behavior problems.

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