

April 6, 2001

Alderman Marvin Pratt
Common Council President
Room 205 – City Hall

Dear Alderman Pratt:

**Re: Resolution Authorizing Amendment
to Kohn Law Firm Collection
Services Contract**

I am enclosing a resolution for Council introduction. The resolution authorizes an Amendment, also enclosed, to the City's January 1, 1997 contract with the Kohn Law Firm. The Amendment expands the collection efforts of the Kohn firm to include in personam actions which the City Attorney's Office has deemed appropriate for filing against owners of parcels with delinquent real property taxes. The initial target of these efforts will be properties on the City's "do not acquire list."

Per an agreement with the Commissioner of the Department of City Development, funding for these efforts will initially come from the \$50,000 which the Council appropriated in Special Purpose Account No. A0001-1910-0001-SXXX-XXXXXX.¹ In an April 5, 2001 communication from the Kohn Firm, the Firm estimates that their initial efforts would result in gross collections of \$793,000. The estimated court costs (\$45,000) and fees (\$140,000) attributable to those collections would be \$185,000 resulting in an estimated \$608,000 in net City revenues over the remainder of this year. (The estimate for costs and fees is extremely rough given the lack of a statistical track record for this type of collection.) However, since only \$50,000 was appropriated in the 2001 budget for this purpose, the Council would have to appropriate, most probably from the contingent fund, an additional \$135,000 to cover the additional costs and fees attributable to these collections efforts. While I recommend this additional expenditure, given the potential revenue gain, I am open to other suggestions as to

¹ I believe that the \$50,000 was already transferred from 0001-1910-0001-S195-2001-006300, "Brownfields Remediation Outside Council" to 0001-1490-0001-S195-2001-006300, "Kohn *in personam* fees."

Alderman Marvin Pratt

April 6, 2001

how to fund that expenditure. When that decision is made, a fiscal note can be prepared. The budget director has been copied so that she may evaluate this issue.

Very truly yours,

GRANT F. LANGLEY
City Attorney

GFL:dms
Enc.

cc: Ron Leonhardt
Anthony Zielinski
Julie Penman
Wayne Whittow
Laura Engan
1049-2001-1105
39608