

LRB-RESEARCH AND ANALYSIS SECTION

JUDICIARY & LEGISLATION COMMITTEE

ITEM 3, FILE # 060634

NOVEMBER 27, 2006

RICHARD L. WITHERS

File 060634 is a resolution authorizing the City Attorney to enter into a contract for the collection of receivables of the City of Milwaukee, and for approving the contract.

Background

1. The current collection contract for City receivables, entered with the Kohn Law Firm on January 7, 2002, as amended, will expire on December 31, 2006. Receivables include real property and personal property taxes and other City receivables.
2. In 2005, total collections under the Collection of Receivables contract exceeded \$8.1 million and collections are expected to exceed \$8.0 million in 2006.
3. Council File # 060162 authorized the City Attorney to request proposals for a new 5-year contract to begin January 1, 2007.

Discussion

1. A Request For Proposals (RFP) was prepared by the City Attorney reflecting recommendations of the Outstanding Debt Task Force including a recommendation that the State of Wisconsin's newly implemented Tax Refund Intercept Program (TRIP) be utilized where appropriate, thus reducing the work necessary for successful collection.
2. Six proposals were received, 3 from law firms and 3 from collection companies. Interviews were conducted with each firm and company. An evaluation team, consisting of representatives from the Treasurer's Office, the Department of Neighborhood Services, the Department of Public Works, the City Attorney's Office, and the City Purchasing Director, ranked the 6 proposals and recommended that the new 5-year contract be awarded the Kohn Law Firm.
3. The percent fees in the proposed contract are reduced from current levels and, in cases of recovery through Wisconsin TRIP, are limited to 5%.
4. The proposed contract reflects the City's policy to promote Emerging Business Enterprises (EBE Program) by requiring that 25% of cases be randomly assigned to EBE subcontractors or that personnel supplied by an EBE agency be utilized.
5. The proposed contract includes a "benchmarking" process for evaluating the ongoing quality and effectiveness of work performed by the Kohn Law Firm.

Fiscal Impact

This resolution and contract have no direct fiscal impact on City Budget values. Revenues from debt collection have been anticipated. Consistent past performance and favorable fee-for-success contract terms suggest that actual revenues may exceed current experience.

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