

*City of Milwaukee*

***OUTSTANDING DEBT  
TASK FORCE***

*Issued December 1, 2005*

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## **RECOMMENDATIONS OF CITY OF MILWAUKEE OUTSTANDING DEBT TASK FORCE**

### **INTRODUCTION**

The City of Milwaukee Outstanding Debt Task Force was created by Common Council File Number 041446 on April 12, 2005 and amended by Common Council File Number 050928 on November 15, 2005. (Appendix A)

The task force consists of the following members:

1. Two members appointed by the Common Council President.
2. The Mayor or the Mayor's designee.
3. The City Comptroller or the Comptroller's designee.
4. The City Treasurer or the Treasurer's designee.
5. The City Attorney or the Attorney's designee.
6. The Presiding Judge of the Municipal Court or the Judge's designee.
7. The Chief of Police or the Chief's designee.
8. The Director of Administration or the Director's designee.
9. The Commissioner of Public Works or the Commissioner's designee.
10. The Commissioner of Neighborhood Services or the Commissioner's designee.

Common Council File Number 041446 also authorizes that the Mayor may appoint others to the task force from the private and public sector to assist the task force in reaching its objectives.

### **MISSION STATEMENT**

The Task Force is charged to evaluate and make recommendations relating to procedures for collecting delinquent taxes, forfeitures, judgments and fees owed to the City of Milwaukee.

### **MEMBERSHIP**

*The Outstanding Debt Task Force consists of:*

*Ald. Terry Witkowski, Chair (Appointed by Common Council President)*

*Martin Collins, Vice Chair (Dept. of Neighborhood Services)*

*Kristine Hinrichs, Chief Court Administrator, (Municipal Judge designee)*

*Deputy Inspector Anna Ruzinski, Milw. Police Dept. (Police Chief's designee)*

*Robert Juhay, DOA (Director of Administration's designee)*

*Michael Daun, Deputy Comptroller (Comptroller's designee)*

*Wayne Whittow, Treasurer*

*Linda Burke, Deputy City Attorney, (City Attorney's designee)*

*Dorinda Floyd, (Public Works Commissioner designee)*

*Dennis Yaccarino, Budget Office (Appointed by Mayor)*

*Don Weihs (Appointed by Common Council President)*

*Rep. Leon Young, (Appointed by Mayor)*

## MEETING DATES

Meetings were held on the following dates in 2005:

May 13  
June 3  
June 22  
July 22  
August 10  
September 13  
October 24  
November 16  
November 30

Agenda and meeting minutes are attached as Appendices B through J

## RECOMMENDATIONS

*The Task Force has heard testimony from City departments, collection attorneys, collection agencies and others. The recommendations included in this report represent the "best potential" methods for improving the collection of the City's outstanding debt and for improving the collection process. Further inquiry and refinement through the normal process of the passage of these ideas through the legislative process is appropriate. Time has not allowed for the fullest possible vetting and for a complete review of their legality and enforceability.*

**We, the members of the City of Milwaukee Outstanding Debt Task Force recommend the following:**

- 1. That DOA-Intergovernmental Relations Division prepare legislation on the following issues:**
  - A. Amend Wisconsin State Statutes, Section 74.53 (4), to allow the City to recover the actual attorney fees incurred in the collection of outstanding razing charges and delinquent property taxes and interest and penalty charges through an in personam suit.**

*Currently, Wisconsin State Statutes, Section 74.53 (4), limits the City to recovering only the amount of the debt due. It is proposed to amend the statute as delineated below to allow the City to recover the actual attorney fees incurred in the collection of outstanding razing charges and delinquent property taxes and interest and penalty charges through in personam suit:*

*"(4) RECOVERY LIMITED. A county or a municipality that proceeds against a property owner under this section may not recover more than the amount owed plus interest and penalties, as well as the actual attorney fees incurred in the collection of said amounts."*

- B. Establish a time frame to adjudicate parking citations for cities of the first class (Appendix G-Exhibit 2). The language is permissive whereby the city may adopt by ordinance an alternative method for enforcement of parking violations. In**

addition, this ordinance would allow the Municipal Court to enter a default judgment without requiring signed acceptance of responsibility by the vehicle owner or violator. *Objection: Ms Hinrichs( Appendix H- Exhibit 2)*

- C. Allow for the towing/booting and impounding of vehicles for unpaid parking citations and refusal to release the vehicles until all outstanding citations are paid or adjudicated. This language is permissive whereby a city may tow or boot a legally parked or illegally parked vehicle for unpaid parking citations and hold the vehicle until citations are paid. *Objection: Rep. Young*
  - D. Expand existing statutory language to allow municipalities to use income assignment orders, which are more favorable to judgment creditors than conventional wage garnishments, to collect both forfeiture and non-forfeiture debts.
  - E. Municipal Court judgments include fees and surcharges that must be distributed to various governmental agencies. Work to achieve a more equitable distribution of Municipal Court collection costs through statutory revisions.
2. That the City Comptroller and City Treasurer develop a revenue collection policy for miscellaneous account receivables. The revenue collection policy would exclude property taxes, municipal court revenues, and parking fines.

*Although some City departments have developed good revenue collection practices, there are no citywide standards or guidelines on revenue collection. With the input of City departments, the City Comptroller and City Treasurer should develop a citywide revenue collection policy and forward the proposed policy to the Common Council for adoption. The policy should include:*

- *A guideline for when a payment is due if not established by contract, law, or specific business reason.*
  - *Guidelines on number, types, and timing of dunning letters and/or statements. City departments would need justification to vary from City standards.*
  - *Guideline on when delinquent accounts should be sent to the City's collection agency.*
3. That the City Comptroller and City Treasurer work to implement late payment fines, if appropriate.

*The City currently has a financing charge (interest) on delinquent property taxes. Parking fines also increase if not paid in a timely fashion. However, most other delinquent receivables or charges are currently not subject to late payment fees or interest. Late payment penalties would offset the lost of interest earning that would have been earned by the City if the payment was received in a timely fashion, and partially offset some of the collection costs. Late payment fees could also motivate a debtor to pay quicker.*

4. That the Comptroller's Office provide reports analyzing delinquent outstanding debt annually to the Common Council.

**5. That the Comptroller's Office and the City Attorney work together to develop a policy in regards to writing off the debt that does not fall within the statute of limitations. These write-offs should be disclosed in the report sited in recommendation #4 once this policy is ratified by the Common Council.**

**6. That the Comptroller's Office work with other departments to investigate the increased use of standard costs.**

*Standard costs could decrease staff time needed to prepare an invoice and allow for more timely billings.*

**7. That the Treasurer's Office devise a method to track and keep a record of those who repeatedly redeem their property to avoid foreclosure.**

**8. That departments with contracts with collection agencies should:**

- a. Continue to explore ways to reduce collection costs.
- b. Continue including performance measures in Requests for Proposals (RFP's).
- c. Continue to issue RFP's before current contracts expire to assure that the latest in collection techniques and rates are offered for consideration by the City.
- d. Explore and consider the use of multiple collection agencies in future RFP's if economically feasible and administratively practicable.
- e. Explore and consider including a pre-collection call campaign on delinquent accounts in future RFP's if economically feasible and administratively practicable.
- f. Explore ways to enhance contract specifications to improve collections efforts.

**9. That collection vendors continue to use every legal and commercially and economically viable means to collect outstanding debt.**

**10. That the Police Department find a better way to find and arrest egregious offenders.**

*Currently, the police department receives a top 100 Egregious Offenders list from Municipal Court on a quarterly basis. A great amount of preliminary work has to go into the list to identify current contact information in seeking and arresting these individuals. The police department will work with Municipal Court and receive only the top 20 offenders every 2 months to make it more manageable. Also, the police department will continue to work with other jurisdictions in the state to assist in the apprehension of these individuals.*

**11. That the Police Department seek restitution by incarcerated individuals.**

*The police department currently has a process in place for seeking restitution from arrested individuals who have damaged City property during the commission of a crime or while in police custody. The police department will contact the Department of Corrections in an attempt to raise awareness of the priority of recovery of the restitution by the guilty party.*

**12. That the Police Department initiate a media campaign regarding hit-and-run accidents.**

*The city on many occasions is left with the bill for city property damaged by hit-and-run crashes, and vandalism. While the police department actively investigates all hit-and-run crashes, sometimes there is little information and no witnesses to assist in the investigations. The police department will do a media campaign to educate citizens and encourage them to come forward and supply information when they are witness to the damage. This will assist the police in tracking down the people responsible so that restitution can be sought.*

**13. That DPW/others establish an education/media effort to advise the public of the consequences of having outstanding parking fines.**

*DPW should work with the police department and the Municipal Court to plan a campaign to educate the public on the possible ramifications of not paying tickets, such as the costs, towing, the effects on their credit rating, etc.*

*This program should involve radio, TV, newspaper, and printed material that can be sent to schools and work places. Parking related costs could come from the Parking Fund.*

In addition to these recommendations, the Outstanding Debt Task Force endorses the following DPW initiatives, related to the collection of unpaid parking citations that are currently being pursued with the State of Wisconsin's Department of Transportation (WisDOT):

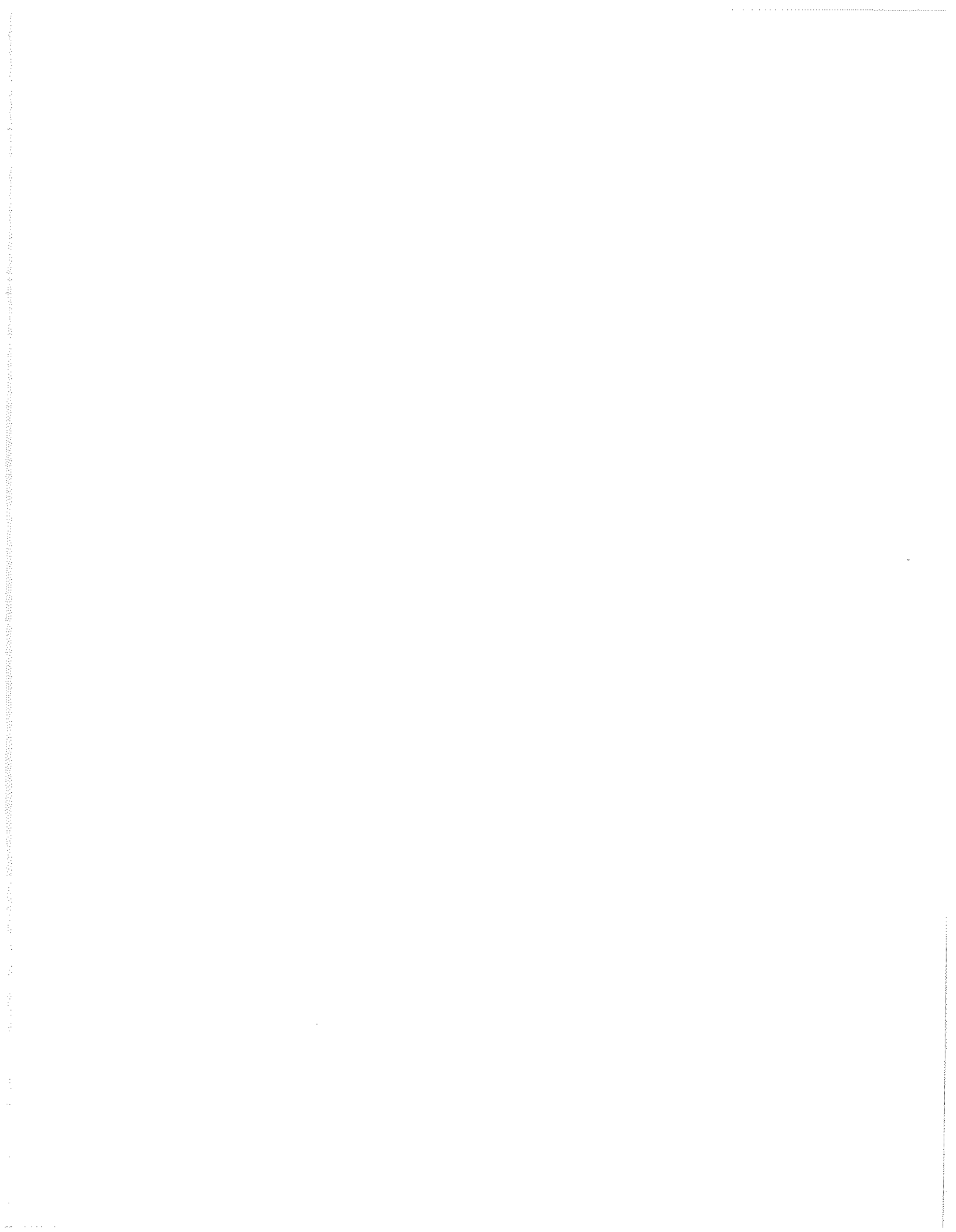
- **Batching Vehicle Registration Holds**

Currently, it is City policy to request a hold on a vehicle license plate registration if a parking citation is outstanding for more than 58 days. The State charges \$5 per registration hold. The City pays over \$500,000 each year to place vehicle registration holds. It is also City policy to place a hold on the oldest citation and not for every outstanding parking citation that is more than 58 days overdue. It would be cost prohibitive for the City to place a hold on every outstanding citation. In addition, if a hold is placed on a parking citation, the statute of limitations to adjudicate a citation increases from 2 years to 6 years.

The WisDOT has indicated that they would make a change to the Department of Motor Vehicle (DMV) database that would provide for "batch holds", whereby one hold would be placed for multiple outstanding parking citations that are overdue by 58 days. WisDOT has indicated that this change would be implemented by mid-January 2006.

- **Accessing Driver's License Numbers**

DPW has requested that WisDOT allow the City to obtain driver's license numbers for the owners of vehicles that have outstanding parking citations. This information would be used for the Tax Refund Intercept Program (TRIP), whereby the Department of Revenue would accept either social security numbers or driver's license numbers for certification purposes (this change was adopted this year). Because the City has been unable to obtain driver's license numbers from the DOT, the certification rate for TRIP has been less than 50%. The DOT has agreed to make modifications to the DMV database whereby the driver's license number would be provided when the City requests vehicle registered owner information. The DOT indicated that this change would be implemented by mid-January 2006.





# APPENDIX A



# City of Milwaukee

Office of the City Clerk

200 E. Wells Street  
Milwaukee, Wisconsin 53202

Certified Copy of Resolution

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FILE NO: 041446

**Title:**

**Substitute resolution creating a task force to study the collection of delinquent taxes, forfeitures, judgments and fees owed to the City of Milwaukee.**

**Body:**

Whereas, In April 2004 the City of Milwaukee was owed \$124.5 million in delinquent taxes, parking fines, and Municipal Court judgments and fees; and

Whereas, This lack of revenue adversely impacts the citizens of the City of Milwaukee through cuts in service and an increased property tax levy; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that a task force is created and shall consist of:

1. Two members appointed by the Common Council President.
2. The Mayor or the Mayor's designee.
3. The City Comptroller or the Comptroller's designee.
4. The City Treasurer or the Treasurer's designee.
5. The City Attorney or the Attorney's designee.
6. The Presiding Judge of the Municipal Court or the Judge's designee.
7. The Chief of Police or the Chief's designee.
8. The Director of Administration or the Director's designee.
9. The Commissioner of Public Works or the Commissioner's designee.
10. The Commissioner of Neighborhood Services or the Commissioner's designee.

; and, be it

Further Resolved, That the Mayor may appoint others to the task force from the private and public sectors that can assist the task force in reaching its objectives; and, be it

Further Resolved, That the Mayor shall designate the chair of the task force; and, be it

Further Resolved, That the task force is directed to evaluate and make recommendations relating to procedures for collecting delinquent taxes, forfeitures, judgments and fees owed to the City of Milwaukee; and, be it

Further Resolved, That the City Clerk's Office shall provide staff support to the task force; and, be it

Further Resolved, That all City departments are authorized and directed to cooperate with and assist the task force in carrying out its mission; and, be it

Further Resolved, That the task force may request assistance from non-city entities in carrying out its mission; and, be it

Further Resolved, That the task force shall submit its findings and recommendations to the Common Council within 180 days of adoption of this resolution, and shall thereafter be dissolved.



**I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Resolution Passed by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on April 12, 2005.**

*Ronald D. Leonhardt*

Ronald D. Leonhardt

November 21, 2005

Date Certified



**Tom Barrett**  
Mayor, City of Milwaukee

May 4, 2005

To the Honorable, the Common Council  
of the City of Milwaukee

Honorable Members of the Common Council:

I am pleased to appoint Alderman Terry Witkowski as Chairman of the Task Force on the Impacts of Convenient Cash Institutions. This appointment is pursuant to Common Council Resolution 041000. Alderman Witkowski's term will commence upon taking the oath of office.

This letter is for the information of your Honorable Body.

Respectfully submitted,

Tom Barrett  
Mayor

# City of Milwaukee

Office of the City Clerk

200 E. Wells Street  
Milwaukee, Wisconsin 53202

Certified Copy of Appointment

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FILE NO: 050513

**Title:**

Appointment of Leon Young to the Outstanding Debt Task Force by the Mayor. (15th Aldermanic District)



I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Appointment Placed On File by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on September 7, 2005.

*Ronald D. Leonhardt*

Ronald D. Leonhardt

November 21, 2005

Date Certified

# City of Milwaukee

Office of the City Clerk

200 E. Wells Street  
Milwaukee, Wisconsin 53202  
Certified Copy of Appointment

---

FILE NO: 050148

Title:  
Appointment of Dennis Yaccarino to the Outstanding Debt Task Force by the Mayor.



I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Appointment Placed On File by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on May 20, 2005.

*Ronald D. Leonhardt*

Ronald D. Leonhardt

November 21, 2005

Date Certified



**Tom Barrett**  
Mayor, City of Milwaukee

May 4, 2005

To the Honorable, the Common Council  
of the City of Milwaukee

Honorable Members of the Common Council:

I am pleased to appoint Mr. Dennis Yaccarino, 200 East Wells Street, Room 303, Milwaukee, Wisconsin, 53202, to the Outstanding Debt Task Force. This appointment is pursuant to Common Council Resolution 041446. Mr. Yaccarino's term will commence upon taking the oath of office.

This letter is for the information of your Honorable Body.

Respectfully submitted,

Tom Barrett  
Mayor



# City of Milwaukee

Office of the City Clerk

200 E. Wells Street  
Milwaukee, Wisconsin 53202

Certified Copy of Appointment

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FILE NO: 050113

**Title:**

Appointments of Ald. Terry Witkowski and Don Weiss to the Outstanding Debt Task Force by the Common Council President.



I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Appointment Placed On File by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on May 20, 2005.

*Ronald D. Leonhardt*

Ronald D. Leonhardt

November 21, 2005

Date Certified



**WILLIE L. HINES, JR.**



**COMMON COUNCIL PRESIDENT  
ALDERMAN, 15TH DISTRICT**

May 4, 2005

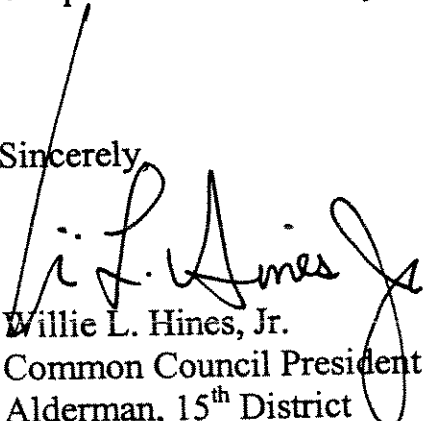
To the Honorable Common Council  
City Hall, Room 205  
200 East Wells Street  
Milwaukee, WI 53202

Dear Council Members:

This is to inform you that pursuant to resolution number 041446, I am appointing Terry Witkowski, Alderman, 13<sup>th</sup> District and Don Weiss, President, PVA Cost Containment Services, Milwaukee to the Outstanding Debt Task Force for a term of 6 months.

These appointments do not require confirmation by the Common Council.

Sincerely

  
Willie L. Hines, Jr.  
Common Council President  
Alderman, 15<sup>th</sup> District

*Handwritten notes:*  
19-C  
P. [unclear]  
[unclear]  
[unclear]

WLH:tlm

Cc: City Clerk Leonhardt

Terry MacDonald - Re: Revised 5/13/05 agenda

**From:** Derek Mosley  
**To:** Terry MacDonald  
**Date:** 5/9/2005 3:19:44 PM  
**Subject:** Re: Revised 5/13/05 agenda

Hi Terry, since its difficult to get a reserve judge for every meeting, I have designated the Chief Court Administrator for Municipal Court, Kristine Hinrichs, to act on behalf of the court. She will be in attendance at all of the upcoming meetings. Thank you for your time and attention to this matter. Judge Mosley

>>> Terry MacDonald 5/5/2005 4:39:41 PM >>>  
Attached is a revised Outstanding Debt Task Force Agenda.

I have made some changes to items 4 and 5.

Terry J. MacDonald, Staff Assistant  
City of Milwaukee  
City Clerk's Office  
200 E. Wells St., Room 205  
Milwaukee, WI 53202  
414-286-2233  
Fax: 414-286-3456

**From:** Laura Bergner  
**To:** Terry MacDonald  
**Date:** 5/2/2005 9:16:03 AM  
**Subject:** Outstanding Debt Task Force

~~Linda Burke will be Mr. Langley's designee on this task force.~~

Laura M. Bergner  
Milwaukee City Attorney's Office  
200 East Wells Street, Room 800  
Milwaukee, WI 53202  
Phone: (414) 286-2601  
Fax: (414) 286-8550  
Direct: (414) 286-2660  
E-Mail: lbergn@milwaukee.gov

**From:** "Jeffrey J. Mantes" <jmante@mpw.net>  
**To:** Terry MacDonald <TMACDO@milwaukee.gov>  
**Date:** 5/2/2005 11:51:45 AM  
**Subject:** Re: The first Outstanding Debt Task Force meeting is scheduled for May 13, 2005

~~Terry, I am appointing Dorinda Floyd to represent DPW on this Task Force.~~

Thanks  
Jeff

Quoting Terry MacDonald <TMACDO@milwaukee.gov>:

- > Please mark your calendars.
- >
- > The first Outstanding Debt Task Force's meeting is scheduled for May 13, 2005
- > at 1:30 P.M. in Room 301-B.
- >
- > To those appointee's who have not contacted me yet to let me know whether you
- > will appear as the member or will you have a designee, please do so as soon
- > as possible.
- > Thank you.
- >
- >
- >
- > Terry J. MacDonald, Staff Assistant
- > City of Milwaukee
- > City Clerk's Office
- > 200 E. Wells St., Room 205
- > Milwaukee, WI 53202
- > 414-286-2233
- > Fax: 414-286-3456
- >
- >

--  
Jeffrey J. Mantes P.E.  
Commissioner of Public Works  
City of Milwaukee-Department of Public Works  
Rm 501 Zeidler Municipal Building  
841 N. Broadway  
Milwaukee, WI 53202  
Ph. 414-286-3301  
FAX. 414-286-3953  
e-mail jmante@mpw.net

**CC:** Floyd Dorinda R <dfloyd@mpw.net>

**From:** Sharon Robinson  
**To:** Terry MacDonald  
**Date:** 4/27/2005 9:38:02 AM  
**Subject:** Re: Outstanding Debt Task Force

Hi Terry -

~~Just wanted to let you know that Robert Juhay (X8689) will serve as DOA's representative on the Outstanding Debt Task Force. If you have questions, please let me know.~~

>>> Terry MacDonald 4/22/2005 1:02:44 PM >>>

To whom it may concern,

As you may or may not know, the Common Council of the City of Milwaukee has created a task force to study the collection of delinquent taxes, forfeitures, judgments and fees owed to the City of Milwaukee. I Terry J. MacDonald, with the City of Milwaukee, City Clerk's Office will be the Staff Assistant for that task force. Therefore, if have any questions please feel free to contact me via e-mail or by phone at 286-2233.

At this time I would like to set up the 11 member task force, and what I need from the appointees (Common Council File #041446 below), is a confirmation on whether you will be attending or will you be appointing a designee. Could you please submit a response via e-mail or by phone as soon as possible.

The second step (After all the members have been named) would be for the Mayor to appoint a Chair. I will then meet with the Chair to setup the first meeting date and agenda. (I will contact all members to make sure they will be available on the selected date).

Respectfully,

Terry J. MacDonald  
Staff Assistant  
City Clerk's Office  
200 E. Wells St., Room 205  
414-286-2233  
FAX: 414-286-3456  
[tmacdo@milwaukee.gov](mailto:tmacdo@milwaukee.gov)

..Number  
041446

..Version  
SUBSTITUTE 1

..Reference

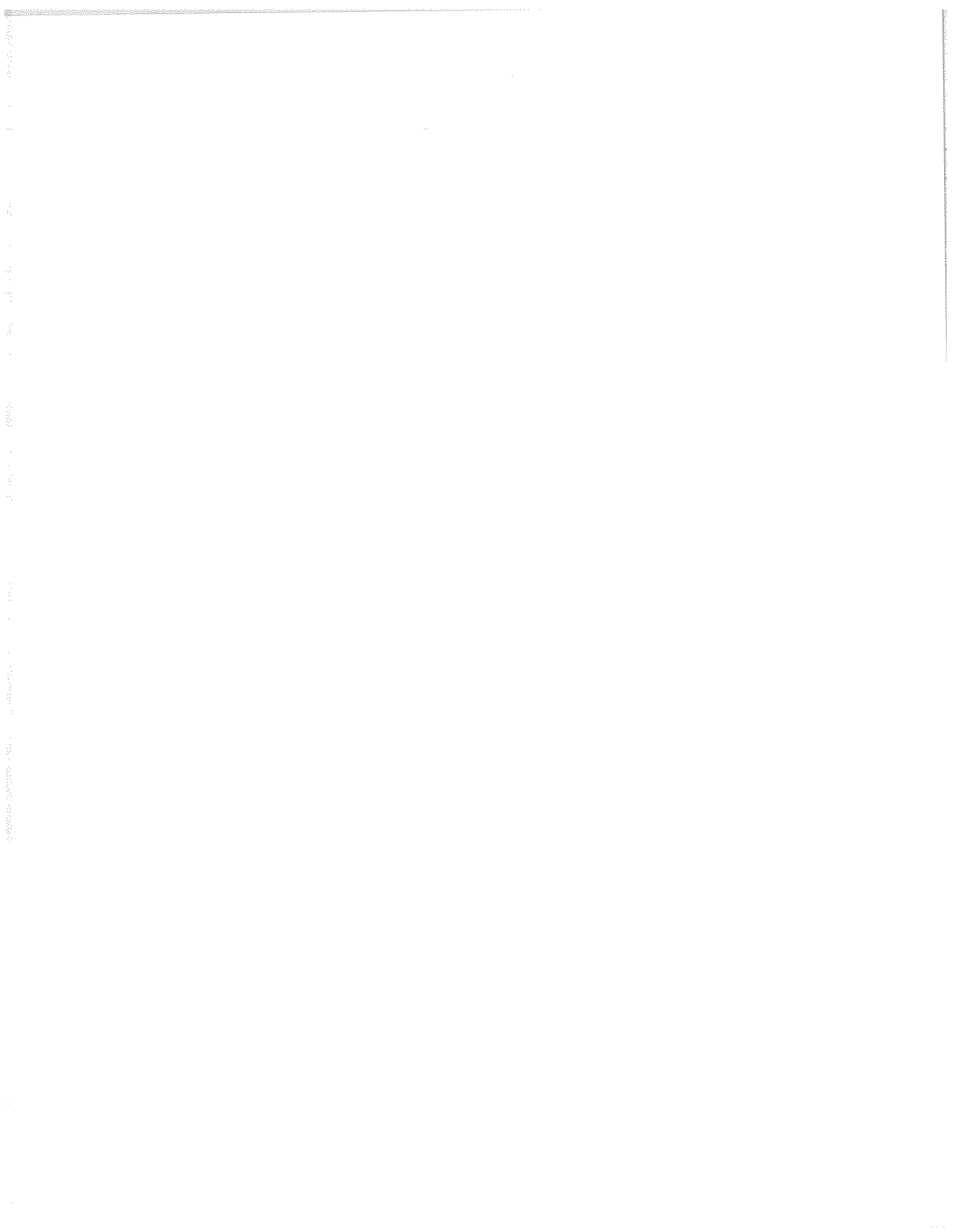
..Sponsor  
ALD. WITKOWSKI, HINES, WADE, MURPHY, BOHL, DONOVAN, BAUMAN, DAVIS, PUENTE, ZIELINSKI, DUDZIK, MCGEE, WITKOWIAK, and HAMILTON

..Title  
Substitute resolution creating a task force to study the collection of delinquent taxes, forfeitures, judgments and fees owed to the City of Milwaukee.

..Analysis  
This resolution creates a task force to examine the collection of delinquent taxes, forfeitures, judgments and fees owed to the City of Milwaukee. The task force shall evaluate present procedures for collecting the aforementioned monies owed to the City of Milwaukee, and present its findings and recommendations to the Common Council within 180 days of adoption of this resolution, and shall thereafter be dissolved.

..Body  
Whereas, In April 2004 the City of Milwaukee was owed \$124.5 million in delinquent taxes, parking fines,

# APPENDIX B





REVISED

**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino and Don Weihs

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

May 5, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **FRIDAY, MAY 13, 2005, at 1:30 P.M., in Room 301-B, City Hall, 200 East Wells Street, regarding:**

1. Introduction given by Mayor Barrett
2. Committee Member Introductions
3. Discussion of the Committee's Purpose
4. Report on delinquent account receivables given by the Comptroller
5. Report on delinquent tax collection activities given by the City Treasurer
6. Discussion on what the Committee should be looking at
7. Comments from the Public
8. Next meeting date, time and agenda

Respectfully,



RONALD D. LEONHARDT  
City Clerk

**PLEASE NOTE:**

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or other auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX) 286-3456, (TDD) 286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, City Hall (City Clerk's Office).

**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

**May 13, 2005  
Minutes**

Meeting Commenced: 1:34 P.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Anna Ruzinski, Robert Juhay, Michael Daun, Wayne Whittow, Dorinda Floyd, Dennis Yaccarino, Don Weihs and Assist. City Attorney Genevieve E. O'Sullivan-Crowley appeared on behalf of Deputy City Attorney Linda Burke

Excused: Linda Burke

Also present: Amy Hefter-LRB; Jim Carroll-LRB; Jim Hanna-Deputy City Treasurer; Jim Klajbor-Special Assist. To the City Treasurer; Cindy Angelos-DPW-Administration

**1. Introduction given by Mayor Barrett**

Kim Montgomery appeared and addressed the task force on behalf of Mayor Barrett.

**2. Committee Member Introductions**

The task force members introduced themselves as follows:

Assistant City Attorney Genevieve E. O'Sullivan-Crowley appeared on behalf of Deputy City Attorney Linda Burke.

Michael Daun, Comptroller's Office, noted that they handle accounts receivables.

Wayne Whittow, City Treasurer, noted that they handle property taxes.

Dorinda Floyd, DPW-Administration, noted that they handle parking citations and property damage – such as knockdowns of poles, signs and traffic signals.

Dennis Yaccarino, Dept. of Administration – Budget and Management Division.

Marty Collins, Commissioner of Dept. of Neighborhood Services, noted that his Dept. handles a variety of building code violations and if fines are not paid, those cost are put on the tax roll.

Kristine Hinrichs, Chief Municipal Court Administrator, noted that they handle penalties for payment of fine or forfeitures.

Captain Anna Ruzinski - MPD, noted that they not only issue citations but also arrest people on warrants. They also recommend special charges against nuisance properties.

Don Weihs, President of PVA Cost Containment Company, noted that they go after tax refunds and Medicaid recovery.

Robert Juhay, Dept. of Administration, noted that he works with contracts.

**3. Discussion of the Committee's Purpose**

Chairman Witkowski advised that this task force came about when the Comptroller's Office was asked, what is owed to the City of Milwaukee. He referred to the resolution that established the Outstanding Debt Task Force (Common Council File #041446) and stated that the resolution directs the Task Force to evaluate and make recommendations relating to procedures for collecting delinquent taxes, forfeitures, judgments and fees owned to the City of Milwaukee and that they are to report back to the Common Council within 180 days. He advised that at each of the meetings they will take a look at the different aspects listed above and also discuss any related thoughts the members may have. Chairman Witkowski asked the members to advise him of any suggestions they have related to the above topics; that they would like to discuss and he will add those to one of the future meeting agendas. He also advised that recommendations could be submitted as they go.

#### **4. Report on delinquent account receivables given by the Comptroller**

Mr. Daun from the Comptroller's Office briefly explained the City of Milwaukee's delinquent account receivables and how the City is currently dealing with them.

Mr. Egan from the Comptroller's Office gave a report on the amounts currently due to the City. He explained the amounts of delinquent data as noted in an e-mail dated 4/1/05 from Mr. Daun to Chairman Witkowski (Exhibit 1). He then explained miscellaneous account receivables. Chairman Witkowski asked if this is a report that the Comptroller's Office submits annually. Mr. Egan replied that there isn't an annual report, and advised that the report (data) was prepared by the request of Chairman Witkowski. Chairman Witkowski asked if the report could be done annually. Mr. Egan replied that would not be a problem.

Mr. Daun commented that more than half of the \$94 million (\$57 million) of delinquent parking citations are over three years past due and most are from out of state vehicles. Mr. Collins asked at what point are they written-off as uncollectables and could they be sold before it gets to the point of being written-off as uncollectables. Mr. Daun advised that the law dictates what they can and cannot do and/or restrains it, and that the City Attorney's Office has been very reluctant to have them write-off those items. He further commented that a new policy could come from this committee that would allow them to sell receivables that they consider definitely uncollectable. He then explained the borrowing aspect of delinquent receivables.

Mr. Collins asked if they could consider selling all the unpaid parking fines. Ms. Hinrichs replied that most of the fines are DPW not municipal court fines and further advised that parking citations have a 2-year statute of limitation. Ms. Floyd commented that parking citations have a 2-year statute of limitation to be adjudicated and can be extended up to 6 years for collection. Ms. Hinrichs advised that the statute of limitations could be extended if they register the debt with the Dept. of Transportation as a vehicle registration denial, but that has an expense. Ms. Floyd suggested that they could do an analysis of outstanding citations and collection efforts of parking tickets for discussion at a future meeting. Chairman Witkowski noted that would be a good discussion for a future meeting. Mr. Egan noted that he agrees with Mr. Collins comment on general misc. receivables being written-off. Mr. Collins noted that for most of the account receivables,

they do have a mechanism for writing them off, but for fines and forfeitures there isn't. Ms. Hinrichs advised that she would be willing to discuss at a future meeting the Municipal Courts collection process relative to fines and forfeitures.

##### **5. Report on delinquent tax collection activities given by the City Treasurer**

Mr. Whittow, Jim Klajbor and Mr. Robert Potrzebowski with the Kohn Law Firm appeared to address the committee.

Mr. Whittow referred to the report prepared by the Legislative Reference Bureau on Delinquent Tax Collection (Exhibit 2). Mr. Whittow then explained the Delinquent Real Estate Tax Collection Process (Exhibit 3).

Mr. Rob Potrzebowski explained that the Kohn Law Firm is a law firm and a collections law firm not a collection agency. He then commented on the Legislative Reference Bureau (LRB) report (Exhibit 2) as to some of the numbers stated in the report and explained that he finds that the numbers are actual higher than what is stated on page 3 of the LRB report. He then went on to explain their process on real estate tax collection. He gave statistics on files that they brought suit against. He explained different avenues they take in the collection of taxes. He feels that the City of Milwaukee is way ahead on the collection of delinquent taxes compared to other Cities. Mr. Collins asked if Kohn Law Firm gets cases from Professional Placement Services, L.L.C (PPS). Mr. Potrzebowski replied that Kohn Law Firm doesn't have that contract. Mr. Potrzebowski further noted that they get municipal receivables contracts that included taxes, DPW property damage, demolition cases and some miscellaneous. cases. Ms. Hinrich noted that Kohn Law Firm is a subcontract to PPS. (Exhibit 4 – Mr. Potrzebowski e-mail to Chairman Witkowski)

Chairman Witkowski referred to the City Treasurer's report and asked Mr. Whittow if the six letters are sent out before a voice contact takes place. Mr. Whittow replied that they send out four delinquent letters and the taxpayer usually contacts the City Treasurer's Office within a day or two after receiving them. Mr. Whittow further commented that they don't have a regiment as far as contacting the taxpayer by phone. Most taxpayers contact the Treasurer's office to make arrangements. Chairman Witkowski asked if there is a law that prohibits them from contacting those delinquent taxpayers after a certain time. Mr. Potrzebowski advised that he makes the telephone calls to the delinquent taxpayers and also noted that the letters sent out by the City Treasurer's Office and Kohn's Law firm are very effective.

Chairman Witkowski asked how big is the do not acquire list (DNA). Mr. Whittow replied that Dept. of City Development could best answer that question, because the City Treasurer's Office doesn't deal with inspecting property for possible contamination. Mr. Klajbor advised that he could supply a report as to what properties are flagged as DNA on the tax collection system. Chairman Witkowski asked if there are a number of repeaters. Mr. Whittow noted that there are some people who know how to stay out of court. Mr. Klajbor advised that there are certain people who knows how the process works and that causes a waste of money for the City, because those people anti up at the last minute. Mr. Potrzebowski added that the program is a benefit to the City, because some of the debtors are being educated that the City is serious about collection. Chairman Witkowski noted that as far as repeat offenders, this task force could make a

recommendation to change state laws on collection. Mr. Duan referred to an audit report they did a couple of years ago on the Health Department and in it there was a recommendation to publish the inspection results for restaurants. He then questioned whether there would be any merit to publishing a list of offenders. Mr. Kaljbor advised that all delinquent tax accounts are listed on the web site already, and that is republished monthly. Mr. Collins referred to a City Attorney opinion he received regarding posting offenders on Channel 25.

Mr. Whittow commented that when he first became the City Treasurer, they were behind seven years and had to wait 3 years from the day of delinquency to begin a foreclosure action, and they finally got it down to 1 year. He advised that legislators are hesitant to take someone's property. He further commented that there is an existing bill that would delay charging interest on delinquent tax accounts and another bill where the taxpayer is required to pay interest for only one month and could do that all year. Mr. Whittow suggested they should get some legal advice on publishing those names. Mr. Kaljbor advised that one of the performance measures in their budget is the cost of tax collections. Mr. Yaccanino advised that they went to borrowing, because there was no liquidity in the fund balance, it is just all delinquent taxes, and in order to use that fund as an operating revenue they had to make it liquid, that was one of the major driving forces. The other force is the way that it is borrowed. Mr. Yaccanino further noted that it may have to be restructured and he isn't sure what financial problems that would cause. Mr. Yaccanino then noted that state law allows, that after a property is foreclosed on and the city takes the property, once the city sells the property the owner has the right to get the money for the sale minus the taxes owed.

Mr. Juday asked if data is available on properties, as to whether it is owner occupied or not. Mr. Kaljbor explained that as far as foreclosures there isn't and it doesn't matter to them. He further noted that Treasurer's Office could only run a report by property class, which would tell you which properties are residential or commercial. Mr. Kaljbor advised that the DNS database could tell whether property is owner occupied or not. Mr. Potrzebowski explained that when it gets to him, they do consider what kind of property it is, because it determines how to proceed with collection.

## **6. Discussion on what the Committee should be looking at**

Chairman Witkowski asked the committee what they should discuss at future meetings. Mr. Daun referred to the suggestions given by Ms. Floyd regarding those departments/members that do billing, could explain the process they take in collection of funds. Ms. Floyd advised that DPW plays a major roll in the parking citation issuance and collection process and in addition to that DPW also does a lot of billing for knock-downs such as streetlight, traffic signs and poles and the process is a little bit different than the delinquent tax process. She advised that she could do a presentation on both of those activities. Chairman Witkowski noted that both of those items should be taken up separately. Ms. Floyd noted that it would be best to do the parking citation process at the next meeting and DPW accounts receivables as it relates to property damage at a later meeting. (June 3 meeting – DPW parking citation, June 22 DPW – accounts receivables – property damages.) Ms. Hinrichs advised that she could give a presentation at the June 22 meeting on municipal fines and forfeitures. Captain Ruzinski advised that they do need to see all the processes before they could make recommendations on how to better them.

Mr. Daun asked Captain Ruzinski if she or someone from the Police Department could present to the committee with regards to some of the processes before billing or during the violation that neither Ms. Floyd or Ms. Hinrichs would be a part of. Ms. Hinrichs advised that they provide the Police Department and Channel 25 with a quarterly offender list, which is a list of the top 100 warrants, list by amounts owed. And when the Police Dept. has the time to work on those arrests warrants. Ms. Ruzinski advised she could give a presentation on July 22, after the Municipal Courts (Ms. Hinrichs) presentation, on the arrest process and she will also look into other types of programs that surrounding states have that they could tap into. Mr. Collins advised that he could give a presentation regarding the Dept. of Neighborhood Services process on property violation collections.

#### **7. Comments from the Public**

Ms. Pauline Kussart, President and Eric Summers, Director of Business Development and Risk Management with H.E. Stark Agency, Inc. appeared and addressed the committee. Ms. Kussart stated that their company deals in cash flow management. She further stated that they appeared here today to learn and to find out what this task force's needs are. She further commented that their biggest share of work comes from municipalities. Ms. Kussart explained the process their company takes in delinquent account receivable collections. She also explained how they use credit bureau reports. Mr. Summers explained his activities in risk management and what they are looking to do. Mr. Summers then gave a handout to the task force called "Executive Summary" (Exhibit 5). Ms. Pauline then commented on tax refund interception process.

#### **8. Next meeting date, time and agenda**

Friday, June 3, 2005 at 9:00 A.M. in Room 301-B.  
Wednesday, June 22, 2005 at 1:30 P.M. in Room 301-B.  
Friday, July 22, 2005 at 9:00 A.M. in Room 301-B.  
Wednesday, August 10, 2005 at 9:00 A.M. in Room 301-B.  
Friday September 9, 2005 at 9:00 A.M. in Room 301-B.

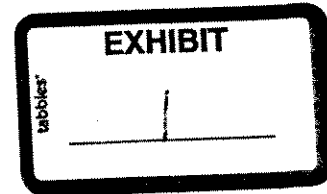
Captain Ruzinski noted that she would not be able to attend the June 3, 2005 meeting.

*Meeting Adjourned: 3:14 P.M.*

*Terry J. MacDonald  
Staff Assistant*







**From:** Michael Daun  
**To:** Witkowski, Terry  
**Date:** 4/1/2005 11:08:09 AM  
**Subject:** Delinquencies Data

Terry,  
The info you were seeking as assembled by our staff with the aid of the muni courts and DPW Admin:

Property Tax Delinquencies.....\$23,449,334

Parking Citation Delinquencies.....\$94,843,931\*  
\* Of this total \$57,326,328 is over three years delinquent.

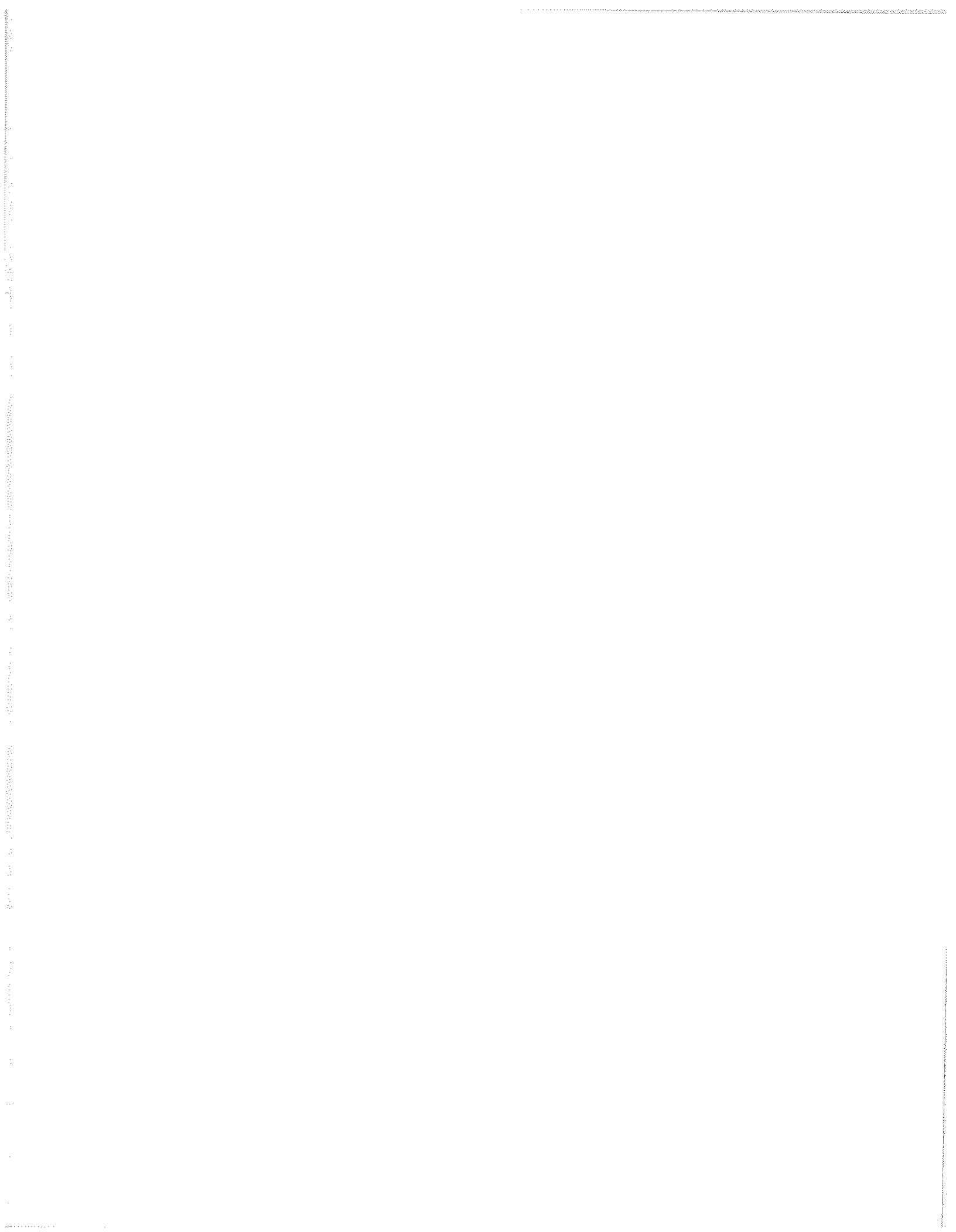
Outstanding Municipal Fines.....\$22,168,670

We are sending a letter down to you this morning with this info and related support info. Please call X2304 if questions.

Mike Daun

**CC:** Daun, Michael; Larry, Frederick; Morics, Wally; Wyss, Mark

140,411,935



**MEMORANDUM**

**To:** Ald. Terry Witkowski  
**From:** Jeff Osterman, Legislative Reference Bureau  
**Date:** May 2, 2005  
**Subject:** TAX DELINQUENCY IN THE CITY OF MILWAUKEE

+++++

**THE EXTENT OF THE "PROBLEM"**

The following table shows the total amount of delinquent taxes owed to the City of Milwaukee in each of the past 6 tax levy years, as well as the percentage of each year's delinquencies that has been collected and the percentage of the year's total tax levy that the outstanding delinquencies represent. All figures are current as of April 5, 2005. Also, please note that these figures include both real property taxes and personal property taxes (although real estate taxes account for nearly 95% of the total).

<b>CITY OF MILWAUKEE TAX DELINQUENCIES, 1999-2004</b>				
Year	Total Delinquencies	Percent Collected	Still Outstanding	Pct. Of Year's Total Tax Levy Outstanding
1999	\$26,418,407	92.5%	\$445,611	0.13%
2000	\$33,519,461	93.8%	\$621,779	0.16%
2001	\$35,243,331	92.3%	\$1,261,272	0.31%
2002	\$37,310,523	90.0%	\$3,169,247	0.74%
2003	\$39,380,625	77.1%	\$8,463,190	1.93%
2004	\$35,156,719	19.0%	\$28,480,204	6.04%

Note: The amount of taxes outstanding is less than the total delinquencies minus the amount collected because the City Treasurer also "writes off" about \$1.5 million in uncollectable taxes annually. Common reasons for writing off taxes are 1) the City acquires a property through in rem foreclosure; 2) the statute of limitations for collecting delinquent taxes (11 years for real estate accounts) expires.

At first glance, it appears that the City's tax delinquencies have soared in recent years - from \$26.4 million in 1999 to \$39.4 million in 2003, a 49.1% increase (the 2004 figure cannot be used in the comparison, since some 2004 accounts on the installment plan may yet go delinquent). However, the City's total tax levy increased 30.3% during this same period, meaning that a sizeable portion of the increase in the amount of delinquent taxes can be attributed to overall growth in the tax levy.

What the table above clearly shows is that, over a relatively short period of time, the vast majority of the City's delinquent taxes are collected. For example, looking at the figures for levy year 2002, the collection cycle of which closed just over 2 years ago (January 31, 2003), we see that 90% of all delinquent taxes have already been collected and that the amount that is still outstanding represents less than 1% of that year's

total tax levy. Put another way, we can say that over 99% of the City's 2002 tax levy has been successfully collected.

Another observation that can be made is that, of the \$42.4 million in outstanding delinquent taxes shown in the table, two-thirds (\$28.5 million) is from the last year alone and 87% (\$36.9 million) is attributable to delinquencies from the past 2 levy years. This can be explained by the fact that the delinquent-tax collection process administered by the City Treasurer's Office lasts about 2.5 years, and 2003 and 2004 delinquencies are still being actively pursued for collection. It also suggests that, when the delinquency situation is viewed over multiple years, the City does not have a delinquent taxes "problem", since the vast majority of delinquencies are recent delinquencies that have not yet gone through the full collection process. The amounts outstanding from years that have gone through the full process (2001 and earlier) are quite small, especially when compared to the total tax levies for those years.

Data from the City Treasurer's Office also suggest that the City's tax-delinquency situation is not worsening. From February, 2004, to February, 2005, the number of delinquent real estate accounts decreased from 26,979 to 24,545, while the total value of outstanding real estate taxes (all levy years) decreased from \$50.7 million to \$48.9 million.

#### THE DELINQUENT TAX COLLECTION PROCESS

Under the Wisconsin Statutes, Milwaukee City Charter and Milwaukee Code of Ordinances, the City Treasurer is responsible for the collection and settlement of property taxes, including delinquent taxes. The City pursues delinquent taxes through both *in personam* judgments (which allow delinquent taxes to be recovered from the property owner's personal assets) and *in rem* judgments (in which the City takes title to tax-delinquent properties).

Attached you will find the tax collection timetables for the 2002, 2003 and 2004 tax levy years. As you can see, the process begins with a series of 4 letters to the property owner from the City Treasurer's Office. This is followed by 2 letters from the City Attorney's Office threatening legal and collection actions. Next, the remaining delinquent accounts are referred to the collection agency under contract with the City, the Kohn Law Firm. For a period of 6 months, Kohn works to make payment arrangements with delinquent property owners, pursues *in personam* judgments where deemed advisable under the City Attorney's guidelines and pursues post-judgment actions where deemed advisable. Finally, in December of the year following the year in which the accounts became delinquent, the City Treasurer takes steps preliminary to *in rem* foreclosure for the remaining uncollected accounts. An *in rem* foreclosure suit is filed in Milwaukee County Circuit Court in April of the following year, with foreclosure judgment decisions typically rendered in July. If a judgment is in favor of the City, the property owner has 45 days to file a "vacation of judgment" petition with the Common Council to attempt to get the property back.

After the period to petition for "vacation of judgment" ends, the City Treasurer writes off all accounts of properties acquired by the City through *in rem* judgments to the Delinquent Tax Fund. This is the end of the delinquent tax collection cycle - about 2 years and 8 months after the first delinquency letter is sent by the City Treasurer.

The most recent step in the delinquent tax collection process is highlighted in pink on each of the attached timetables. For delinquent accounts from the 2002 tax levy year, the City just filed an *in rem* foreclosure suit in Milwaukee County Circuit Court. Delinquent 2003 accounts have just been transferred to the Kohn Law Firm for collection actions. Delinquent 2004 accounts are at a very preliminary phase of the process -- the second of the 4 letters from the City Treasurer was sent out in April.

It should be noted that only a small fraction of delinquent tax accounts must go through the entire process. For example, only 10% of the total delinquencies from 2002 (on a dollar-value basis) remain uncollected. This means that only one-tenth of delinquencies from that tax levy year have gone as far as the beginning of the *in rem* foreclosure process. The remaining 90% were collected as property owners responded to the letters from the City Treasurer or City Attorney or to the collection actions of the Kohn Law Firm.

#### CONTRACT WITH KOHN LAW FIRM

As mentioned earlier, the City has entered into a contract with the Kohn Law Firm for collection of delinquent taxes. This 5-year contract, which expires at the end of 2006, is for collection of City accounts receivable (e.g., payments for damages to City property), as well as outstanding taxes. The contract is funded by the Collection Contract Special Purpose Account, which is funded at the level of \$1.25 million in the 2005 City Budget (it also funds a similar arrangement with another contractor for collection of past-due Municipal Court judgments). Also, Kohn retains between 8% and 20% of the delinquent taxes collected, depending on the amount collected and whether the collection is pre-lawsuit or post-lawsuit.

According to Special Deputy City Treasurer Jim Klajbor, Kohn Law Firm generally collects about 50% of the delinquent taxes that are referred to it. Last spring, the City Treasurer referred \$3,080,787 in delinquent property taxes to Kohn for its 6-month collection process. By November, Kohn had collected 46% of this amount. Thus, the contract with Kohn Law Firm is resulting in the collection of millions of dollars in unpaid taxes. It also greatly reduces the need for the City to resort to the *in rem* foreclosure procedure and, therefore, allows the City to avoid the costs of maintaining and disposing of foreclosed properties.

**City of Milwaukee  
Tax Collection Time Table**

***Delinquent Real Estate Property Taxes - 2002 Tax Levy***

<u>Date</u>	<u>Description of Action Step</u>
December 13, 2002	2002 Combined Property Tax Bill
	<b><i>City Treasurer's Delinquent Tax Bills / Collection Letters (Series of Four Letters)</i></b>
February 06, 2003	Annual Delinquent Tax Bill (Includes Tax Certificate Notice)
April 08, 2003	Failure to Respond to First Notice Delinquent Real Estate Tax Bill
June 06, 2003	Serious Concern Notice Delinquent Real Estate Tax Bill
August 06, 2003	Failure to Respond to Serious Concern Notice Delinquent Real Estate Tax Bill
	<b><i>City Attorney's Delinquent Tax Bills / Collection Letters (Series of Two Letters)</i></b>
November 07, 2003	Eligible for Legal Action Notice Delinquent Real Estate Tax Bill
April 06, 2004	Failure to Respond to Eligible for Legal Action Notice Delinquent Real Estate Tax Bill City Treasurer provides list of tax accounts potentially eligible for transfer to the collection agent to the Departments of City Development, Health, and Neighborhood Services.
	<b><i>Collection Agent Action (Six Month Period)</i></b>
May 14, 2004	Accounts transferred to collection agent (Kohn Law Firm) for collection action.  Collection agent works accounts, makes payment arrangements, pursues inpersonam judgments where deemed advisable under City Attorney's guidelines, and pursues post judgment remedies where deemed advisable.
November 30, 2004	Collection agent returns last of accounts found uncollectible, in bankruptcy, and those found ineligible under guidelines for inpersonam suit to City Treasurer.
	<b><i>Last Resort Collection Action (Inrem Foreclosure - File 2005-1)</i></b>
December, 2004	City Treasurer codes tax accounts to be included in inrem foreclosure action.
January, 2005	City Treasurer provides list of tax delinquent parcels eligible for foreclosure action to the Department of City Development for contamination screening. City Treasurer requests title reports from Chicago Title Insurance Company for all residential parcels to be included in inrem foreclosure action.
February, 2005	Department of City Development completes contamination screening of tax delinquent parcels.  City Treasurer codes tax accounts added to do not acquire list by the Department of City Development. City Treasurer requests balance of title reports from Chicago Title Insurance Company for remainder of commercial parcels to be included in inrem foreclosure action.
March, 2005	Chicago Title Insurance Company completes all title reports for the tax delinquent parcels to be included in the inrem foreclosure action. City Treasurer completes editing of interested party information and begins compilation of inrem foreclosure file.
<b>April, 2005</b>	<b>Inrem foreclosure suit filed in Milwaukee County Circuit Court</b>
June, 2005	Redemption Period Ends (minimum of eight weeks from first publication date).
July, 2005	Answer Period Ends (thirty days from when redemption period ends). Foreclosure judgment taken (dependent on court calendar). The Department of City Development assumes responsibility for property management of the tax delinquent parcels acquired through inrem foreclosure judgment and begins marketing efforts to sell parcels acquired.
August, 2005	Requests to vacate judgment through the Common Council accepted (forty-five day period from judgment date).
September, 2005	Vacation of judgment hearing before Judiciary and Legislation Committee. Common Council action on requests for vacation of judgment.
October, 2005	City Treasurer writes off judgment accounts to the Delinquent Tax Fund.

**City of Milwaukee  
Tax Collection Time Table**

***Delinquent Real Estate Property Taxes - 2003 Tax Levy***

<u>Date</u>	<u>Description of Action Step</u>
December 12, 2003	2003 Combined Property Tax Bill
	<b><i>City Treasurer's Delinquent Tax Bills / Collection Letters (Series of Four Letters)</i></b>
February 10, 2004	Annual Delinquent Tax Bill (Includes Tax Certificate Notice)
April 06, 2004	Failure to Respond to First Notice Delinquent Real Estate Tax Bill
June 09, 2004	Serious Concern Notice Delinquent Real Estate Tax Bill
August 06, 2004	Failure to Respond to Serious Concern Notice Delinquent Real Estate Tax Bill
	<b><i>City Attorney's Delinquent Tax Bills / Collection Letters (Series of Two Letters)</i></b>
November 09, 2004	Eligible for Legal Action Notice Delinquent Real Estate Tax Bill
March 08, 2005	Failure to Respond to Eligible for Legal Action Notice Delinquent Real Estate Tax Bill
April 08, 2005	City Treasurer provides list of tax accounts potentially eligible for transfer to the collection agent to the Departments of City Development, Health, and Neighborhood Services.
	<b><i>Collection Agent Action (Six Month Period)</i></b>
<b>April 15, 2005</b>	<b>Accounts transferred to collection agent (Kohn Law Firm) for collection action.</b>
	Collection agent works accounts, makes payment arrangements, pursues inpersonam judgments where deemed advisable under City Attorney's guidelines, and pursues post judgment remedies where deemed advisable.
November 30, 2005	Collection agent returns last of accounts found uncollectible, in bankruptcy, and those found ineligible under guidelines for inpersonam suit to City Treasurer.
	<b><i>Last Resort Collection Action (Inrem Foreclosure - File 2006-1)</i></b>
December, 2005	City Treasurer codes tax accounts to be included in inrem foreclosure action.
January, 2006	City Treasurer provides list of tax delinquent parcels eligible for foreclosure action to the Department of City Development for contamination screening. City Treasurer requests title reports from Chicago Title Insurance Company for all residential parcels to be included in inrem foreclosure action.
February, 2006	Department of City Development completes contamination screening of tax delinquent parcels.  City Treasurer codes tax accounts added to do not acquire list by the Department of City Development. City Treasurer requests balance of title reports from Chicago Title Insurance Company for remainder of commercial parcels to be included in inrem foreclosure action.
March, 2006	Chicago Title Insurance Company completes all title reports for the tax delinquent parcels to be included in the inrem foreclosure action.
April, 2006	City Treasurer completes editing of interested party information and begins compilation of inrem foreclosure file. Inrem foreclosure suit filed in Milwaukee County Circuit Court.
June, 2006	Redemption Period Ends (minimum of eight weeks from first publication date).
July, 2006	Answer Period Ends (thirty days from when redemption period ends). Foreclosure judgment taken (dependent on court calendar). The Department of City Development assumes responsibility for property management of the tax delinquent parcels acquired through inrem foreclosure judgment and begins marketing efforts to sell parcels acquired.
August, 2006	Requests to vacate judgment through the Common Council accepted (forty-five day period from judgment date).
September, 2006	Vacation of judgment hearing before Judiciary and Legislation Committee. Common Council action on requests for vacation of judgment.
October, 2006	City Treasurer writes off judgment accounts to the Delinquent Tax Fund.

**City of Milwaukee  
Tax Collection Time Table**

***Delinquent Real Estate Property Taxes - 2004 Tax Levy***

<b>Date</b>	<b>Description of Action Step</b>
December 10, 2004	2004 Combined Property Tax Bill
	<b><i>City Treasurer's Delinquent Tax Bills / Collection Letters (Series of Four Letters)</i></b>
February 08, 2005	Annual Delinquent Tax Bill (Includes Tax Certificate Notice)
<del>April 06, 2005</del>	<del>Failure to Respond to First Notice Delinquent Real Estate Tax Bill</del>
June 07, 2005	Serious Concern Notice Delinquent Real Estate Tax Bill
August 08, 2005	Failure to Respond to Serious Concern Notice Delinquent Real Estate Tax Bill
	<b><i>City Attorney's Delinquent Tax Bills / Collection Letters (Series of Two Letters)</i></b>
November 08, 2005	Eligible for Legal Action Notice Delinquent Real Estate Tax Bill
April 06, 2006	Failure to Respond to Eligible for Legal Action Notice Delinquent Real Estate Tax Bill City Treasurer provides list of tax accounts potentially eligible for transfer to the collection agent to the Departments of City Development, Health, and Neighborhood Services.
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April 14, 2006	Accounts transferred to collection agent (Kohn Law Firm) for collection action.  Collection agent works accounts, makes payment arrangements, pursues inpersonam judgments where deemed advisable under City Attorney's guidelines, and pursues post judgment remedies where deemed advisable.
November 30, 2006	Collection agent returns last of accounts found uncollectible, in bankruptcy, and those found ineligible under guidelines for inpersonam suit to City Treasurer.
	<b><i>Last Resort Collection Action (Inrem Foreclosure - File 2007-1)</i></b>
December, 2006	City Treasurer codes tax accounts to be included in inrem foreclosure action.
January, 2007	City Treasurer provides list of tax delinquent parcels eligible for foreclosure action to the Department of City Development for contamination screening. City Treasurer requests title reports from Chicago Title Insurance Company for all residential parcels to be included in inrem foreclosure action.
February, 2007	City Treasurer provides list of tax delinquent parcels eligible for foreclosure action to the Department of City Development for contamination screening. City Treasurer requests title reports from Chicago Title Insurance Company for all residential parcels to be included in inrem foreclosure action. Department of City Development completes contamination screening of tax delinquent parcels.  City Treasurer codes tax accounts added to do not acquire list by the Department of City Development. City Treasurer requests balance of title reports from Chicago Title Insurance Company for remainder of commercial parcels to be included in inrem foreclosure action.
March, 2007	Chicago Title Insurance Company completes all title reports for the tax delinquent parcels to be included in the inrem foreclosure action. City Treasurer completes editing of interested party information and begins compilation of inrem foreclosure file.
April, 2007	Inrem foreclosure suit filed in Milwaukee County Circuit Court.
June, 2007	Redemption Period Ends (minimum of eight weeks from first publication date).
July, 2007	Answer Period Ends (thirty days from when redemption period ends). Foreclosure judgment taken (dependent on court calendar). The Department of City Development assumes responsibility for property management of the tax delinquent parcels acquired through inrem foreclosure judgment and begins marketing efforts to sell parcels acquired.
August, 2007	Requests to vacate judgment through the Common Council accepted (forty-five day period from judgment date).
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October, 2007	City Treasurer writes off judgment accounts to the Delinquent Tax Fund.



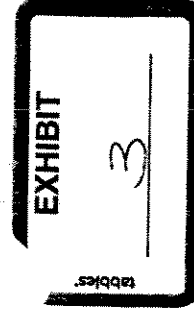
# **THE DELINQUENT PROPERTY TAX COLLECTION PROCESS**

A Presentation to the  
Outstanding Debt Task Force

by:

**Wayne F. Whittow**  
Milwaukee City Treasurer

on Friday, May 13, 2005



# **THE CITY OF MILWAUKEE DOES NOT HAVE A DELINQUENT TAX COLLECTION PROBLEM**

- The City Treasurer collected an average of 99.83% of the City taxes due for the levy years 1998-2001
- Of the City taxes that went delinquent, the City Treasurer collected an average of 92.54% for the levy years 1998-2001
- Outstanding delinquent taxes DO NOT adversely impact citizens and businesses through cuts in service or increased taxes

# **Delinquent Tax Fund**

- Annually in early spring, the Delinquent Tax Fund purchases the outstanding delinquent City taxes receivable at the previous year end to make the general fund whole through use of borrowed monies
- To date, the Delinquent Tax Fund has had sufficient revenue to cover the debt service on the borrowed monies, the fees and costs of the collection agent, and the write off of foreclosed parcels and legally unenforceable tax accounts

# The Tax Collection Process

- The Wisconsin State Constitution and Statutes and City of Milwaukee Ordinances and Common Council Resolutions govern the tax collection process
- All tax collections must be conducted in a uniform manner under the Wisconsin State Constitution
- An in rem foreclosure action cannot be initiated until one year after the date of delinquency when the tax certificate is issued

# **The Tax Collection Process**

## **Continued**

1. Delinquent Personal Property Taxes
2. Delinquent Real Estate Taxes
3. Do Not Acquire Tax Parcels  
(Contaminated Properties)

# **The Delinquent Personal Property Tax Collection Process**

- Two collection letters from City Treasurer, one in February, a second in March
- If unpaid at the end of March, account is transferred to collection agent in April
- Collection agent works account, files suit and takes judgment where appropriate, and pursues post-judgment remedies where advisable

# **The Delinquent Real Estate Tax Collection Process**

- Four collection letters from City Treasurer sent in February, April, June, and August
- Two collection letters from City Attorney sent in November and the following March
- If unpaid at the end of March, account is transferred to collection agent in April
- Collection agent has six months to pursue delinquent tax account

# **The Delinquent Real Estate Tax Collection Process Continued**

- Collection agent works account, files suit and takes an in personam judgment where appropriate, and pursues post-judgment remedies where advisable
- If account remains unpaid at the end of November, it is returned to the City Treasurer for in rem foreclosure



# **The Delinquent Real Estate Tax Collection Process Continued**

- The Department of City Development (DCD) screens delinquent tax parcels eligible for in rem foreclosure for possible contamination
- Contaminated parcels are added to the do not acquire list
- City Treasurer orders title reports for the remaining delinquent tax parcels

# **The Delinquent Real Estate Tax Collection Process Continued**

- City Treasurer compiles in rem foreclosure file
- City Attorney files suit in Milwaukee County Circuit Court
- Eight week redemption period ensues followed by thirty day answer period
- Foreclosure judgment taken

# **The Delinquent Real Estate Tax Collection Process Continued**

- Forty-five day period to petition Common Council to vacate foreclosure judgment ensues
- Judiciary and Legislation Committee hears taxpayer petitions to vacate foreclosure judgment
- Common Council acts on taxpayer petitions to vacate foreclosure judgment

# **The Delinquent Real Estate Tax Collection Process Continued**

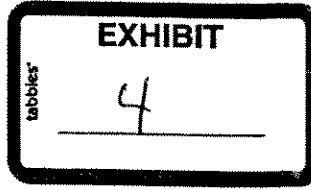
- Remaining foreclosure judgment accounts written off by the City Treasurer
- DCD assumes management of parcels acquired through foreclosure and markets properties for sale

# ***The Do Not Acquire Tax Parcels Delinquent Tax Collection Process***

- One collection letter from City Treasurer in February
- If unpaid at the end of March, account is transferred to collection agent in April
- Collection agent works account, files suit and takes in personam judgment where appropriate, and pursues post-judgment remedies where advisable

# Special Situations

- The Common Council can enter into a deal under Wisconsin State Statute, Section 75.106, directing the City Treasurer to pursue an in rem foreclosure action on a contaminated property to acquire it for the purpose of transferring the parcel to a new owner for cleanup and redevelopment
- An alderman or City department can initiate the Internal Protocol for a Community In Rem Foreclosure Action whereby the City Attorney may be able to determine that a defensible rationale exists to expedite foreclosure on a delinquent tax parcel
- The costs of all special foreclosure actions are borne by the department initiating the request



From: "Robert E Potrzebowski Jr" <robp@kohnlaw.com>  
To: <TWITKO@milwaukee.gov>  
Date: 3/11/2005 4:59:17 PM  
Subject: ADDITIONAL COLLECTION INFORMATION

Alderman Witkowski:

Thank you again for your time on Wednesday. I think I was able to provide you with the type of information your collection task force will need, and there's lots more where that came from. It was also nice to be able to talk about my "favorite district" with someone who knows so much about it and has such significant personal and professional interests in it.

Here's a little more of that information I talked about, per your request.

Below, you will find the "liquidation rates" (dollars collected out of dollars referred) for the files referred in each category over the last two calendar years. You will note that the rates will always be higher for the older accounts, as we've had more time to work them. This also means that these liquidation rates are not final -- we're still working accounts referred during both years.

**REAL PROPERTY TAXES (Regular)**

- 2003 referrals -- 68.7%
- 2004 referrals -- 61.3%

**REAL PROPERTY TAXES ("Do Not Acquire")**

- 2003 referrals -- 32.3%
- 2004 referrals -- 6.7%

Notes: As you might expect, we are much more successful with the "regular" property tax collections. There are a number of reasons for this, including owners that have disappeared, properties that are no longer producing revenue, etc., among the contaminated property tax referrals.

You may also note that the 2004 liquidation rate for the contaminated properties is lagging well behind the 2003 rate. This is primarily because collections in this category usually require lawsuit and post-judgment legal remedies, which makes for a longer process. But those rates can also be skewed by large balance referrals of multiple years of taxes that turn out to be uncollectible, something that doesn't usually occur with the "regular" properties.

**PERSONAL PROPERTY TAXES**

- 2003 referrals -- 67.5%
- 2004 referrals -- 52.8%

Note: Keep in mind that, for these taxes as well as real property taxes, the treasurer has already collected a much higher percentage in due course without our assistance, so these are just the liquidation rates for those

remaining "hard core" debtors.

#### PROPERTY DAMAGE CLAIMS

2003 referrals -- 32.1%

2004 referrals -- 23.6%

Note: These are definitely the type of liquidation rates that continue to rise over time, as all those license revocations I told you about eventually need to be cleared up.

#### DEMOLITION/RAZE CLAIMS

2003 referrals -- 29.6%

2004 referrals -- 4.4%

Note: This is another type of case, like contaminated property taxes, that generally requires a longer collection process and can also be skewed by large uncollectibles.

I hope this information is also useful to your efforts. Please feel free to contact me with any additional questions or concerns.

Sincerely,

Robert E. Potrzebowski, Jr.  
robp@kohnlaw.com  
Kohn Law Firm S.C.  
312 E. Wisconsin Avenue, Suite 501  
Milwaukee, WI 53202  
(414) 276-0435 Ext. 3053

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## Executive Summary

H.E. Stark Agency Inc. (Stark) is a proven leader in receivable management and recovery for government debt. Stark provides outsourcing programs to increase your revenue while maintaining your good standing reputation with the public.

**Stark specializes in government collections.** For more than five decades, Stark has played a leading role in accounts receivable management within the debt collections industry. For the past eleven years Stark has partnered with government entities to manage and recover monies due at all levels of government and for any government debt—from tickets to bad checks to other fines, fees, restitution, subrogation, judgments and outstanding invoices for services provided. Stark effectively manages the Tax Refund Intercept Process (TRIP) for each government client.

**Stark has an engaged and dedicated government team.** We have developed a formula for success that includes inspired leadership; attention to the professional development of our team, and a focus on each of our clients' specific needs in order to assure satisfaction. Our professionals have years of industry experience, and can help you form strategies and build operational excellence internally, as well as create an effective partnership.

**Stark is well equipped with automated system capabilities and experience.** We can program our system to comply 100% with the expressed specifications of any state or local government contract. We have the capability to download and work unlimited government accounts from any sector. We are an approved vendor according to the Statewide Vendor Agreement #15-94633-401 of the Statewide Collections Service Contract.

**H.E. Stark delivers products across the accounts receivable continuum.** Choosing a vendor that specializes in the government industry across the accounts receivables continuum creates an easy-to-manage vendor relationship for you. We have the resources and flexibility to provide government entities on any level with a comprehensive and truly customized receivables program that is developed internally by our own implementation team with feedback from your designated contact.

The Stark Team looks forward to demonstrating our abilities and to prove that we are the right accounts receivable partners for you. We will continue to demonstrate our commitment as your partner today, tomorrow, and well into the future.

## H.E Stark Company Background

Stark was founded and Incorporated in 1948. Stark has always been a family run small business servicing a variety of industries in and outside of Wisconsin. The current owners, Gene and Pauline Kussart bought the agency in 1998. Pauline is the President, and the hands on day-to-day manager. Both Gene and Pauline are involved in both local community and statewide activities. Both have a keen knowledge and respect of government rules, policies and procedures. Gene served for 14 years in state government roles and prior to that he worked for the federal government. Pauline has worked for the federal government and currently serves on legislative committees for the American Collectors Association, International (ACA) and for the Wisconsin Collectors Association (WCA).

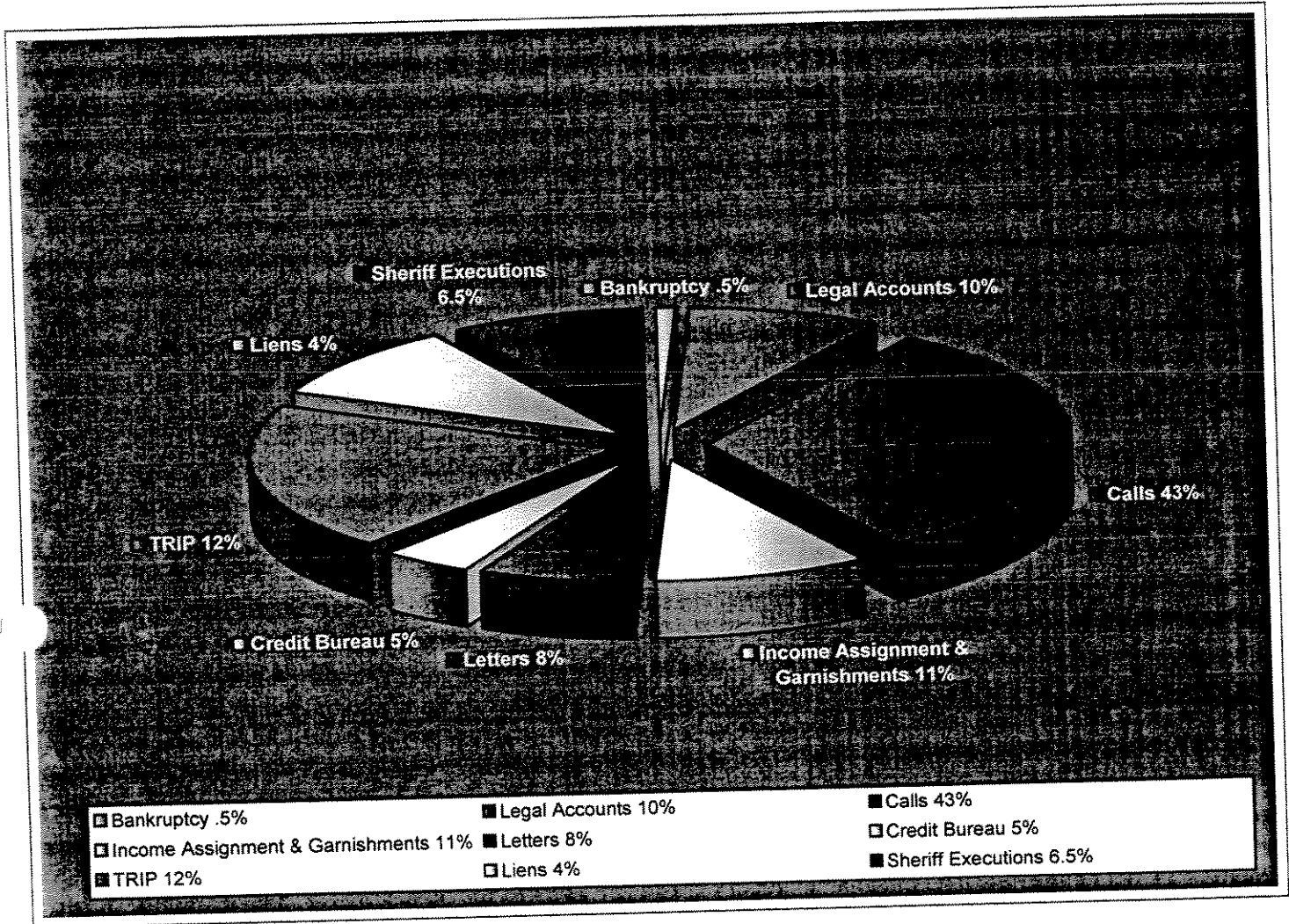
Pauline recognized in 2000 that government agencies might need assistance in collecting long overdue receivables. Starks' 2000-01 strategic long range business plan called for educating ourselves regarding outstanding monies owed to government agencies and identifying how we could help collect money as those agencies all faced tight budgets. Stark started collecting for the City of Madison Municipal Court in 1993. The research that was done to implement our plan to increase our government client base paid off for the City of Madison. While our recovery rate was acceptable it could be much better if we implemented all legal and ethical angles of collections. The result for the City of Madison was a much more effective means of communication between Stark and the City and a recovery rate that shot up by 10% without utilizing the tax intercept program. With the tax intercept program that was authorized by the Mayor of Madison in January of 2004, the recovery rate has increased by an additional 10%!

Stark is a full service collection agency. Our standard of excellence is a commitment to do the job right—from beginning to end. Starks' business plan continues to put focus on servicing government agencies. We have the ability to service all industries equally. However, our consistent success and knowledge of government collections has allowed us to be viewed as true business partners.

We are very proud of our accomplishments and honored to be able to assist in the collection of monies due—playing an important role in helping government agencies balance their tight budgets and at the same time helping the economy by creating jobs and paying more taxes.

# H.E Stark Full Service Wheel

## Sources of Recovery



**This chart represents what percent of the total collections come from which recovery source.**

# **SOURCES OF RECOVERY DEFINED**

- a) Direct Telephone calls/contacts.
- b) Tax Refund Intercept Process (TRIP). We pay 2% administrative fee.
- c) Letter service.
- d) Transcribing Municipal Judgments to the county court system creating a lien docket on property. We pay docketing fee.
- e) Small Claims Action.
- f) Garnishment actions/Court Ordered Income Assignments. We pay any court costs involved.
- g) Sheriff Executions. We pay the charges.
- h) Credit Reporting.

NOTE: We do not list accounts in which a warrant or commitment order has been attached. We do list accounts in which a suspension on registration or driving privileges has been entered. We do let debtors know that they may be driving without a valid DL or registration.

**Master Agreement for Collection Agency Services**

**Statewide Contract Number:** 15-94633-401

**Commodity or Service:** Collection Services

**Contract Period:** October 6, 2004 through August 31, 2007

**RFB Number:** 27700-LP

**Contract Manager:** Susanne Petro, 608-266-1725

E-Mail: [susanne.petro@doa.state.wi.us](mailto:susanne.petro@doa.state.wi.us)

**OTHER STATE AGENCY AND LOCAL GOVERNMENT ACCOUNTS**

This State Collection Services Contract (the "Contract") is made and entered into as of the 6th day of October, 2004, by and among the State of Wisconsin, (the "State") represented by its Department of Administration, State Bureau of Procurement (the "Department"), and H.E. Stark Agency, Inc. (the "Contractor").

**Whereas, the State has requested official sealed proposals pursuant to Request for Proposals for Statewide Collection Agency Services #27700-LP dated April 2, 2004 (the "RFP"); and**

Whereas, the Contractor has submitted its proposal dated May 24, 2004, (the "Proposal"); and

Whereas, the Department deems it advisable to engage the professional services of the Contractor, and it appears that such services can be performed more economically under a contract; and

Whereas, the Contractor has signified willingness to provide professional services to the Department;

Now, therefore, in consideration of the mutual covenants contained herein, the parties mutually agree as follows:

***I. GENERAL***

A. **Incorporation by Reference.** The RFP (including all attachments) and the Proposal are hereby incorporated herein by reference as if they were set forth in full herein and are hereby made a part of this Contract. In the event of any conflict among the provisions of the RFP, the Proposal, and this Contract, the provisions of this Contract govern those of the RFP and the Proposal, and the provisions of the Proposal govern those of the RFP.

B. **Term.** This Contract shall commence on October 6, 2004 and shall continue, unless terminated sooner by the Department or the Contractor, until August 31, 2007, with an option by mutual agreement of the Department and Contractor to renew for three (3) additional one (1) year periods.

C. **Termination.** The Department may terminate this Contract due to non-renewal, unavailability of funds or for neglect as determined by the Department which shall include, but not necessarily be limited to, insufficient insurance coverage, failure to provide required periodic statements, failure to provide required standards of service, and failure to act consistently with the applicable debt collection provisions of the Debt Collection Practices Law under 15 U.S.C. sec. 1692, et seq. This may include any cessation or diminution of service including but not limited to failure to maintain adequate personnel, whether arising from labor disputes, or otherwise, any substantial change in ownership or proprietorship of the Contractor which in the opinion of the Department is not in its best interest, or failure to comply with the terms of this Contract.

The Department shall provide ten (10) calendar days written notice of contract neglect and unless within ten (10) calendar days such neglect has ceased and arrangements made to correct, the Department may terminate the Contract by giving thirty (30) days notice in writing by registered or certified mail of its intention to cancel this Contract.

Contract may be canceled by the Department upon 30 days written notice if it is determined, through audits, that insufficient collection efforts are being made or the Contractor does not conform to the procedures outlined in their proposal.

Should the Department breach any terms or provisions of this Contract, the Contractor shall serve written notice on the Department setting forth the alleged breach and demanding compliance with the Contract. Unless within ten (10) calendar days after receiving such notice, the allegations shall be contested or such breach shall cease and arrangements made for corrections, the Contractor may terminate the Contract by giving thirty (30) days notice in writing by registered or certified mail of its intention to cancel this Contract.

In the event of contract termination, the Contractor shall discontinue collection action as of the Contract termination date. All referrals uncompleted and all moneys due but not yet paid over at such time shall be transmitted to the Department within fifteen (15) days after contract termination date. The Contractor shall appraise the Department of the current status of each referral being returned. Any moneys received by the Contractor on behalf of the Department after the Contract termination date shall be forwarded immediately and shall not be subject to collection fee.

Notwithstanding the above, the provisions of Section 4 of the RFP are incorporated by reference.

D. **Cancellation.** The Department reserves the right to cancel this Contract in whole or in part without penalty due to nonappropriation of funds by the State or for failure of the Contractor to comply with the terms, conditions, and specifications of this Contract.

E. **Subletting or Assignment of Contract.** The Contractor will not sublet or assign all or any part of the work under this Contract without prior written approval of the Department.

F. **Employment.** The Contractor will not engage the services of any person or persons employed by the State while this Contract is in force, including any department, commission or board thereof, without the written consent of the employer of such person or persons and of the Department.

G. **Nondiscrimination In Employment.** In connection with the performance of work under this Contract, the Contractor agrees not to discriminate against any employe or applicant for employment because of age, race, religion, color, handicap, sex, physical conditions, developmental disability as defined in s.51.01(5), sexual orientation or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Except with respect to sexual orientation, the Contractor further agrees to take affirmative action to insure equal employment opportunities. The Contractor agrees to post in conspicuous places, available for employes and applicants for employment, notices to be provided by the contracting State agency setting forth the provisions of this nondiscrimination clause. Failure to comply with the conditions of this paragraph may result in the Contractor becoming declared an "ineligible" Contractor, termination of this Contract, or withholding of payment.

H. **Legal Relations.** (1) The Contractor will at all times comply with and observe all federal and state laws, local laws, ordinances, and regulations which are in effect during the period of this Contract and which in any manner affect the work or its conduct.

(2) In carrying out any provisions of this Contract or in exercising any power or authority granted to the Contractor thereby, there will be no personal liability upon the Department, it being understood that in such matters the Department acts as agent and representative of the State.

(3) The Contractor will indemnify and save harmless the State and all of its officers, agents and employees from all suits, actions or claims of any character brought for or on account of any injuries or damages received by any persons or property resulting from the operations of the Contractor, or of any of its employees or subcontractors, in prosecuting work under this Contract.

I. **Review.** Liaison with the Department will be through Susanne Petro, who will represent the Department's interest in coordinating the Contractor's provision of services as outlined in the Contract.

J. **Ownership of Materials.** All material produced under this Contract shall remain property of the State. Use of same by the Contractor for purposes other than those specified shall be only with the advance written permission of the Department.

K. **Right to Publish.** The Contractor will be allowed to write and have such writing published provided the Contractor has written approval from the Department before publishing writings on subjects associated with the work under this Contract.

L. **Examination of Records.** The Contractor agrees that the Department, and the Legislative Audit Bureau, will have access to/and the right to examine, audit, excerpt and transcribe any directly pertinent books, documents, papers and records of the Contractor, involving transactions relating to this Contract. Such material will be retained for five years by the Contractor following completion of the Contract.

M. **Continuation of Contract.** As required by Wisconsin State Statutes, this Contract must include the following provision: Continuance of this Contract beyond the limits of funds available shall be contingent upon appropriations of the necessary funds, and the termination of this Contract by lack of appropriations shall be without penalty.

N. **Activity Reports:** Contractors are required to furnish monthly electronic activity reports on this contract to the State or Local Government, and a copy of these reports shall go to the Contract Manager. In addition, the contractor shall provide the following annual summary report to each agency that has outstanding placement with the contractor. A copy of the report must also be forwarded to the Department of Administration – State Controller's Office, and the Contract Manager. The report must be received by the State no later than August 31, of each year (for the fiscal year ending June 30<sup>th</sup>). Contractors will be furnished with a MS Excel workbook that the contractor is required to complete. Information required on activity reports will be whatever is deemed necessary by the contract manager. Currently the activity report requires the following information:

Collection Agency Activity Report for Fiscal Year \_\_\_\_\_  
 State of Wisconsin Department of/Local Government of \_\_\_\_\_  
 Receivable Type (s) \_\_\_\_\_.

Item	Number of Accounts	\$ Amount of Accounts
Open Placements at the Beginning of Year		
+ New Referrals by the State Agency/Local Govt.		
- Collected in Full		
- Partial Collections (including installments)		
- Returned to State Agency/Local Govt.		
= Open Placements at the End of Year		
Contingency Fees		

**Completed activity reports must be e-mailed to the contract manager in the required format and be received by the schedule listed. Any contractor that fails to furnish the activity reports as required may be removed from the contract.**

O. **Contract Performance.** State agencies and municipalities will periodically evaluate the performance of collection agencies. The results of these evaluations will be used by the State as a guide to performance. If the contractor is found to be deficient in any of the areas covered in the evaluation, the contractor will have to remedy the problem, or be subject to removal from the contract. Once a year, the Contract Manager will submit a questionnaire to all state agencies and municipalities. This questionnaire will request information on the performance of contractors and will contain questions about collection performance, interaction with agencies, etc. The results of each questionnaire will be used in evaluating vendor performance and may be used to disqualify vendors with consistent low scores from receiving awards on future contracts.

Wisconsin Department of Administration  
State Bureau of Procurement

H.E. Stark Agency, Inc.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Susanne Petro

Name: \_\_\_\_\_

Title: Contract Manager

Title: \_\_\_\_\_



**H.E Stark Agency, Inc.**  
**6425 Odana Road**  
**PO Box 45710**  
**Madison, WI 53744-5710**  
**608/274-7764 608/274-7786 (fax)**

**STATE CONTRACT FEE SCHEDULE**

**STATEWIDE CONTRACT NUMBER: 15-94633-401**

The following fee schedule has been approved for those government entities signing a participation agreement as part of the Statewide Collections Service Agreement.

Dollar Amount	Electronic placements	Manual placements
\$0 - \$300	25%	30%
\$301 and above	21%	26%

# Local Government Participation

# State Government Services Contract

## LOCAL GOVERNMENT PARTICIPATION AGREEMENT FOR COLLECTION AGENCY SERVICES (WISCONSIN CONTRACT #15-94633-401)

This instrument, (the "Participation Agreement"), is between [H.E Stark Agency Inc.], and the [LOCAL GOVERNMENT OF \_\_\_\_\_].

**For good and valuable consideration, receipt of which is hereby acknowledged, both parties agree as follows:**

1. The terms and conditions of the Master Agreement for Collection Agency Services – Other State Agency and Local Government Accounts (the "Master Agreement") between the **STATE OF WISCONSIN** and [H.E Stark Agency Inc.] shall be incorporated herein by this reference as if fully set forth herein.
2. All terms used herein shall have the same meaning as in the Master Agreement, unless specified to the contrary.
3. For purposes of this Participation Agreement, the terms "you" and "your" under the Master Agreement shall mean the [LOCAL GOVERNMENT OF \_\_\_\_\_].
4. You represent that you have received all the necessary approvals for you to enter into this Participation Agreement.
5. The Participation Agreement will commence on the Effective Date and continue until terminated or cancelled under the terms of the Master Agreement.
6. All terms and conditions of the Master Agreement shall remain unchanged and in full force and effect.

**IN WITNESS WHEREOF**, the parties have caused this Participation Agreement to be executed effective as of [\_\_\_\_\_].

[Local Government of _____]	[H.E Stark Agency Inc.]
Signature:	Signature:
(Type Name):	(Type Name):
Title:	Title:
Date:	Date:

H.E. STARK AGENCY, INC.  
ACCOUNT SUMMARY REPORT

CREATED: 05/13/2005 8:54 AM PM

PAGE 1

CREDITOR GROUP: 6003G -- 6003 and 6003J  
ACCOUNTS LISTED: 01/1995 TO 05/2005  
PAYMENT PERIOD: 05/01/2005 TO 05/13/2005

NUMBER DATE PLACED	AMOUNT PLACED	AVERAGE BALANCE IN FULL	# PAID IN FULL	PERIOD COLLECTIONS	TOTAL COLLECTIONS	NUMBER % COLL RETURN	TOTAL RETURNED	NUMBER ACTIVE	AMOUNT ACTIVE	TOTAL COMMISSIONS		
2001	1	\$73.65	0	\$0.00	\$0.00	0.0	0	\$0.00	1	\$73.65	\$0.00	
2002	13746	\$2922,084.11	3641	\$6,617.55	\$692,433.34	23.7	356	\$114,867.73	9749	\$2114,783.04	\$173,401.83	
2003	13488	\$3697,579.12	4545	\$12,723.66	\$1097,548.09	29.7	1944	\$555,388.24	6979	\$2044,648.79	\$216,017.13	
2004	10701	\$2983,600.56	2695	\$36,130.85	\$674,665.29	22.6	1234	\$375,865.32	6772	\$1933,088.95	\$139,554.16	
01-05	896	\$216,988.35	201	\$3,253.80	\$43,467.74	20.0	10	\$1,878.40	685	\$171,642.11	\$8,761.95	
02-05	621	\$193,861.20	131	\$3,652.42	\$27,773.43	14.1	6	\$2,051.00	484	\$164,036.77	\$5,788.35	
03-05	1118	\$313,617.99	176	\$7,485.89	\$38,370.94	12.2	7	\$2,237.20	935	\$273,009.85	\$7,808.08	
04-05	819	\$248,909.33	43	\$6,967.12	\$11,258.96	4.6	3	\$463.80	773	\$234,186.57	\$2,262.52	
05-05	262	\$62,742.60	1	\$156.20	\$156.20	0.3	0	\$0.00	261	\$62,586.40	\$17.16	
2005	3716	\$1033,119.47	552	\$21,515.43	\$121,027.27	11.7	26	\$6,630.40	3138	\$905,461.80	\$24,638.08	
.....												
TOTAL	41632810636	456.91	\$255.49	11433	\$76,987.49	\$2585,670.99	24.3	3560	\$1052,751.69	28639	\$4898,034.23	\$571,611.20

CREDITOR GROUP: 6005-G -- 6005 and 6005J  
 ACCOUNTS LISTED: 01/1995 TO 05/2005  
 PAYMENT PERIOD: 05/01/2005 TO 05/13/2005

DATE PLACED	NUMBER PLACED	AMOUNT PLACED	AVERAGE BALANCE	# PAID IN FULL	PERIOD COLLECTIONS	TOTAL COLLECTIONS	NUMBER % COLL	NUMBER RETURN	TOTAL RETURNED	NUMBER ACTIVE	AMOUNT ACTIVE	TOTAL COMMISSIONS
2003	4302	\$904,404.67	\$210.23	1623	\$2,406.69	\$351,594.09	38.9	445	\$90,307.83	2234	\$462,502.75	\$82,108.03
2004	748	\$133,858.03	\$178.95	235	\$1,535.00	\$43,502.06	32.5	39	\$6,420.40	474	\$83,915.57	\$7,890.00
01-05	31	\$4,370.00	\$140.97	7	\$100.00	\$925.00	21.2	0	\$0.00	24	\$3,445.00	\$185.00
02-05	68	\$9,550.00	\$140.44	6	\$0.00	\$758.89	8.0	0	\$0.00	62	\$8,791.11	\$152.62
03-05	74	\$12,135.00	\$163.99	6	\$130.00	\$1,230.00	10.1	0	\$0.00	68	\$10,905.00	\$246.09
04-05	51	\$9,000.00	\$176.47	3	\$0.00	\$400.00	4.4	2	\$400.00	46	\$8,200.00	\$71.05
2005	224	\$35,055.00	\$156.50	22	\$230.00	\$3,323.89	9.5	2	\$400.00	200	\$31,341.11	\$654.76
.....												
TOTAL	5274	\$1073,317.70	\$203.51	1880	\$4,171.69	\$398,410.04	37.1	486	\$97,128.23	2908	\$577,779.43	\$90,652.79

H.E. STARK AGENCY, INC.  
ACCOUNT SUMMARY REPORT

CREATED: 05/11/2005 5:20 PM PK

CREDITOR GROUP: CTYMAD-G - CITY OF MADISON MUNICIPAL COURT GRP  
ACCOUNTS LISTED: 01/1995 TO 05/2005  
PAYMENT PERIOD: 05/01/2005 TO 05/11/2005

NUMBER DATE PLACED	AMOUNT PLACED	AVERAGE BALANCE IN FULL	# PAID	PERIOD COLLECTIONS	TOTAL COLLECTIONS	NUMBER % COLL RETURN	TOTAL NUMBER RETURNED	NUMBER ACTIVE	AMOUNT ACTIVE	TOTAL COMMISSIONS
1995 1792	\$316,345.78	\$176.53	960	\$157.00	\$165,514.27	52.3	363	469	\$80,661.84	\$56,284.18
1996 1801	\$320,937.52	\$178.20	821	\$208.00	\$141,680.37	44.2	433	547	\$98,272.73	\$46,097.56
1997 1622	\$304,403.05	\$187.67	689	\$0.00	\$120,249.23	39.5	571	362	\$67,054.19	\$41,566.49
1998 1517	\$250,571.99	\$165.18	599	\$0.00	\$96,760.58	38.6	547	371	\$60,728.83	\$34,958.98
1999 2109	\$362,917.35	\$172.08	1262	\$310.35	\$212,533.57	56.6	86	767	\$134,746.08	\$75,819.89
2000 1148	\$170,037.80	\$148.12	688	\$125.50	\$100,864.31	59.3	33	427	\$60,443.34	\$26,921.65
2001 1743	\$143,609.40	\$137.69	528	\$255.34	\$70,783.69	49.3	33	482	\$69,179.63	\$29,447.67
2002 1594	\$198,321.96	\$124.42	779	\$138.60	\$99,961.90	50.4	78	737	\$88,160.35	\$41,195.62
2003 5972	\$641,054.38	\$107.34	2271	\$1,042.70	\$218,849.50	34.1	882	3119	\$361,377.64	\$65,338.82
2004 5605	\$675,299.11	\$120.48	921	\$3,500.09	\$111,341.69	16.5	1762	2902	\$361,342.81	\$30,374.21
01-05 2	\$50.00	\$25.00	2	\$0.00	\$50.00	100.0	0	0	\$0.00	\$12.56
02-05 1506	\$151,987.79	\$100.92	162	\$1,606.24	\$16,268.32	10.7	3	1341	\$135,537.47	\$4,257.15
03-05 831	\$84,275.55	\$101.41	53	\$1,587.00	\$5,376.08	6.4	1	777	\$78,810.47	\$1,467.79
04-05 892	\$111,300.75	\$124.78	16	\$2,311.80	\$2,426.40	2.2	1	875	\$108,820.35	\$603.66
2005 3231	\$347,614.09	\$107.59	233	\$5,505.04	\$24,114.80	6.9	5	2993	\$323,168.29	\$6,341.16
.....										
TOTAL 27434	\$3731,112.43	\$136.00	9751	\$11,242.62	\$1362,653.91	36.5	4507	13176	\$1785,175.73	\$454,346.29

CREDITOR: 7060 - CITY OF MONONA  
 ACCOUNTS LISTED: 01/1995 TO 05/2005  
 PAYMENT PERIOD: 05/01/2005 TO 05/13/2005

CITY OF MONONA  
 5211 SCHLUTER RD  
 ATTN: CAROL HERMSDORF  
 MONONA WI 53716

NUMBER DATE PLACED	AMOUNT PLACED	AVERAGE BALANCE IN FULL	# PAID COLLECTIONS	PERIOD COLLECTIONS	TOTAL COLLECTIONS	NUMBER % COLL RETURN	TOTAL RETURNED	NUMBER ACTIVE	AMOUNT ACTIVE	TOTAL COMMISSIONS
2303 499	\$81,235.25	\$166.13	139	\$0.00	\$20,746.22	75.5 11	\$2,236.95	339	\$56,252.08	\$6,384.41
2304 358	\$49,216.60	\$145.61	84	\$591.11	\$13,347.96	27.1 0	\$0.00	254	\$35,868.64	\$4,354.05
01 05 57	\$6,683.00	\$117.25	12	\$0.00	\$1,175.40	17.6 0	\$0.00	45	\$5,507.60	\$353.42
02 05 32	\$5,648.00	\$176.50	6	\$102.00	\$1,128.20	20.0 0	\$0.00	26	\$4,519.80	\$339.27
04 05 35	\$7,106.80	\$203.05	0	\$0.00	\$0.00	0.0 0	\$0.00	35	\$7,106.80	\$0.00
2305 124	\$19,437.80	\$156.76	18	\$102.00	\$2,303.60	11.9 0	\$0.00	106	\$17,134.20	\$692.69
*****										
TOTAL 951	\$149,889.65	\$157.61	241	\$693.11	\$36,397.78	24.3 11	\$2,236.95	699	\$111,254.92	\$11,131.15

CREATED: 05/12/2005 9:02 AM ES

CREDITOR GROUP 06-G -- PSYCHOTHERAPY GROUP  
ACCOUNTS LISTED: 01/1999 TO 05/2005  
PAYMENT PERIOD: 05/01/2005 TO 05/12/2005

NUMBER DATE PLACED	AMOUNT PLACED	AVERAGE # PAID BALANCE IN FULL	PERIOD COLLECTIONS	TOTAL COLLECTIONS	NUMBER WCOLL. RETURN	TOTAL RETURNED	NUMBER ACTIVE	AMOUNT ACTIVE	TOTAL COMMISSIONS			
1995 159	\$47,230.91	\$339.79	65	\$0.00	\$18,220.93	19.6	70	\$21,317.19	4	\$0,653.79	\$1,693.99	
1996 143	\$41,134.31	\$306.10	65	\$0.00	\$19,189.06	44.5	72	\$21,412.31	3	\$2,532.00	\$5,828.60	
1997 133	\$110,970.71	\$468.23	90	\$0.00	\$48,798.97	44.0	140	\$59,807.99	7	\$2,163.75	\$18,408.51	
1998 149	\$93,656.97	\$376.33	84	\$0.00	\$36,569.02	39.9	144	\$47,248.80	21	\$9,438.95	\$12,661.95	
1999 218	\$93,648.13	\$429.58	86	\$0.00	\$34,920.51	37.2	76	\$41,029.69	56	\$17,797.93	\$12,754.96	
2000 114	\$49,630.94	\$435.36	36	\$0.00	\$9,747.03	19.6	23	\$12,704.72	55	\$27,039.19	\$4,094.12	
2001 207	\$95,718.78	\$462.41	68	\$0.00	\$26,927.56	27.7	42	\$24,233.62	97	\$44,957.60	\$11,125.54	
2002 146	\$54,717.39	\$374.78	28	\$0.00	\$8,843.34	16.2	61	\$27,669.84	97	\$18,204.21	\$2,158.14	
2003 168	\$99,942.70	\$372.92	77	\$198.86	\$29,874.63	29.9	28	\$9,044.59	163	\$61,023.39	\$12,135.11	
2004 123	\$101,437.59	\$454.88	64	\$148.28	\$28,421.99	28.0	13	\$7,129.85	146	\$65,685.75	\$10,110.27	
01-05 20	\$8,662.56	\$439.13	7	\$191.45	\$3,825.71	44.2	1	\$336.00	12	\$4,506.85	\$1,382.07	
02-05 5	\$4,020.69	\$804.14	1	\$0.00	\$203.45	5.1	0	\$0.00	4	\$3,817.24	\$67.62	
03-05 2	\$3,026.50	\$1,513.25	0	\$0.00	\$0.00	0.0	0	\$0.00	2	\$3,026.50	\$0.00	
04-05 7	\$3,005.72	\$429.39	1	\$130.00	\$130.00	4.3	1	\$130.00	3	\$2,745.72	\$43.47	
05-05 4	\$1,473.30	\$368.33	0	\$0.00	\$0.00	0.0	0	\$0.00	4	\$1,473.30	\$0.00	
2005 58	\$20,186.77	\$531.28	9	\$521.45	\$4,159.16	20.6	2	\$460.00	27	\$15,569.61	\$1,459.36	
<b>TOTAL</b>	<b>1979</b>	<b>\$810,277.00</b>	<b>\$409.44</b>	<b>672</b>	<b>\$655.59</b>	<b>\$263,551.14</b>	<b>32.8</b>	<b>671</b>	<b>\$274,189.70</b>	<b>636</b>	<b>\$270,516.14</b>	<b>\$97,588.75</b>



LYNN M. ERBACH  
*Chief Deputy Clerk*

**JUDITH A. COLEMAN**  
**DANE COUNTY CLERK OF CIRCUIT COURT**

City-County Building, Room GR-10  
210 Martin Luther King, Jr. Boulevard, Madison, Wisconsin 53703-3341  
(608) 266-4311 • FAX (608) 266-9286 • TDD (608) 266-4625  
FAX (608) 267-8859



PATRICIA A. BOLCH  
*Court Manager*

VICKI JO GILBERTSON  
*Court Manager*

WAYNE E. PFISTER, JR.  
*Court Manager*

KERRY K. WIDISH  
*Court Manager*

May 18, 2004

To Whom it May Concern:

The Dane County Clerk of Courts Office has been working with H.E. Stark as our collection agency as of October 2002. Since then, approximately 34,000 delinquent accounts have been referred and \$1.7 million has been collected.

I highly recommend the H.E. Stark Agency for the following reasons:

- Customer service and communication has been reliable and extremely responsive. The agency's employees are knowledgeable and easy to work with.
- Collection Reports are timely, provide the pertinent information in an "easy to use" format and have been customized to meet our needs as a governmental agency. The agency readily made software changes to their system to accommodate us as a client and our statutory requirements.
- Accounts are sent electronically. This has occurred without encountering problems and has saved staff time, as well as other costs.

When retaining a collection agency as our agent, I had high expectations in terms of the services to be provided and the potential for increased revenue. H.E. Stark not only met those expectations, but also exceeded them in a highly professional manner.

Sincerely,

Judith A. Coleman  
Dane County Clerk of Circuit Court





Clerk of Circuit Court  
Door County, Wisconsin

Nancy Robillard, Clerk Wisconsin Clerk

Member:  
of Court Assn

Doreen Clark  
Virgean Ostrand  
Cheryl Jome  
Laure Schlaefer  
Norma Uecker  
Karen Lambek  
Kris Kregger

421 Nebraska Street  
P.O. Box 670  
Sturgeon Bay, WI 54235  
(920)746-2205  
Fax: (920)746-2520

May 18, 2004

To Whom It May Concern:

We entered into a business relationship with Pauline Kussart and her agency, H.E. Stark Agency, Inc. (Stark) the last week of March 2002. Over 800 accounts including fines, fees and forfeitures were turned over at that time. Some of the accounts were over 10 years old.

Stark set-up, implemented and now manages the tax intercept program with the WI Department of Revenue. Few accounts were collected via tax intercept the first year due to the time of year of referral. Since then, another 350 accounts have been placed with Stark.

Stark has collected over 29% of those referrals using the tax intercept system and standard collection procedures. Pauline estimates that her staff has been able to find social security numbers on approximately 90% of the accounts with a large percentage of those from WI and thus eligible for tax intercept.

She and her staff have been very professional, friendly, and easy to work with and willing to do what it takes to get the job done.

They have the technology to accept our accounts via an excel spreadsheet gathered from CCAP. They have provided us with reports to meet our needs. Channels of communication are well established and always available.

We split our accounts between Stark and another agency. Stark has proven themselves by achieving a 1% greater recovery rate than the other agency during the same time period. In addition, Stark has not generated any complaints from those they are collecting from. Also, Pauline has made the extra effort of driving to Door County several times to meet my staff and me to make sure our needs were met.

I am happy to recommend the H.E. Stark Agency for your collection needs.

Sincerely,

*Nancy Robillard*  
Nancy Robillard  
Clerk of Courts, Door County

**Municipal Court**

Honorable Daniel P. Koval, Judge

City-County Building, Room 203  
210 Martin Luther King, Jr. Boulevard  
Madison, Wisconsin 53703  
PH 608 264 9282  
TDD 608 264 9281

May 19, 2004

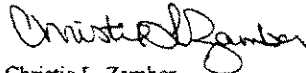
To Whom It May Concern:

The H.E. Stark Agency has been doing collections for our court since 1993. The owner, Pauline Kussart, is attentive to our needs and she is available to me whenever I have a question or concern. The staff at H.E. Stark is professional and pleasant to work with.

Pauline has given us the option to list our accounts electronically with them, which makes it extremely easy for us to send our accounts. In return, we are given a lower rate on those accounts. Another bonus for us is that the H.E. Stark Agency is able to intercept taxes. This is a service they have offered for awhile, but the city authorized them to do it for us beginning this year. We have seen that it is very effective in their ability to collect on our accounts. In fact, the tax intercept option makes accounts collectible that most likely wouldn't be collected otherwise. We're seeing collections on some cases that have been outstanding for more than 10 years!

Pauline informed me that she would be supplying information regarding the number of accounts we placed with the agency and their recovery rate, so I will let those figures speak for themselves. Overall, I would like to say that we are very happy with the service provided by the H.E. Stark Agency.

Sincerely,



Christie L. Zamber  
Municipal Court Clerk

9



# MONONA POLICE DEPARTMENT

*"Partners for a Safe Community"*

May 18, 2004

To Whom It May Concern:

The City of Monona uses the H. E. Stark Collection Agency for the collection of unpaid forfeitures from Municipal Court. We have been submitting past due accounts to them since March of 2003 and they have definitely met the City of Monona's needs. We have collected monies that we normally would not have received without their assistance.

We are very pleased with their promptness and effectiveness in collecting these forfeitures. We would strongly recommend them to other agencies.

Sincerely,

Detective Sergeant Richard R. O'Connor  
Monona Police Department

5211 Schluter Road • Monona, WI 53716-2598  
Customer Service (608) 222-0463 • Fax (608) 222-4196 • TDD (608) 441-0399  
[www.mononapolice.com](http://www.mononapolice.com)

# REFERENCE DATA SHEET

<b>Company Name:</b> Dane County	
<b>Address:</b> 210 Martin Luther King Blvd, GR-10, Madison, WI 53703	
<b>Contact Person:</b> Pat Bolch, Court Manager	<b>Telephone</b> 608/266-4444
Judy Coleman, Clerk of Courts Dane County	<b>Telephone</b> 608/266-9116
<b>Product(s) and/or Services Used:</b> Collection services for fines, fees, forfeitures, GAL fees and criminal defense fees, adult legal fees, juvenile case fees, skip tracing, credit bureau reporting and tax intercept implementation and management.	

<b>Company Name:</b> City of Madison Municipal Court	
<b>Address:</b> 210 Martin Luther King Blvd., #203, Madison, WI 53703	
<b>Contact Person:</b> Christie Zamber or Judge Dan Koval	<b>Telephone</b> 608/264-9282
<b>Product(s) and/or Services Used:</b> Collection services for fines and forfeitures, credit bureau listing, skip tracing, and Department of Motor Vehicle coordination, and TRIP	

<b>Company Name:</b> City Of Wautoma	
<b>Address:</b> P. O. Box 428	
<b>Contact Person:</b> Beth Lucht	<b>Telephone</b> 920-787-4044
<b>Product(s) and/or Services Used:</b> Debt collection services for fines, fees, and forfeitures. Services include Skip-tracing and credit bureau listing & implementation and management of tax intercept program.	

<b>Company Name:</b> City of Monona	
<b>Address:</b> 5211 Schuler Rd, Monona, WI 53716	
<b>Contact:</b> Carol Hermsdorf	<b>Telephone</b> 608/222-0463
<b>Product(s) and/or Services Used:</b> Debt collection services for fines, fees, and forfeitures. Services include skip-tracing & credit bureau listing & implementation & management of tax intercept program.	

<b>Company Name:</b> City of Verona	
<b>Address:</b> 111 Lincoln Street, Verona, WI 53593	
<b>Contact:</b> Jane Hash	<b>Telephone:</b> 608-848-9938
<b>Product(s) and/or Services Used:</b> Debt collection services for fines, fees, and forfeitures. Services include skip-tracing & credit bureau listing & implementation & management of tax intercept program.	

## AGENCY MANAGEMENT INFORMATION

For your information we have prepared an informational hierarchy of our agency to help you identify whom you should talk to about specific issues. We welcome your calls, emails and visits and want you to know that any request, call or issue is not taken lightly.

1. Issues related to overall management concerns of your referrals or complaints:
  - Pauline Kussart, President, Ext. 222  
[pkussart@hestark.com](mailto:pkussart@hestark.com)
2. Issues related to your personal account management, collector compliance or debtor disputes:
  - Eric Summers, Director of Business Development & Risk Mgmt, Ext. 238  
[esummers@hestark.com](mailto:esummers@hestark.com)
3. Issues related to system support, such as electronic referrals:
  - Brian Stenzel, Director of Information Technology, Ext 234  
[bstenzel@hestark.com](mailto:bstenzel@hestark.com)
4. Issues related to recovery statements, reports and remittance
  - Pat Nelson, VP of Operations, Ext. 223  
[pnelson@hestark.com](mailto:pnelson@hestark.com)
5. Issues related to legal documents or procedures:
  - Trina Ramsey, Special Services Assistant, Ext. 245  
[tramsey@hestark.com](mailto:tramsey@hestark.com)



## CONCLUSION

We thank you for the opportunity to provide you with in-depth information regarding how H.E Stark can meet your receivable recovery needs. We look forward to expanding our partnership with you by carefully listening to your needs and working closely together to realize innovative recovery solutions. We will utilize our years of experience to produce continuous and desirable results.

Entrusting your customer functions to an outside entity is a big decision. H.E Stark looks forward to achieving high performance, not only in customer satisfaction but also in recoveries. Our results are evident both through the increased financial outcomes and enhanced customer relations we achieve for our clients.

A partnership with H.E Stark brings all of the following:

- A receivable recovery vendor with a successful track record in government collections.
- Increased amount and velocity of cash flow.
- Trained professionals, who are experts in government recovery who, can answer questions, and assist with a quick resolution.
- Decreased outstanding accounts receivables, while creating a positive financial picture.
- Reduced costs associated with account collection.
- Innovative and ethical recovery programs that produce results that exceed national standards.

Dedicated professionals and a commitment to customer service enable us to adapt our services to meet your individual needs. You will gain the peace of mind that you are doing business with a reliable, trustworthy partner who delivers continuous performance gains.

Eric Summers  
Director of Business Development  
H.E Stark Agency Inc.  
6425 Odana Rd.  
Madison, WI 53744  
608-274-7764 office  
608-234-2740 cell





# APPENDIX C



**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino and Don Weihs

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

May 25, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **FRIDAY, JUNE 3, 2005, at 9:00 A.M., in Room 301-B, City Hall, 200 East Wells Street, regarding:**

1. Review and approval of minutes of the May 13, 2005 meeting
2. Presentation given by the Department of Public Works and Professional Account Management, LLC relative to the parking citations process
3. Discussion on report from City Treasurer relative to delinquent tax collection activities
4. Comments from the Public
5. Next meeting date, time and agenda

Respectfully,



RONALD D. LEONHARDT  
City Clerk

**PLEASE NOTE:**

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or other auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX) 286-3456, (TDD) 286-2025 or by

writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street,  
Milwaukee, WI 53202.

Limited parking for persons attending meetings in City Hall is available at  
reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of  
East Kilbourn and North Water Street. Parking tickets must be validated in Room  
205, City Hall (City Clerk's Office).

**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

**June 3, 2005  
Minutes**

Meeting Commenced: 9:02 A.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Robert Juhay, Michael Daun, Wayne Whittow, Dorinda Floyd, Linda Burke, Dennis Yaccarino, Jim Klajbor (Special Deputy City Treasurer) and Scott Snyder appeared on behalf of Don Weihs

Excused: Anna Ruzinski and Don Weihs

Also present: Jim Carroll-LRB; Cindy Angelos-Department of Public Works - Administration; Gary J. Smith and Brian Dunn, President of Professional Account Management, LLC.

**1. Review and approval of minutes of the May 13, 2005 meeting**

Mr. Klajbor moved to approve the minutes, seconded by Mr. Collins.

**2. Presentation given by the Department of Public Works and Professional Account Management, LLC relative to the parking citations process**

Ms. Floyd introduced Ms. Cindy Angelos with DPW-Administrative Services Division, Mr. Gary Smith and Mr. Brian Dunn with Professional Account Management, LLC (PAM) who will accompany her in giving a PowerPoint presentation on the outstanding parking citations process (Exhibit 1). Ms. Floyd noted that PAM has their contract for the processing and collection of parking citations.

Mr. Smith, President of Professional Account Management, LLC addressed the committee. He explained what his company does and then elaborated on the Parking Citation Database and Collection Process of Ms. Floyd's PowerPoint presentation. Ms. Floyd then continued with her presentation with the Collection Process.

Chairman Witkowski asked Ms. Floyd if she could give him more information on the annual financial performance audit. Mr. Smith replied that as part of their contract with the City, they are required to have an independent audit done by an independent accounting firm and agreed upon procedures, which is negotiated between that accounting firm and the City's Comptroller Office. The audit is a combination of an operational and financial audit. Mr. Smith then explained how and what is being audited. Mr. Dunn referred to the Citation Processing and Collections/Supplemental Information handout (Exhibit 2) and explained the Annual Contract audit scope.

Mr. Smith continued the PowerPoint presentation by giving an overview of the steps his company takes in processing citation payments and how late fees are assessed. Ms. Hinrichs asked Mr. Smith if they are filing registration holds on 100% of those citations that reach that 58-day point. Mr. Smith replied that they put one registration hold per license plate; if a person has ten tickets they will put a hold on the oldest ticket, and the major reason being is that each hold costs the city \$5. Mr. Snyder asked if that applies to tickets issued by DPW as well as PAM and can a person still make payments at the Police Department. Mr. Smith replied that they have drop boxes at the Police stations. Chairman Witkowski advised that there are seven sights with drop boxes, besides the Police Admin. Building (PAB), which a person can pay in person or use the drop box. Mr. Collins asked if any other states have interstate agreements, to do reciprocity registration holds. Mr. Smith replied that currently none of the 50 states have such an agreement. Mr. Collins asked if there are any reasons why that couldn't be negotiated or is that something that could be pursued later. Mr. Smith noted that he feels it is political issue and that laws and rules for registration, holds and suspensions vary dramatically from state to state and many states don't use registration holds. Mr. Collins asked if there are other collection techniques that other states are using that Wisconsin isn't using. Mr. Smith replied that there are some techniques that could improve the program and there are some techniques that would need state statute or ordinance changes.

Mr. Smith continued with the PowerPoint presentation on payments and the Tax Refund Intercept Program (TRIP). Ms. Floyd continued her presentation on citation payments; schedule of late fees and Wisconsin vehicle registration holds. Mr. Smith advised that the form they use for vehicle registration holds is attached to supplemental information (Exhibit 2) and noted that in other states the process is automated, whereas in the State of Wisconsin they need to fill out the form by hand for each registration hold and then overnight the form to the state, where their operators enter each one by hand. He further noted that they are 30 days behind. Mr. Smith advised that once the citation is paid they have to fill out a new form, print it and overnight it to the state and that form is then entered by hand also. Ms. Floyd noted that the state is working to automate that process. Mr. Smith advised that the state statute that gives the municipalities the authority to place registration holds requires that the first two notices they send be sent to the address provided by the Department of Motor Vehicle (DMV). Mr. Collins noted that they send notices to both address. Mr. Smith noted that they could do that but there would be a cost. Ms. Floyd noted that they send out about 60,000 notices a month. Mr. Collins asked if it could be narrowed down. Mr. Smith advised that when it goes into secondary collections, they immediately try to get a current address and telephone number. Ms. Floyd continued with her presentation on registration holds. She advised that if they could put a hold on the license plate instead of on the citation, the hold would remain no matter how many outstanding citations they have and that would make it easier. She further noted that is one of the issues they need to contend with, in terms of state law regarding the registration holds. Mr. Smith noted that some of the other states that use registration holds require a person to pay all citations, before a hold can be

released. Wisconsin law requires that a vehicle registration hold be placed for each unpaid citation. Mr. Collins asked if the \$5 charge is due to the manual input of the forms. Ms. Floyd advised that the DOT indicated that fee covers ongoing and one-time costs. They have had discussions with the state regarding the implementation of the DOT automated system if the cost would decrease, but the state said no that wouldn't change the cost. Ms. Floyd noted that they will continue to work with the state, but so far the state doesn't have any intention in lowering that fee. Ms. Burke advised that it wouldn't take a state law change, and that under the current law the DMV could batch them and not charge the \$5 per hold, but they choose not to. Ms. Floyd noted that they would continue negotiating with the DOT. Mr. Smith advised that they have approached DMV and asked if they would give the City access to their system, so that the City could enter the registration holds, but that didn't go anywhere. Ms. Hinrichs advised that she thinks there is some precedent on being able to negotiate something with the state. When the Municipal Court negotiated with a different part of the DOT on suspensions issues, they were able to work out an arrangement. Ms. Hinrichs noted the effectiveness of using the registration holds, because for the last 2-3 years, 5% of the cases that have gone to the Municipal Court have been related to driving without a valid registration. Mr. Snyder asked if it would be possible to increase the citation amount after the 58 days by \$5 to compensate for the DMV cost. Ms. Floyd noted that the \$5 is incorporated in the citation cost. Mr. Collins asked if the \$5 late fee has been the same since 1992. Ms. Floyd noted that the late fee hasn't change since 1992. Mr. Yaccarino advised that the late fee hasn't changed but the citation fee forfeiture has changed for some violation, such as for handicapped parking and meter parking. Mr. Smith advised that the late fee had been \$10 up until 1998 and it increased to \$15 in 1998 and that \$5 increase covers the DMV cost. Chairman Witkowski asked how long has this registration hold process been in affect. Mr. Smith replied that they have been placing registration holds since they started their contract in 1998 and he doesn't know when the legislation was enacted. Ms. Cindy Angelo advised that it was in affect prior to 1992.

Ms. Floyd continued her PowerPoint presentation with the Secondary Collection Process. Mr. Dunn then explained PAM's involvement in the secondary collection process. He noted that as a collection agency they have a little more lead way in the fact that they are not obligated by law to use the DMV addresses. He explained how they go about getting current addresses and phone numbers and noted that it aids greatly in the collections process. He then explained the tax refund intercept process. Mr. Dunn noted that after six months or longer without any payment activity, they attempt to certify the citation for tax refund intercept (TRIP). He further noted that they get about a 25% return per year. He then continued to explained the Tax Refund Intercept Program process (TRIP).

Mr. Collins asked where in the process does it become adjudicated as a collectible debt. Mr. Dunn replied that at any point in time, during the process, a person has the ability to contest a citation. Mr. Dunn explained the contested process and noted that an individual has the option to go to Municipal Court and have a judge make a determination. Ms. Burke replied that they can't get a judgment on unpaid parking

citations unless they have personal jurisdiction over the individual, which means they have handed an individual a piece of paper that states they need to appear in court. Under current law they have no jurisdiction over the person unless the person submits to our jurisdiction. So unless they get the person in the municipal court or sign a notice of appearance form, they can't get a judgment. If they do go to court and are found guilty and don't pay the citation, they can get a judgment. Mr. Collins asked if that is a matter of state statute. Ms. Burke replied yes. Mr. Collins asked if there are any big ones out there that would be worth going after. Ms. Burke advised that they had a program about a year or two ago, where they identified the biggest scofflaws with the largest amounts and actually issued a summons and complain and got a processor to server them, but their success rate on finding those people was not good.

Ms. Floyd continued with her presentation on the Tax Refund Intercept Program (TRIP) process. Ms. Burke noted that the Tax Refund Intercept program is complete and the money is taken, the person doesn't have the option to contest it in court. Mr. Dunn advised that they have 190,000 citations certified and they could have close to 400,000 certified if the process was changed. Mr. Daun asked if a person is ever removed from the certified list. Ms. Floyd advised that once the citation is paid, it is removed from the certified list. Ms. Floyd further commented that if the tax refund isn't enough to cover the citation, the citation remains on the certified list until paid in full. Mr. Daun asked if there is a cost to the City to have a name put on the certified list. Ms. Floyd advised that the DOT does charge a 2% administrative fee of the balance and that 2% is paid by PAM, which is included in there 29% collection rate fee the City pays them. Ms. Hinrichs noted that it isn't just tax refund money that is being intercepted; it is also homestead credit or any other payment paid by the State of Wisconsin to an individual.

Ms. Floyd continued her presentation with the Success of Collection Efforts. Chairman Witkowski asked if roughly 27% is an accurate percentage, as far as citations that are never paid. Mr. Smith replied that it is a moving database and that the percentage changes constantly. Ms. Floyd further explained the database figures.

Ms. Floyd continued her presentation with the Primary v. Secondary Collections. Ms. Hinrichs asked what is the estimated collection through TRIP in 2005. Ms. Floyd noted that they collected \$1.9 million from TRIP in 2004, but 2005 will be less, because 2004 was the first year they lowered the collection amount to \$100. Mr. Dunn replied that so far they have collected \$1.3 million in 2005.

Ms. Floyd continued her presentation with the success of collection efforts clearance rates. Mr. Smith explained the International Parking Institute (IPI) benchmark study, and stated that the study noted that a well run municipal parking operation should be collecting 72% or more of its parking citations.

Ms. Floyd continued her presentation with the adjudication process. Ms. Hinrichs noted that they don't setup appointments, they set-up court dates. Ms. Burke advised that appointments were a game with some individuals, who use it to



hold off a hold on their vehicle registration. She then advised that they tell the individuals that if they don't show up there would be a default judgment issued against them. Mr. Dunn noted that an appointment puts a hold on any further action taken. Ms. Burke noted that if they don't show up in court, a judgment could then be issued. Ms. Hinrichs advised that is one of two ways an individual ends up in court on a contested parking citation. The other way is that if they go to their appointment with the Citation Review Manager and they can't come to an agreement, they have the opportunity to go to court on that same day as a walk-in. Mr. Daun asked if there would be any merit to requiring some source of minimum payment, such as suspending late fees. Ms. Burke explained that she doesn't think they have the authority to charge them to contest a citation. Ms. Hinrichs noted that the average judgment on a parking citation costs about \$350 and they have a variety of payment options once there is a judgment. Mr. Daun asked what constitutes a contested a parking citation, what constitutes a formal challenge of that citation. Mr. Smith explained that if they answer those phone calls, the City Attorney's Office gave them a list of criteria where they can handle certain issues without the citation being contested. They work out possible errors in the issuing of a citation. Ms. Floyd continued her presentation on the adjudication process.

Chairman Witkowski asked for what reason would a car be towed to the tow lot. Ms. Floyd replied that there are several reasons, such as blocking of alleys, abandon autos, street sweeping violation, or selling vehicles in public right away. She said the city can legally tow any illegally parked car, but the city doesn't. Mr. Daun asked if there is any validity or use for using wheel locks. Ms. Floyd noted that subject would come up later in her presentation.

Ms. Floyd advised that once a citation goes to court, it is taken out of the database system and whatever is paid on the citation goes to the Municipal Court, not to the Parking Fund. She further noted that they do not know the disposition of the citation once it goes to the Municipal Court; it becomes the jurisdiction of the Municipal Court. Mr. Daun asked if it is considered uncollected or collected in the PAM database system. Mr. Dunn advised that it is considered dismissed, meaning dismissed to Municipal Court. Ms. Hinrichs advised that they deal with a variety of cases and she will be presenting a discussion on parking citation cases during her presentation at the next meeting.

Ms. Floyd continued her presentation on the Challenges to Collection Efforts. Mr. Smith explained the DMV process, including the registration hold process as it relates to challenges to collection efforts. Ms. Burke advised that if there is a registration hold placed on a citation, the statute of limitations is increased by 6-years; if no hold is placed on the citation, the statute of limitations is 2 years. Ms. Burke then explained the method they instituted regarding payment plans and tax refund intercept. Ms. Floyd commented that if they put a hold on every citation, it would cost \$1.5 million and that would be an on going cost. Chairman Witkowski asked what would be the potential gain, how many are out there, and what is the return on those that have a registration hold on them right now. Ms. Floyd referred to the data in her

presentation on Schedule of Late fees and the percentage of Success of Collections Efforts. Ms. Floyd advised that if they could put a hold on the license plate instead of the citation, they would accomplish a lot more. Ms. Hinrichs noted that the presiding Judge Mosley has the authority to issue an order, which is what he did on the statute of limitations with the concurrence of the two other judges.

Ms. Floyd continued her presentation on the need for social security numbers (SSN) or driver's license numbers. Mr. Smith explained the process they take to get the SSN or driver's license numbers that they use in their collection efforts. Mr. Daun asked if there is a possibility, given some controls and initiated by the City that the Dept. of Transportation (DOT) would transfer that information without us having to get it from the Dept. of Revenue for the purposes of the intercept. Ms. Floyd replied that one of their recommendations is to work with the DOT to get access to that information. Ms. Hinrichs advised that there is a current statutory change in the state budget that would require the DOT to share information for the purposes of making tax refund intercept more effective and noted that it is part of the city's legislative program. Ms. Floyd replied that the DOT would still require a SSN. Chairman Witkowski asked if the Milw. Police Dept. is having the same problem with getting information and that maybe it is who is asking for the information, such as the contracted company or the City. Mr. Smith replied that under certain guidelines they would supply the information to the Police Dept. Ms. Hinrichs advised that they have a contract with the DOT, where they can obtain driver license numbers, but they can't divulge that information to any other City Departments, agency, etc. The contract is strictly controlled. Chairman Witkowski asked if the agencies or police department were asking for the information for collection purposes would that make a difference. Ms. Hinrichs referred to the agreement they have with the DOT. Ms. Burke advised that the agreement needs to be look at because it is quite old. Mr. Snyder asked if the form could be change to include a request for that information. Ms. Burke explained that the form is used for people they never see.

Mr. Smith then explained the collection challenges they face with leased/rental vehicles. Mr. Daun asked does the rental companies pay the citations if they can't get it from the person who rented the vehicle. Mr. Smith replied that they are required to pay 50% of the original forfeiture under state law.

Ms. Floyd discussed the collection challenges for out of state vehicles. Ms. Burke advised that the statute allows for some of the tools that they could use, such as summons and complaint, registration holds, warrants, etc. Ms. Floyd noted that it is very costly. Mr. Collin commented that he understands why it wouldn't be done on every case and that maybe they could look at some of the biggest scofflaws, and maybe they could use the shamming aspect to beef up collections in other areas. Mr. Dunn noted that there are about 25 individuals who owe about \$3000 - \$6000. Ms. Floyd replied that they worked with the media to report on the biggest scofflaws. Mr. Daun asked what does the media do with it. Ms. Floyd explained that the media did do a report on the biggest scofflaws. Mr. Daun commented that it underlines this

whole discussion because the fundamental assumption of compliance is that it is a fair system.

Ms. Floyd continued with her presentation on collection challenges regarding the state law that allows for the retrieval of towed vehicle without payment of citations. This is why they implemented the summons and complaint process at the tow lot. They issue the form when the individuals go to the tow lot to retrieve their vehicles. She commented on their efforts to lobby for legislation that would require payment of outstanding citations before a vehicle can be retrieved. She commented that state law doesn't allow towing of legally parked vehicles for unpaid citations.

Ms. Floyd continued with her presentation by explaining their recommendations to increase payment and collections. Ms. Burke commented on the time limit to adjudicate a citation. Mr. Collins asked if there is a particular number of days that they can change it to. Ms. Floyd noted that they had proposed legislation to the municipal court judges, but haven't receive a final decision from them yet, and asked that it be discussed at the next meeting, when the Municipal Court gives their presentation. Mr. Smith commented that across the U.S. it is a common practice that a vehicle is impounded due to unpaid citations and all unpaid citations are to be paid before the vehicle can be retrieved. He then explained how other states handle that process and then explained the booting process. Mr. Smith referred and explained the Open Citations report attached to Exhibit 2 - Citation Processing and Collections/supplemental information. Ms. Burke advised of a class action lawsuit she worked on in 1980 relative to the towing program and noted that they were told they couldn't hold vehicles in the tow lot for unpaid parking tickets and they couldn't tow legally parked cars. She advised that they went back in 1996 and got that court order lifted and under federal law they could do it, but the state statute says that they could only order a tow of a vehicle when it is illegally park and release it upon payment of tow and storage fees. She further explained that the towing of vehicles was allowed to clear the streets, not to be used as a collections device. She advised that state law changes would be needed, along with City ordinance changes. Mr. Smith noted the public perception on booting or immobilizing vehicles is very negative, however compare it to towing, it is more customer friendly, especially with the new technology available. Booting could be dealt with within an hour right where the vehicle is at once the citation is paid, compared to having to go to the tow lot to get your vehicle. Ms. Floyd noted that they would still tow for certain violations and use immobilization devices when it isn't critical to get that vehicle off the street. Mr. Collins asked if there was a reason for not listing the challenge to collection efforts, due to lack of interstate reciprocity agreements, on the recommendation list. Ms. Floyd replied that they have enough problems in dealing with the state DOT. They were mainly focusing on recommendations that were attainable.

Chairman Witkowski asked Jim Carroll from the Legislative Reference Bureau to come to the table and explain the research he has done on outstanding parking citations (Exhibit 3). Mr. Carroll appeared and discussed his research. Mr. Smith

advised that Chicago is using mobile license plate recognition to identify scofflaw vehicles.

Chairman Witkowski noted that Mr. Carroll also submitted the report on booting of vehicles. (Exhibit 4)

Mr. Collins asked if it would be of any benefit to run the most recent scofflaws on Channel 25 and if so could that be a recommendation. Ms. Floyd replied that nothing prevents them from doing that. They have used the Journal/Sentinel and other news channels already.

Mr. Snyder asked if they are using marital laws as a collection effort. Ms. Burke replied she doesn't know. Mr. Smith advised that he believes state statute says that the person the vehicle is register too is responsible for the debt.

Mr. Snyder asked if out of state plates go on the WI tax refund intercept. Ms. Floyd noted that if they file a State of WI tax return they would be certified. Mr. Smith advised that it wouldn't be cost efficient. Mr. Snyder asked if a vehicle is company owned, do they go after the company. Mr. Smith replied yes, they go after the company.

Chairman Witkowski asked if there is a collection effort for out-of-state citations. Ms. Floyd advised that they do have out-of-state collection efforts. Mr. Smith explained the out-of-state collections efforts.

### **3. Discussion on report from City Treasurer relative to delinquent tax collection activities**

Mr. Klajbor advised that the City Treasurer feels that with a collection rate of 99.83% they really don't have a collection problem. He noted that at the last meeting it was mentioned the use of shaming people and the concern they have with that is that they do have scofflaws, but there is a lot of good people out there that come upon hard times and they feel caution should be taken when considering shaming people and the last point is that if this task force comes up with any recommendation, they recommend requesting a City Attorney's opinion to make sure they are in compliance with statutes and uniformity clause.

Chairman Witkowski commented that a list of Do-Not-Aquire (DNA) properties have been sent to all members. Chairman Witkowski asked if the list of delinquent tax accounts is online. Mr. Klajbor replied that all delinquent taxpayers are online. It is on a excel spreadsheet in tax account number order, but it can also be searched by name. Chairman Witkowski asked if there is a list of repeat offenders. Mr. Klajbor replied that no they don't keep track of them. He further advised that there is a process when a property is foreclosed on, where a person can petition to get their property back. Chairman Witkowski asked if there is large list of people who foreclose on property. Mr. Klajbor replied that all past paid taxes are purged when

paid so there isn't a way to generate a list of those repeat offenders. Chairman Witkowski asked Mr. Klajbor if they could start keeping a list of repeat offenders. Mr. Klajbor advised that they could.

#### **4. Comments from the Public**

No comments from the Public.

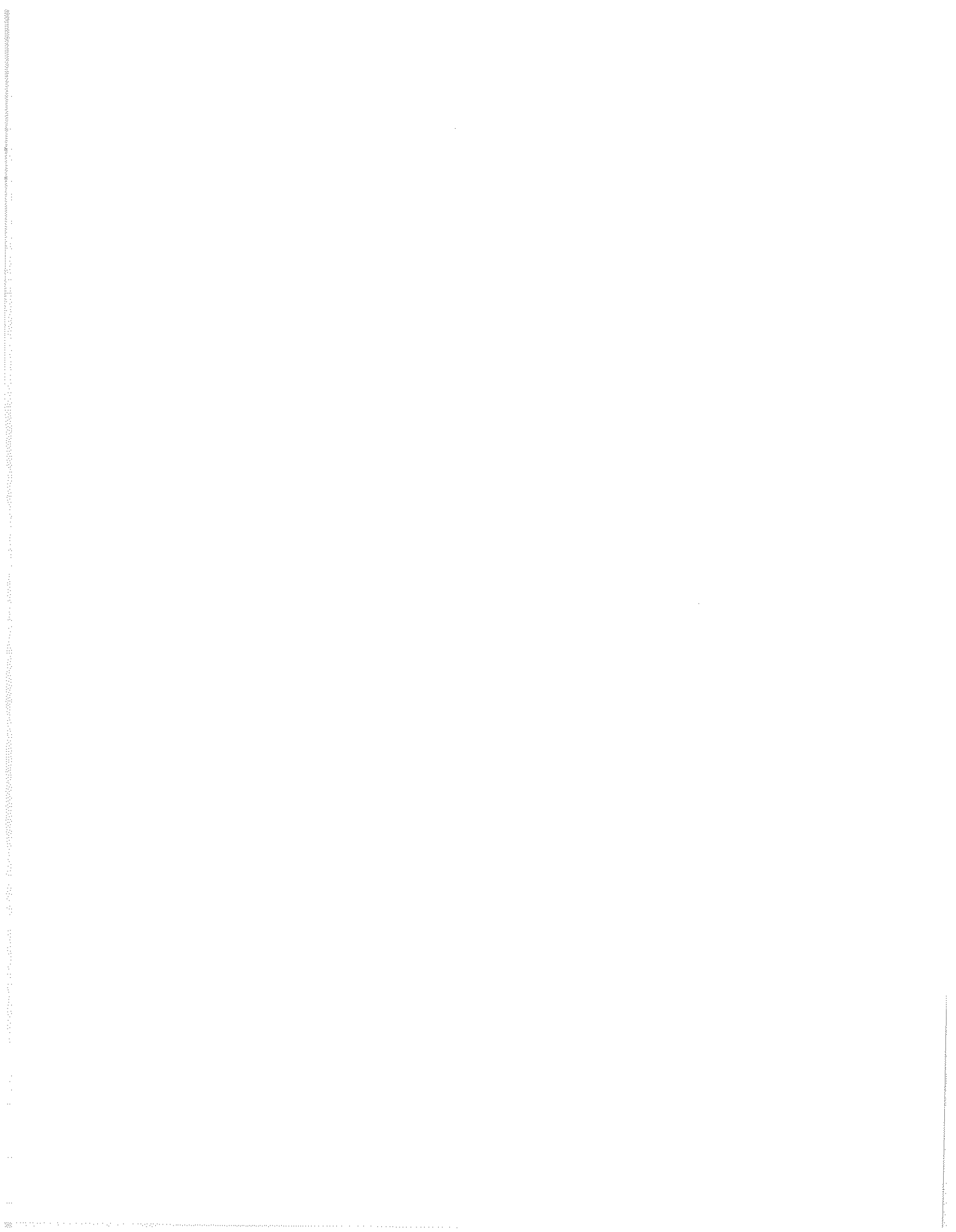
Chairman Witkowski handed-out a copy of an e-mail that Mayor Barrett received from Ms. Kathryn Crumpton, Manager of Consumer Credit Counseling Services of Greater Milwaukee (Exhibit 5) regarding Traffic Ticket idea.

#### **5. Next meeting date, time and agenda**

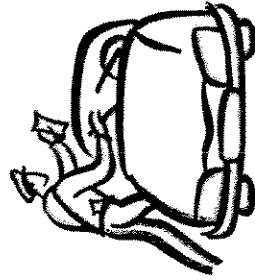
Wednesday, June 22, 2005 at 1:30 P.M. in Room 301-B.  
Presentation given by the Municipal Courts.

*Meeting Adjourned: 11:56 A.M.*

*Terry J. MacDonald  
Staff Assistant*

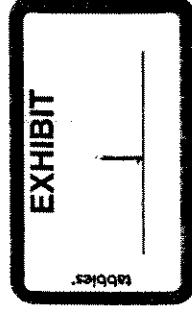


# Outstanding Parking Citations A Presentation to the Outstanding Debt Task Force



Department of Public Works

June 3, 2005



# Parking Citation Issuance

- Parking citations are issued by DPW Parking Enforcement (88%) and the Milwaukee Police Department (12%).
- Parking Checkers use hand-held computers.
- Police Department hand write citations.



# Parking Citation Data

- Citation Number
- Date and time of issuance
- License Plate Number, State, Plate Type
- Vehicle Make, Body, Type, Color
- Location of Citation

- Meter number, if meter violation
- Officer Name, Agency, Payroll Number, Work Location
- Violation Code
- Forfeiture Schedule
- Remarks

# 2004 Parking Citation Issuance

- 1.1 million citations issued in 2004.
- \$21.7 million total revenue collected.
- \$19.51 collected per citation.

# Parking Citation Database

- Handheld computers (AutoCites) are downloaded into AutoProcess database after each shift.
- Handwritten citations are hand-entered.
- Outstanding citations date back to 1992.

# Summarize Delinquencies

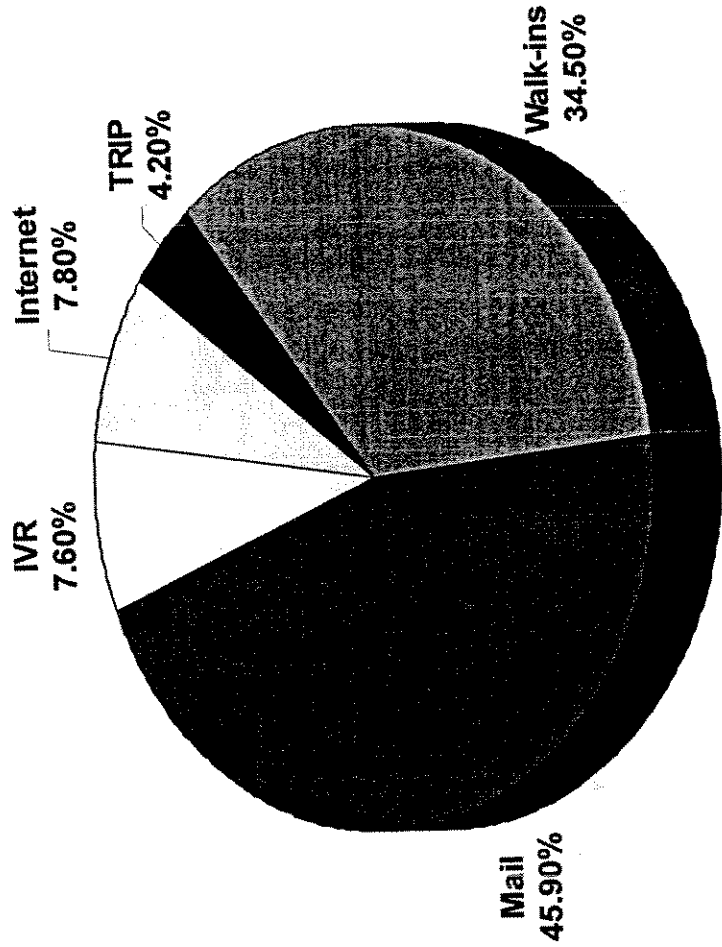
- \$93.6 million outstanding and 2.4 million citations.
  - \$30.3 million issued to out-of-state plates.
  - \$26.9 million issued to WI plates with no registered owner.
  - \$36.4 million issued to WI plates with registered owner.
    - \$12.3 million issued in 1998 or prior.
    - \$24 million considered reasonably collectable.

# Collection Process

- Professional Account Management (PAM)
  - Citation Processing Fee (\$2.15/citation -- adjusted annually for CPI).
  - Secondary Collection Contingency Fee (29% of collected amount).
  - Required to submit annual financial and performance audits.
  - 2005 contract amendment to purge citations over 6 years old.
    - Will result in purging \$35.1 million.

# Source of Payments

Methods of Parking Citation Payments  
(number of citations paid)



## Schedule of Late Fees

- \$5 after 10 days, but within 28 days (1<sup>st</sup> notice sent).
- Another \$5 after 28 days, but within 58 days (2<sup>nd</sup> notice sent).
- Another \$15 after 58 days (registration hold placed).

# Wisconsin Vehicle Registration Holds

- City places 100,000+ registration holds annually at a cost of \$5/hold.
- Registration hold is placed on a single citation after 58 days overdue.
- DMV places and releases holds.



## Wisconsin Vehicle Registration Holds (continued)

- Hold is placed on oldest unpaid citation (not at the license plate level).
- No states have reciprocity agreements for placement of registration holds for unpaid parking citations.

# Secondary Collection Process

- Begins after citation is 80 days overdue.
- Obtain telephone number and place calls.
- Skip trace to obtain more recent address than what DMV provides.
- Send collection letters.
- Register with credit bureau for major scofflaws.

# Tax Refund Intercept Program (TRIP)

- State DOR charges 2% administrative fee.
- PAM must obtain SSN or driver's license number of vehicle owner.
  - Utilizes third-party skip tracing resources to identify SSN.
  - 52% success rate.
  - 91% success rate of those where SSN is identified (this is 47% of those eligible).
  - 3 letters mailed regarding certification – 2 by City, 1 by State.
  - Certify outstanding amounts over \$100 that are unpaid for 80+ days.

# Tax Refund Intercept Program (continued)

- If certified:
  - State income tax refund intercepted.
  - If no refund, debtor will remain certified.
  - If refund is insufficient, debtor will remain certified for remaining amount.
  - If citation is not contested within 20 days after given notice of certification, the debt will be set off against any refund.

## Success of Collection Efforts Percent Collected for Each Effort

- 0 to 10 days: 29.4%
- 11 to 28 days: 15.7%
- 29 to 58 days: 10.7%
- 59 to 81 days: 3.1%
- After 81 days: 14.1%

## Success of Collection Efforts Primary v. Secondary Collections

- Approximately 1/3 collected annually in secondary collections (\$7 million).
- \$1.9 million collected from TRIP in 2004.

# Success of Collection Efforts

## Clearance Rates

(% of valid citations paid in full or settled for partial payments)

- After 1 year from issuance - 75%
- After 2 years from issuance - 80%+
- IPI Benchmark for municipal parking citation clearance - 72%

# Adjudication Process

- Appointment Process
  - Violations Bureau schedules appointment with Citation Review Manager (CRM).
  - No deadline to review; citations can be adjudicated any time after issuance but before statute of limitations expires.
- Implemented Notice of Appearance
  - Began in 2003 for scofflaws who miss their CRM appt.
  - 50% are no shows for CRM.
  - If request another appointment must go to Violations Bureau or Tow Lot to schedule an appointment.
  - 4,139 notices were issued in 2004.



# Adjudication Process (continued)

- Implemented Summons and Complaint
  - Began in 2003 for scofflaws whose vehicles have been towed to the City tow lot.
  - 2,330 summons issued in 2004.
  - 33,502 citations valued at \$1.3 million.
  
- Review and Adjudication Process
  - Citation Review Manager position created in 2002.
  - Municipal Court
    - Can provide payment plans.
    - No process to track disposition.
  - Written Correspondence

# Challenges to Collection Efforts

- Data Entry Errors (possible at 2 different steps).
- DMV Database
  - Identify registered owner of vehicle before notices can be sent.
  - Hit rates for WI are 95%.
  - Out-of-state plates (85% with Illinois at 91%)
  - Name used to register vehicle.
- Registration holds
  - DMV behind in placing holds.

# Challenges to Collection Efforts (continued)

- Municipal Court Order
  - Adjudication vs. Collection
  - Requires a registration hold on each citation at \$5 each.
  - Estimated cost \$1.5 million.
  
- Need SSN or Driver's License Number
  - DOT policy to refuse access to information.
  
- Leased/Rental Vehicles
  - Collection of 50% of original forfeiture.

# Challenges to Collection Efforts (continued)

- Out-of-State Vehicles
  - No state DMV reciprocity agreements.
- Municipal Court Process
  - Cumbersome/costly judgment process.
- State Law Allows Retrieval of Towed Vehicle w/o Payment of Citations.
- State Law Prohibits Towing of Legally Parked Vehicle for Unpaid Citations.

## Recommendations to Increase Payment and Collections

- Change registration hold process to be at the license plate level. State statute change.
- Require DOT to share SSN and/or Driver's License Number with City (for every 5% increase in certification, collections could increase by \$1 million). DOT policy change or State statute change.

# Recommendations to Increase Payment and Collections continued

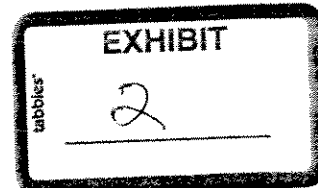
- Require same name on driver's license and vehicle registration. State statute change.
- Limit timeframe to adjudicate citations. State statute change.
- Allow for towing/booting and impounding vehicles for unpaid citations. State statute change.

**City of Milwaukee  
Department of Public Works  
Citation Processing and Collections**

**June 3<sup>rd</sup>, 2005**

**Supplemental Information**

- Notice of Appearance Form for contested citations
- Enforcement Tools
- Vehicle registration suspension form
- Annual Contract audit scope
- Analysis of open citations



## NOTICE OF APPEARANCE

I, \_\_\_\_\_, date of birth \_\_\_\_\_, \_\_\_\_\_ residing at \_\_\_\_\_, am requesting a court date in the Milwaukee Municipal Court to dispute or make payment arrangements for the parking citation or citations listed on the back of this form.

I understand that by signing this Notice of Appearance, and requesting a court date, I am voluntarily appearing before the Municipal Court of the City of Milwaukee, which will have personal jurisdiction over me in this matter. I fully understand that if I do not appear in the Municipal Court, Branch \_\_\_\_\_, , at 951 North James Lovell Street, Milwaukee, WI 53233, on \_\_\_\_\_, \_\_\_\_\_ at \_\_\_\_\_ .M. or enter a plea of not guilty by mail or fax at least five days prior to the scheduled court date, judgment may be rendered against me or a warrant issued for my arrest.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Note: If you file a plea of not-guilty by mail or fax at least five days prior to your scheduled court date, your case will be automatically be set for a pre-trial. In that case, you do not have to appear on the date noted above. Instead, you will receive notice of your pre-trial date and time.

If you simply want to make payment arrangements for these citations, you should appear on the date noted above and indicate this to the judge.



**City of Milwaukee  
 Department of Public Works  
 Citation Processing and Collections**

**Enforcement Tools in Milwaukee and  
 Other Jurisdictions**

<b>Jurisdiction</b>	<b>Tow Only Illegally Parked Vehicles?</b>	<b>Release Vehicles with Payment of Tow Fee Only?</b>	<b>Employ Booting?</b>	<b>Window to Contest</b>
Milwaukee	YES	YES	NO	None
Alexandria, VA	NO	NO	YES	None
Boston, MA	NO	NO	YES	21-Days
Chicago, IL	NO	NO	YES	7-Days
Cincinnati, OH	NO	NO	NO	None
Cleveland, OH	NO	NO	NO	None
Columbus, OH	NO	NO	YES	10-Days
Fairfax County, VA	NO	NO	YES	16-Days
Norfolk, VA	NO	NO	NO	30-Days
Pittsburgh, PA	NO	NO	YES	20-Days

**NOTICE OF UNPAID CITATION**  
Under Section 345.28(4), Wisconsin Statutes

MV2679 89 (Replaces MVD2458C)

Citation Number	CASE NUMBER
-----------------	-------------

Amount \$	Date Citation Issued
--------------	----------------------

From: Authority Name  
**MILWAUKEE POLICE DEPARTMENT**

Citation Issued To: Last Name, First, MI.

Address  
**BOX 531**

Last known address

City State Zip  
**MILWAUKEE WI 53201**

City State Zip Code

Citation may be paid at:

Wisconsin License Number of Vehicle	Plate Type	Year of Expiration
-------------------------------------	------------	--------------------

Action to be taken by Wisconsin Dept. of Transportation

Suspend Registration   
  Refuse Registration   
  Suspend and Refuse Registration

Authorized Representative of The Authority \_\_\_\_\_  
Date Signed \_\_\_\_\_

This is to certify that a citation for a non-moving traffic violation as defined by s.345.28(1), Wisconsin Statutes, has been issued to the person named above and remains unpaid following the mailing of the notices meeting the requirements of 345.28(4)(a)(2)(c), or 345.28(5m)(d), or 345.28(5m)(c)1. As part of the notices, the person was advised of the means by which the citation may be contested.

X \_\_\_\_\_  
Title of person signing

**Mail or Deliver TO: Wisconsin Dept. of Transportation - TVRP Unit  
4802 Sheboygan Avenue, Room 233  
P.O. Box 7909, Madison, WI 53707-7909**

**NOTICE OF SATISFACTION**  
This is to certify that on this date the person named above has paid the citation or appeared in Court in response to the citation.

Authorized Representative of The Authority \_\_\_\_\_  
Date Signed \_\_\_\_\_

X *Mariano D. Delacruz*  
Title of person signing

**NOTICE OF UNPAID CITATION**  
Under Section 345.28(4), Wisconsin Statutes

MV2679 89 (Replaces MVD2458C)

Citation Number	CASE NUMBER
-----------------	-------------

Amount \$	Date Citation Issued
--------------	----------------------

From: Authority Name  
**MILWAUKEE POLICE DEPARTMENT**

Citation Issued To: Last Name, First, MI.

Address  
**BOX 531**

Last known address

City State Zip  
**MILWAUKEE WI 53201**

City State Zip Code

Citation may be paid at:

Wisconsin License Number of Vehicle	Plate Type	Year of Expiration
-------------------------------------	------------	--------------------

Action to be taken by Wisconsin Dept. of Transportation

Suspend Registration   
  Refuse Registration   
  Suspend and Refuse Registration

Authorized Representative of The Authority \_\_\_\_\_  
Date Signed \_\_\_\_\_

This is to certify that a citation for a non-moving traffic violation as defined by s.345.28(1), Wisconsin Statutes, has been issued to the person named above and remains unpaid following the mailing of the notices meeting the requirements of 345.28(4)(a)(2)(c), or 345.28(5m)(d), or 345.28(5m)(c)1. As part of the notices, the person was advised of the means by which the citation may be contested.

X \_\_\_\_\_  
Title of person signing

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Authorized Representative of The Authority \_\_\_\_\_  
Date Signed \_\_\_\_\_

X *Mariano D. Delacruz*  
Title of person signing

**City of Milwaukee  
Department of Public Works  
Citation Processing and Collections Contract**

**Annual Contract Audit Scope**

Every year, the contract is audited for adequacy and compliance in the following areas:

- Disaster Preparedness Plan
- Cash Handling Controls
- System Reconciliation
- Invoicing Procedures
- Citation Input Procedures
- Citation Collection Procedures
- Payment Processing Procedures
- Payment Center Operations
- Lock Box Processing Procedures
- Citation Release Procedures
- Refund Processing Procedures
- Noticing Procedures
- Vehicle Registration Hold and Release Procedures
- IVR and Internet Payment Procedures
- City Attorney Release Procedures
- Insurance and Bonding
- Adequacy and Completeness of Records

The scope of the Audit and the testing procedures are determined by the City Comptrollers Office.

# City of Milwaukee Oper. Citations Report (as of 5/31/05)

## OPEN: OLDER THAN 6-YEARS

Year	Out of State				Wisconsin			
	No RO		With RO		No RO		With RO	
	Dollars	Count	Dollars	Count	Dollars	Count	Dollars	Count
1992	\$636,461.20	20,050	\$162,839.35	5,429	\$167,666.01	5,417	\$1,399,790.34	49,089
1993	\$1,503,475.95	46,560	\$274,818.50	8,837	\$174,500.00	5,449	\$2,506,128.97	84,088
1994	\$1,699,941.20	51,327	\$238,756.75	7,570	\$209,107.50	6,360	\$2,470,624.46	80,658
1995	\$1,725,640.20	49,274	\$270,405.02	8,233	\$231,557.00	6,602	\$2,626,445.76	78,936
1996	\$1,864,098.00	53,888	\$281,342.30	8,623	\$258,292.00	7,506	\$2,969,589.30	90,059
1997	\$1,578,794.50	45,580	\$261,692.00	8,062	\$711,076.00	21,070	\$2,889,851.89	87,833
1998	\$1,958,352.00	56,235	\$264,491.37	7,916	\$675,902.77	19,623	\$2,547,258.37	77,163
1/1/99-6/1/99	\$935,177.00	24,638	\$166,508.50	4,667	\$302,931.50	8,056	\$1,132,184.82	32,300
	<b>\$11,901,940.05</b>	<b>347,552</b>	<b>\$1,920,853.79</b>	<b>59,337</b>	<b>\$2,731,032.78</b>	<b>80,083</b>	<b>\$18,541,873.91</b>	<b>580,126</b>

Purge	Dollars	Count
Total Out-of-State	\$13,822,793.84	406,889
Total In-State	\$21,272,906.69	660,209
<b>Grand Totals</b>	<b>\$35,095,700.53</b>	<b>1,067,098</b>

## OPEN: LESS THAN 6-YEARS OLD

Year	Out of State				Wisconsin			
	No RO		With RO		No RO		With RO	
	Dollars	Count	Dollars	Count	Dollars	Count	Dollars	Count
6/2/99-12/31/99	\$1,200,235.00	30,808	\$196,113.60	5,415	\$336,317.10	8,833	\$1,476,351.92	41,264
2000	\$1,816,150.51	41,963	\$299,713.90	7,394	\$768,762.00	18,033	\$2,551,927.51	63,395
2001	\$2,886,643.00	64,330	\$401,187.50	9,406	\$1,681,331.00	38,600	\$5,051,422.17	119,950
2002	\$3,019,128.00	65,233	\$337,024.00	7,686	\$2,200,560.12	48,662	\$5,418,295.35	123,892
2003	\$2,723,887.18	58,176	\$347,349.50	7,921	\$2,195,279.55	46,551	\$5,288,117.83	118,689
2004	\$2,784,432.70	59,336	\$458,783.12	10,357	\$2,759,584.12	59,448	\$7,922,423.32	177,382
2005	\$808,995.00	21,565	\$146,332.00	4,177	\$1,240,049.75	39,529	\$3,627,631.11	102,311

Collectable	Dollars	Count
Total Out-of-State	\$1,414,110.12	36,099
Total In-State	\$26,256,101.48	621,251
<b>Grand Totals</b>	<b>\$27,670,211.60</b>	<b>657,350</b>

UnCollectable	Dollars	Count
Total Out-of-State	\$16,011,864.89	357,668
Total In-State	\$16,261,951.37	385,288
<b>Grand Totals</b>	<b>\$32,273,816.26</b>	<b>742,956</b>

Amounts highlighted in black above

Amounts highlighted in green above

April 20, 2005

**LRB FISCAL REVIEW SECTION MEMORANDUM**

TO: Ald. Terry Witkowski  
FROM: James Carroll, Legislative Fiscal Analyst  
RE: Outstanding Parking Citations

This memorandum is in response to your request for information regarding outstanding parking citations.

**Outstanding Balance**

At the end of 2004 there were approximately \$93.4 million in outstanding parking citations. The total includes open citations issued from 1992 through December 31, 2004. DPW considers approximately \$24 million of the \$93.4 million to be collectable and \$69.4 million to be uncollectable. Of the total amount uncollectible, approximately \$26.4 million is citations issued to vehicles for which correct registered owner or license plate information has not been obtained. It is also unlikely that collection efforts will be successful for another \$12 million in citations issued prior to 1998. Further, it is unlikely that approximately \$31 million will be collected from citations issued to vehicles with out of state license plates. Consequently, DPW estimates \$24 million can be considered reasonably collectable.

**Secondary Collections**

DPW contracts with Professional Account Management for the collection of unpaid parking citations. Citations become past due when unpaid after 10 days. Late fees are imposed after 10 days, after 28 days and after 58 days. In addition, after 58 days, a hold is requested on the vehicle registration for which an unpaid parking citation has been issued. DPW pays the Wisconsin Department of Transportation (WISDOT) \$5 for each vehicle registration hold. In 2004, DPW paid WISDOT \$479,615 for registration suspensions (95,923 registration suspensions).

Secondary collections represent citations paid after 80 days. PAM receives 29% of the secondary collection revenue. The table below shows the secondary revenue collected by PAM since 1999.

**SECONDARY COLLECTIONS**

1999	2000	2001	2002	2003	2004
\$3,900,616	\$3,984,784	\$4,556,335	\$6,423,426	\$7,050,508	\$8,966,074

The significant increase in Secondary Collections in 2002 reflects the large increase in citation issuance in 2001. The Secondary Collections increased in 2003 is a result of the City's participation in the State Income Tax Refund Intercept (TRIP).

The City began participating in TRIP in the fall of 2002 for unpaid parking citations for those people with balances over \$300. In 2003, violators with outstanding balances of over \$100 were registered under this program. In 2003 \$1.2 million was intercepted. In 2004, \$1.8 million was intercepted, an increase of \$600,000.

### **Other Collection Strategies**

The Department of Public Works provided an update of the results of the strategies implemented in 2003 for handling the large number of parking scofflaws in a letter, dated June 10, 2004, sent to the chairman of the Judiciary and Legislation Committee. (See Attachment A) The strategies include utilizing the notice of appearance form, issuing a summons and complaint form at the tow lot to owners of towed vehicles who have 5 or more citations and issuing a summons and complaint on major scofflaws.

To address scofflaws who miss a scheduled appointment with the Citation Review Manager, the City utilizes a notice of appearance form. If the scofflaw wants to reschedule a court appearance to contest a parking citation(s), the scofflaw must now sign a notice of appearance form. The form contains the date the scofflaw must appear in Municipal Court and information on all outstanding parking citations. If the court date is missed a default judgment of guilty may be rendered and a warrant may be issued for the scofflaw's arrest.

DPW believes that although 50% of parking scofflaws who schedule an appointment with the Citation Review Manager miss the appointment, many are attempting to reschedule. The consequences of missing a court appearance are much more severe, thereby forcing the number of parking scofflaws into the Municipal Court system to adjudicate their outstanding parking citations that they would not have previously done. By going to the Municipal Court, parking scofflaws can participate in a payment plan and keep their vehicle registration current.

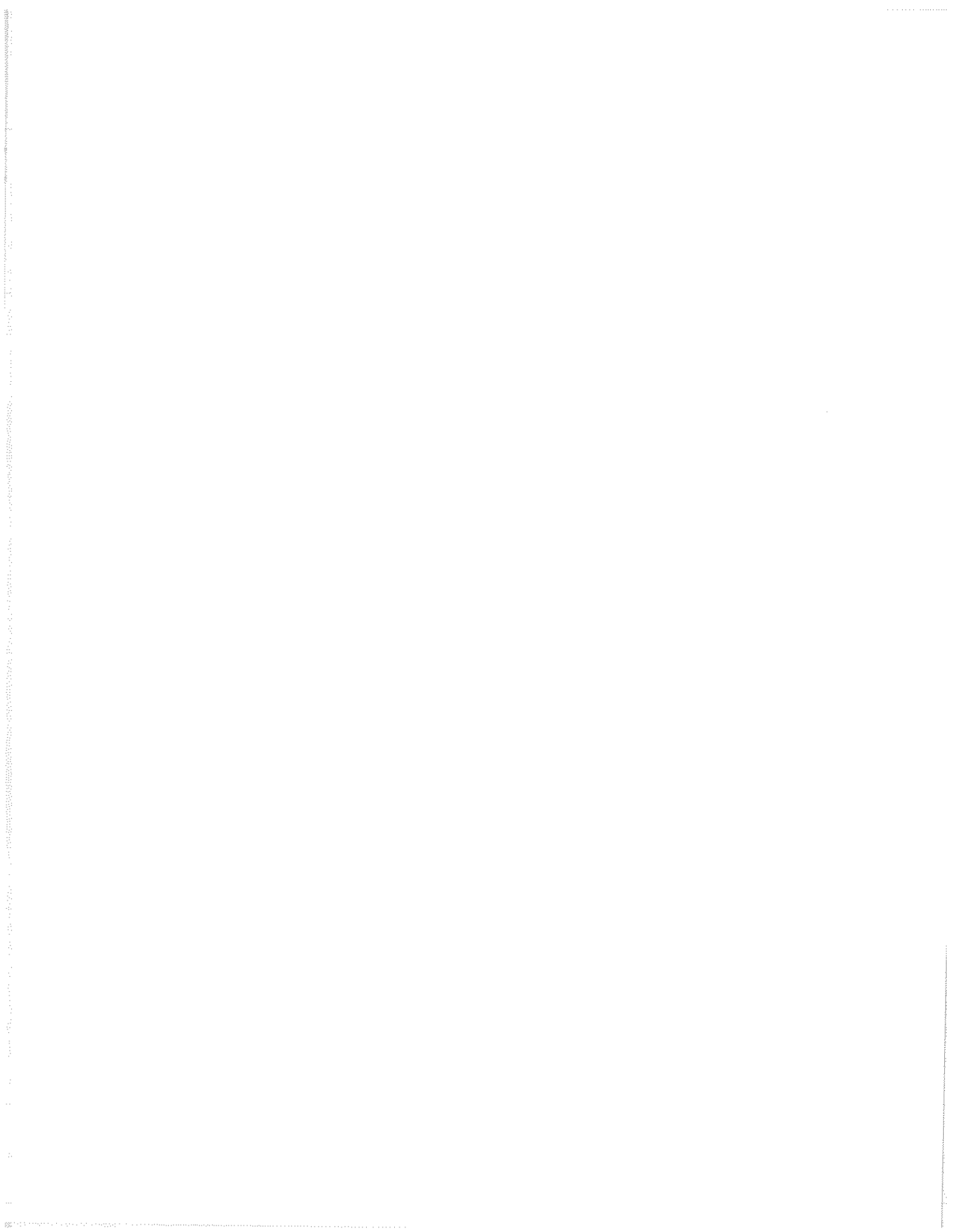
The utilization of a summons and complaint form at the tow lot is another strategy used to reduce the number of scofflaws. When a scofflaw retrieves his/her vehicle at the tow lot and there are eligible outstanding citations (5 or more that are over 30 days old), a summons and complaint form is personally served on the parking scofflaw by the tow lot staff. The summons and complaint form has an assigned Municipal Court date as well as a summary of outstanding parking citations. In 2003, the tow lot staff issued 146 summons for 2,145 citations valued at \$88,294. By the end of 2004, 2,421 summons had been issued for 33,502 citations valued at \$1,323,892.

A preliminary review by DPW indicates serving a summons and complaint form at the tow lot has been successful in scheduling a Municipal Court date for scofflaws to adjudicate outstanding parking citations who would not have scheduled a court date. Although DPW's preliminary review indicates the program has been successful, it has increased the workload at the tow lot and the Municipal Court.

Having the City Attorney issue a summons and complaint on major scofflaws was another strategy that was used to reduce the number scofflaws. Under this strategy, the City Attorney issued a summons and complaint to scofflaws with 40 or more eligible outstanding parking citations. This program was implemented in the fall of 2003. According to the City Attorney, 55 summons and complaints were issued, 36 were returned by process servers as not found. Of the 19 summons that were filed in Municipal Court, 5 did not appear and default judgments were issued and the remaining 14 pleaded no contest and were placed on payment plans. A preliminary DPW review indicates the information provided by the State's Department of Transportation is not always accurate, thereby making it difficult to serve major scofflaws.

Cc: Marianne Walsh

Prepared by: James Carroll 286-8679  
LRB – Fiscal Section  
April 14, 2006





May 18, 2005

**LRB FISCAL REVIEW SECTION MEMORANDUM**

TO: Ald. Terry Witkowski  
FROM: James Carroll, Legislative Fiscal Analyst  
RE: Booting of Vehicles

This memorandum is in response to your request for information regarding the booting of vehicles.

**Madison, Wisconsin**

The City of Madison does not boot vehicles.

**Chicago, Illinois**

On September 16, 1987, Chicago's Department of Revenue established a vehicle immobilization program, better known as the boot program. Vehicles become boot eligible when a registered owner accrues three (3) or more unpaid final determinations of parking and compliance violation liability. If the debt is not paid within 24 hours of booting, the vehicle is subsequently towed. In addition to a boot fee, towing and storage fees are incurred once a vehicle has been impounded. All final determinations of parking/compliance liability issued to any vehicle registered in the name of the registered owner must be paid before the owner's seized vehicle will be released.

The following data regarding booting was provided Chicago's Department of Revenue:

**# Of Boots Placed**

2002- 37,678

2003- 49,225

2004- 45,130

**# Of Vehicles Unclaimed After Becoming Booted**

2002-10,786

2003-10,587

2004- 9,262

**Revenue collections from Boot Fees**

2002- N/A

2003-\$5,588,274

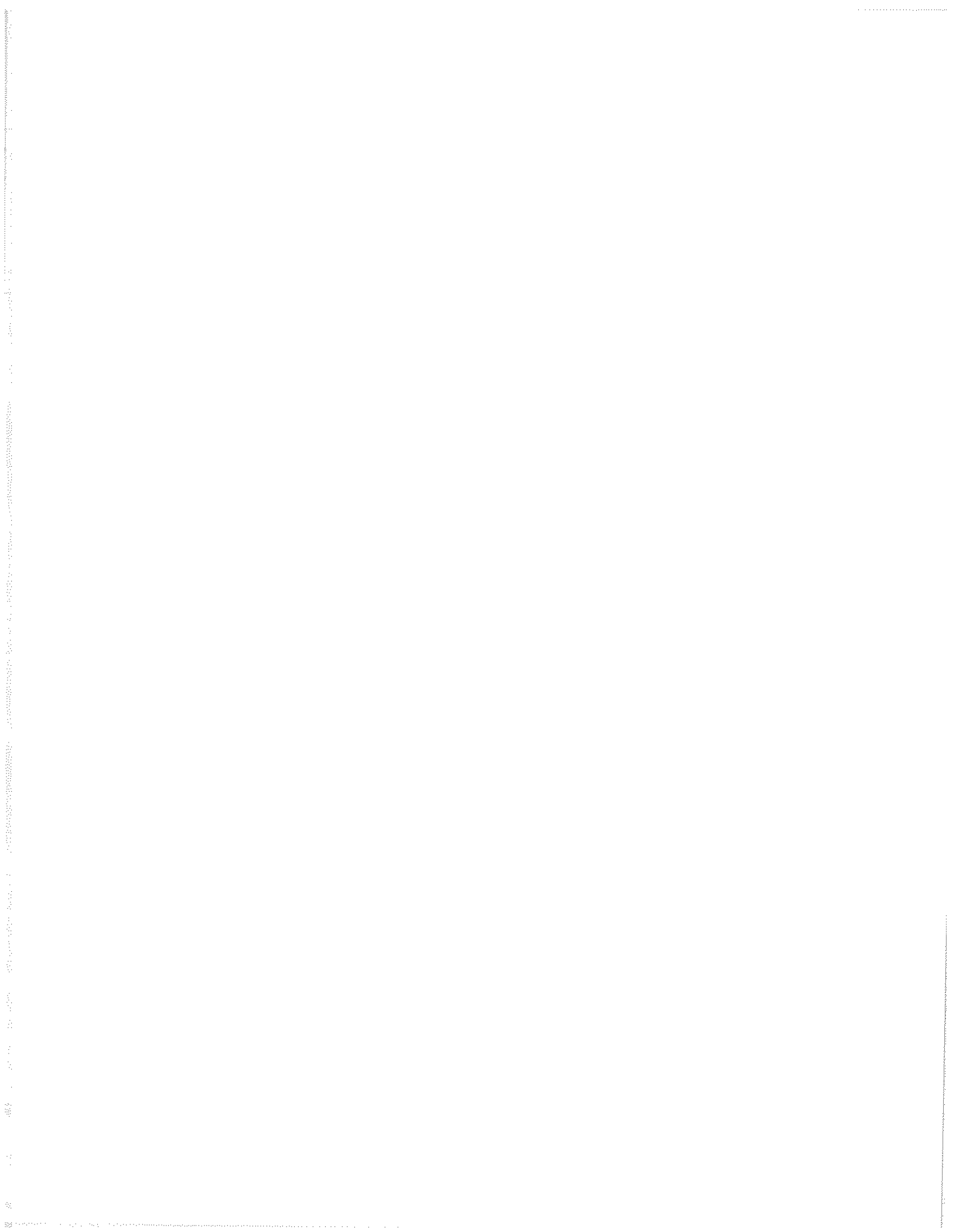
2004-\$4,489,721

cc: Marianne Walsh

Prepared by: James Carroll 286-8679  
LRB - Fiscal Section  
May 12, 2005

**EXHIBIT**

4



Terry Witkowski - Re: Traffic Ticket Idea

From: Mayor Milwaukee  
 To: "kathryn.crumpton@aurora.org".GWIA55.MKEDO  
 Date: 5/25/2005 4:20:27 PM  
 Subject: Re: Traffic Ticket Idea

Dear Ms. Crumpton:

Thank you for contacting my office regarding the Outstanding Debt Task Force. I appreciate your sharing your suggestions with me.

I applaud you and your organization's efforts to help our community get out of debt and pay what they owe. As you know, the city has a substantial amount of outstanding debt owed to it. That is why we constituted the Outstanding Debt Collection Task Force. This body will examine how the city can best address this issue.

I am copying Alderman Terry Witkowski, chair of the task force, and Marty Collins, vice-chair, with this response. I encourage you to follow up with these gentlemen to explore your suggestions further.

Thank you for your concern for the City of Milwaukee. Please do not hesitate to contact my office with any issues you feel require my attention.

Sincerely,

Tom Barrett  
 Mayor

>>> <kathryn.crumpton@aurora.org> 4/25/2005 3:08:15 PM >>>  
 Dear Mayor Barrett,

As someone who lives and works in the City of Milwaukee, I would appreciate it, if people with outstanding tickets would pay them. It would help all of us if everyone would take care of what they owe. I also know that people who fall behind with debt have a difficult time knowing where to start when they are finally able to begin repayment. I have been working at Consumer Credit Counseling of Greater Milwaukee for over 13 years helping people get out of debt. We have put the City of Milwaukee on repayment plans for people who have fallen behind with tickets that they need to pay back. We have helped our clients to pay back child support as well as federal and state income taxes. Even though we have been providing this service for over 33 years, many people still don't know about us because we truly are a nonprofit credit counseling agency and do not have a large advertising budget. However if more people with parking tickets were made aware of us and we could enter in to some type of a program where the City of Milwaukee would refer people to us and we would help get them set up on plans to repay their tickets and other outstanding debts while teaching them money management skills - a lot of people would win. The City would generate revenue for unpaid tickets, people owing tickets would get their finances straightened out, and all the tax payers in Milwaukee might be able to breathe a little easier. Then what would Charlie Sykes have to crumble about in the morning?

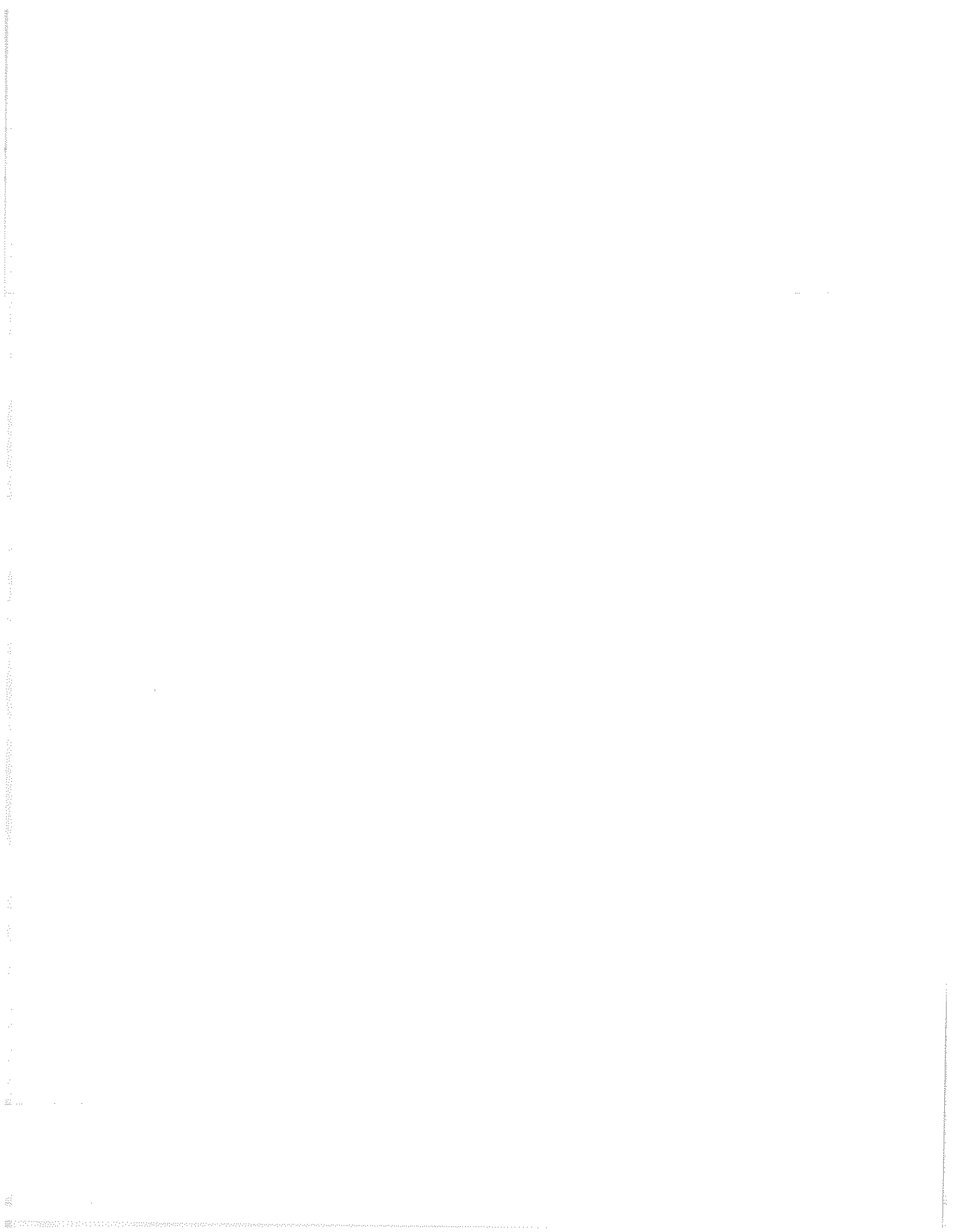
If this is an idea you would like to explore further, please contact me.

Kathryn Crumpton, Manager  
 CCCS of Greater Milwaukee  
 4915 South Howell Avenue Suite 102

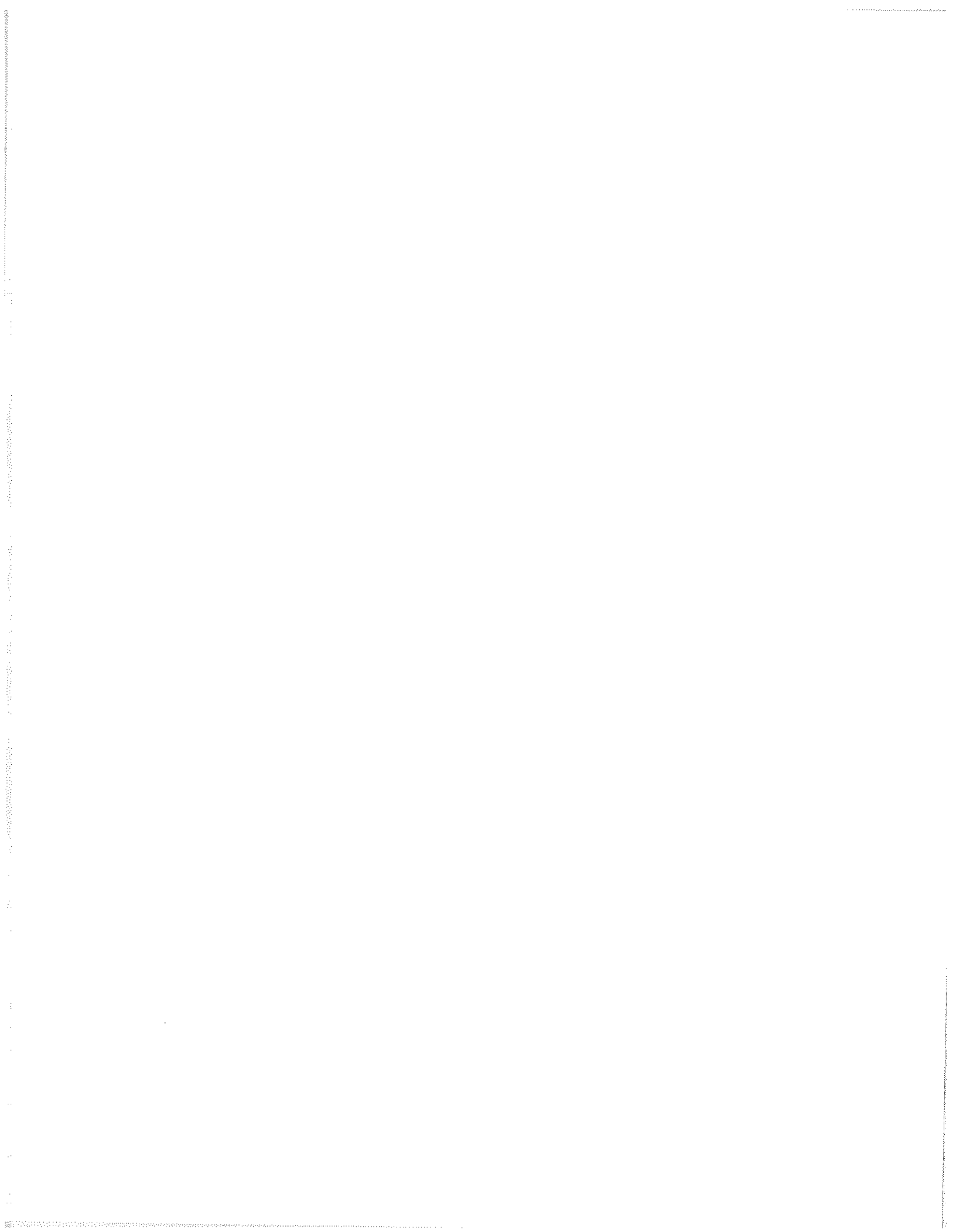
EXHIBIT

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# APPENDIX D



**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino and Don Weihs

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

June 16, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **WEDNESDAY, JUNE 22, 2005, at 1:30 P.M., in Room 301-A, City Hall, 200 East Wells Street, regarding:**

1. Review and approval of minutes of the June 3, 2005 meeting
2. Report given by the Department of Public Works relative to property damage accounts receivables
3. Report given by the Municipal Court relative to municipal fines and forfeitures process
4. Discussion on parking citations process
5. Discussion on delinquent tax collection activities
6. Comments from the Public
7. Next meeting date, time and agenda

Respectfully,



RONALD D. LEONHARDT  
City Clerk

**PLEASE NOTE:**

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or other auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX) 286-3456, (TDD) 286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, City Hall (City Clerk's Office).



**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

**June 22, 2005  
Minutes**

Meeting Commenced: 1:35 P.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Anna Ruzinski Robert Juhay, Michael Daun, Wayne Whittow, Dorinda Floyd, Melanie Swank appeared on behalf of Linda Burke, Dennis Yaccarino, Jim Klajbor (Special Deputy City Treasurer) and Don Weihs

Excused: Linda Burke

Also present: Mr. Jim Carroll-LRB; Ms. Cindy Angelos-Department of Public Works - Administration; Mr. Dan Rotar, Accounts Receivable Business Manager for the Department of Public Works; Branch 2, Judge & Presiding Judge Derek C. Mosley; Mr. Craig Johnson and Mr. Dan Shepherd with Professional Placement Services (PPS) and Mr. Robert Potrzebowski with Kohn Law Firm

**1. Review and approval of minutes of the June 3, 2005 meeting**

Ms. Floyd moved to approve the minutes, seconded by Mr. Daun.

**2. Report given by the Department of Public Works relative to property damage accounts receivables**

Ms. Floyd introduced Mr. Dan Rotar, Accounts Receivable Business Manager for the Department of Public Works and advised that he will be giving the presentation (Exhibit 1) on DPW – property damage accounts receivables. Mr. Rotar gave a brief overview on the following: DPW Billing Volume, Vehicle Accident Damages, Miscellaneous Billings, Special Charges, Flowchart – Vehicle Accident Damage Billing Process, Internal Collections, Invoices sent to Kohn Law Firm and Billing and Collection Challenges.

Inspector Ruzinski asked what percentage of collections does the Kohn Law Firm collect per year on average. Mr. Rotar replied that not as much as they use too, because they are just sending the really bad ones to Kohn, such as the ones that they know will have judgments put against them down the road. Mr. Potrzebowski appeared and advised that he will get that information for the committee.

Mr. Rotar explained the collection challenges in regards to hit and run damages and non-insured drivers. Mr. Daun asked if there is any opportunity to pursue those drivers with no insurance through the courts with a civil action. Inspector Ruzinski

replied that if there is an arrest, they are referred to the City Attorney and they are pursued in court and the City could possibly get restitution. She noted that they do actively go after any one they can and there has been some success. Mr. Daun asked if it is an independent civil process or is it a part of the arrest process. Ms. Swank replied that it is both. Mr. Potrzebowski replied that they are the ones who handle the civil suit end of DPW property damage cases. Mr. Rotar noted that most delinquent invoices involving uninsured motorists are automatically referred to Kohn Law Firm. Mr. Potrzebowski explained the process that the Kohn Law Firm takes in relation to the DPW property damage cases.

Mr. Collins asked Mr. Rotar if there is any other state law or local code changes that could assist him in improving their collection rate, other than a state law requiring auto insurance. Mr. Rotar advised that right now the State, when an accident occurs and there is an uninsured motorist involved, sends the City a form to complete detailing the damages to City property. The State will withhold that individual's drivers license or registration until payment arrangements are made or until it is paid off. This forces the individual to come forward. Mr. Rotar advised that he couldn't think of any law changes that could help. Mr. Potrzebowski advised that currently the State will suspend the uninsured motorists registration and license only if the judgment exceeds \$500.00. He recommended that the dollar limit be lower, because once it gets below the \$500 they can't revoke the license. Mr. Collins asked if that is an administrative rule by the DMV or a statute? They would need to know that in order to consider that as a recommendation. Mr. Potrzebowski advised that he would check into and get that information to the committee.

Mr. Daun asked how long does it take from the time the property damage occurs to when it is billed. Mr. Rotar replied that it is around 45 – 60 days and explained the paper process.

Mr. Collins asked if the accounts receivable operation has a policy for writing-off uncollectible invoices. Mr. Rotar advised that most of their invoices that they write-off as uncollectible are sent to Kohn Law firm first for collection, and they find out from their collections efforts if it is uncollectible. Ms. Floyd advised that they pay for the uncollectible damages through the DPW-Infrastructure Services Budget. She advised that it's always going to be a tax levied cost. Mr. Rotar advised that they try to take the invoices as far as they can go and they do stay on top of them, but at some point the invoice is canceled. Mr. Daun noted that something that could be considered as a recommendation would be to inventory the write-off policies for the City's major types of billings, and asked if it is a fair question for the City Attorney's and Comptrollers Offices to look at the policies and practices with the departments and determine whether or not there could be a change to the state law that deals with cut-offs in the collection efforts.

Chairman Witkowski asked if DPW or the Police Department (MPD) have done any kind of public education information on the cost of hit and run property damage. Inspector Ruzinski explained the process the MPD takes in hit and run accidents and

noted that she could look into public education information. Mr. Collins noted that they could use Channel 25 to get the information out there. Mr. Rotar advised that he worked with Sergeant Ley of the MPD a couple of years ago regarding hit and run accidents.

### **3. Report given by the Municipal Court relative to municipal fines and forfeitures process**

Ms. Hinrichs introduced Branch 2, Judge & Presiding Judge Derek C. Mosley, Mr. Craig Johnson and Mr. Dan Shepherd with Professional Placement Services (PPS) and Mr. Robert Potrzebowski with Kohn Law Firm (Subcontractor with PPS), who will accompany her in giving a presentation on the Milwaukee Municipal Court process (Exhibit 2). Ms. Hinrichs began the presentation by explaining the back round of what is owed to the Court and to the City within the context of judgments.

Ms. Hinrichs commented on the data of different types of cases noted in Legislative Reference Bureau memorandum (Exhibit 3).

Mr. Collins commended Ms. Hinrichs on their innovated way in tighten up the pay plan process. He then asked if there is an income level, in order for an individual to be able to set up an installment pay plan. Ms. Hinrichs replied that no there isn't. She then explained the Department of Neighborhood Services cases payment plan arrangement process.

Chairman Witkowski asked Inspector Ruzinski to comment on the warrant squad for the committee's information. Inspector Ruzinski explained what the warrant squad is and does.

Ms. Hinrichs continued her presentation with alternative sentences.

Mr. Daun asked what is the typical violation for driving without a license. Judge Mosley replied that it is \$102 fine and a 2-year suspension if not pay within the time specified. Ms. Hinrichs further explained that if you get three violations, the license is up for revocation and is considered a criminal offense. Ms. Hinrichs continued her presentation with alternative sentences.

Chairman Witkowski asked what are the typical violations that an individual would go to the house of correction for. Judge Mosley advised that just about any violation, but most are the vagrants for public drinking who are hanging around the courthouse. Ms. Hinrichs commented on the concern for the serial violators and advised that the Police Department is working on initiatives, along with the City Attorney's Office to get the serial violators out of the cycle. Inspector Ruzinski commented on the some of the initiatives they are working on. Ms. Hinrichs continued with her presentation.

Chairman Witkowski asked if there are educational programs going on right now to help people understand the system and to help them get their licenses back. Judge

Mosley advised that not currently, but there is a collaboration going on with Milwaukee Area Technical College, Making Connection, Milwaukee Bar Association and the Municipal Court to put together a program, where attorneys would volunteer their time to help people get their license back. Chairman Witkowski asked if they have handle outs that tells people what the consequents of suspension are. Judge Mosley replied yes. Mr. Daun asked what is the current inventory of pending cases that need to be scheduled for court. Ms. Hinrichs explained the procedure, from the time a ticket is given to when it is scheduled to be heard in court.

Ms. Hinrichs continued her presentation by explaining the collection contract the Municipal Court has with PPS.

Mr. Collins asked what is the percentage of cases that are in collections that go to the Kohn Law Firm. Mr. Potrzebowski explained the legal process Kohn Law Firm takes in their collections efforts including transcript judgments.

Mr. Johnson gave a brief presentation on PPS collection procedures.

Mr. Potrzebowski explained that the Kohn Law Firm is a subcontractor to PPS when dealing with the Municipal Court collection process. He than explained the Kohn's legal process relative to the Municipal Court collections.

Mr. Daun asked if there is a disincentive on PPS part to refer cases to the subcontractor (Kohn Law Firm), that might throw an economic imbalance to PPS, because PPS would have to pay for the legal services provided or is there some kind of contractual agreement. Mr. Johnson explained that from a collection stand point, they make a point to tell the individual what is going to happen and by law if they tell someone that legal action will be taken it has to be done.

Ms. Hinrichs continued her presentation with Actions to Enhance Collections and Possible Changes that they would like to see. Mr. Potrzebowski advised that Milwaukee County is the only county in the state that doesn't enforce body attachments on defendants with large balance, so they have given up on body attachments with Milwaukee County. Mr. Collins asked if they could negotiate with the Milwaukee County Sheriff relative to the top 100 defendants with large balances. Ms. Hinrichs advised that the sheriff is not at all receptive to bringing any one in their jail who isn't a felony, but they will explore that.

#### **4. Discussion on parking citations process**

Ms. Floyd advised that Grant Langley-City Attorney, Linda Burke-City Attorney, Mr. Smith-PPS, Ms. Angelo-DPW and herself will be meeting next Thursday with Secretary Frank Busalacchi with the Department of Transportation and the head of the Dept. of Motor Vehicles (DMV) to talk about the following two issues: 1) DPW getting access to driver license numbers and SSN and, 2) registration holds.

**5. Discussion on delinquent tax collection activities**

No comments.

**6. Comments from the Public**

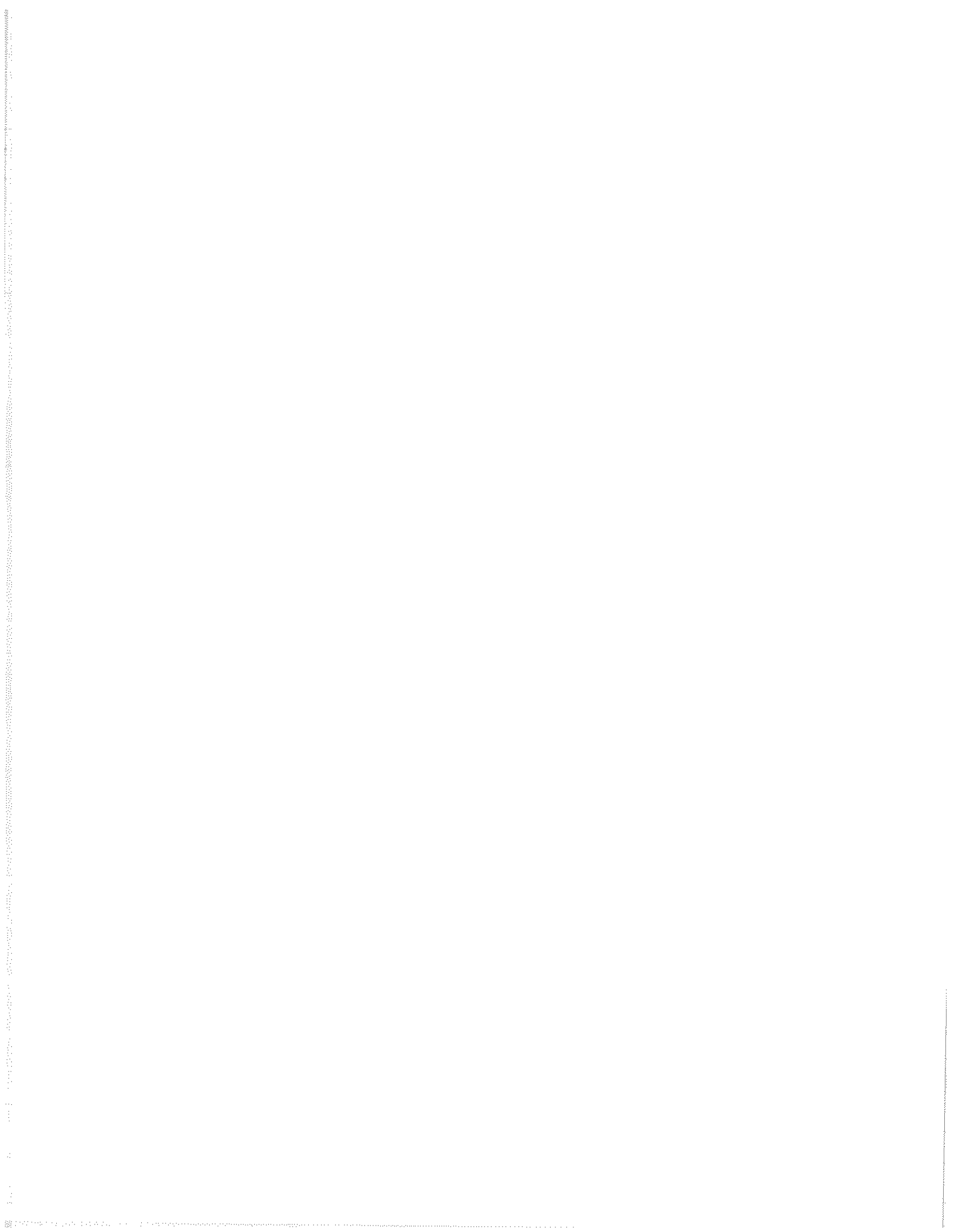
No comments from the public.

**7. Next meeting date, time and agenda**

Friday, July 22, 2005 at 9:00 A.M. in Room 301-B.

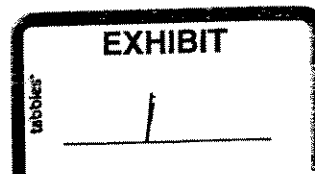
*Meeting Adjourned: 3:48 P.M.*

*Terry J. MacDonald  
Staff Assistant*



Department of Public Works  
Accounts Receivable  
Presentation

June 22, 2005



## Table of Contents

1. DPW Billing Volume
2. Vehicle Accident Damages
3. Miscellaneous Billings
4. Special Charges
5. Flowchart-Vehicle Accident Damage Billing Process
6. Internal Collections
7. Invoices sent to Kohn
8. Billing and Collection Challenges



# 1. DPW Billing Volume

- # of invoices created in 2004: 1765
- Total \$'s invoiced in 2004: \$6,209,733
- DPW's Outstanding Receivables Balance on June 21, 2005: \$1,560,533.38
  - In collection with City: \$949,192.15
  - In collection with Kohn: \$611,341.23

## 2. Vehicle Accident Damages

- Account for approximately 75% of billings
- City Attorney's Office reviews Police Report to identify parties to bill.
- City property damaged includes:
  - Police and City Vehicles
  - Street Lights
  - Traffic Lights
  - Traffic Signs
  - Trees
  - Police Call Boxes
  - Street and Bridge Damages

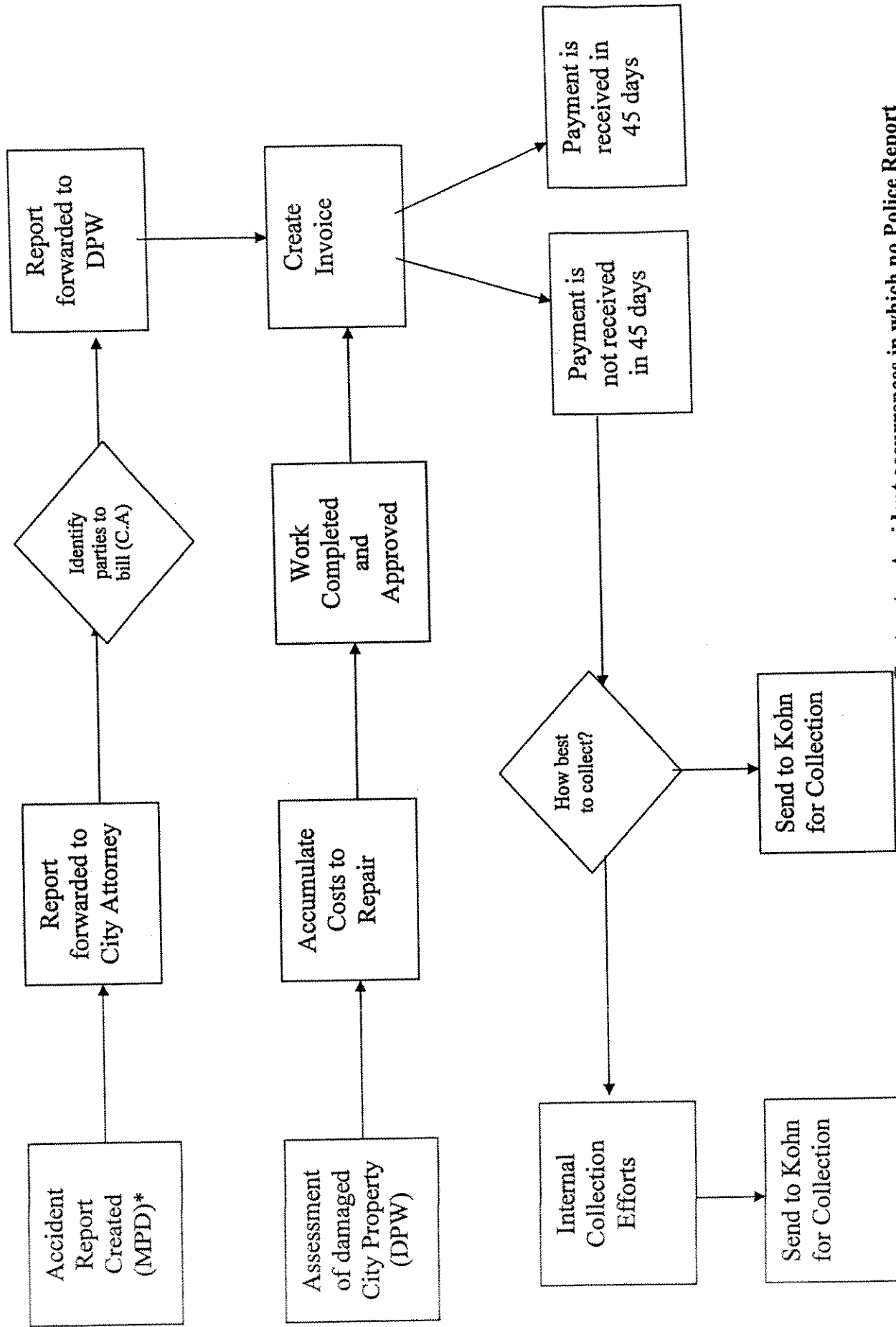
### 3. Miscellaneous billings

- Contractor Damages (cables, trees, etc.)
  - Responsible party determined by Inspectors/Supervisors on location
- Contractor Service requests
  - Traffic/Light pole removing & reinstalling due to construction
- Conduit rentals
- Sale of Material (asphalt)

## 4. Special Charges

- Special Charges (charges placed on tax roll)
  - Board-ups
  - Tree Encroachments
  - Weed Removal
  - Snow Removal
  - Tree Removal
  - Paving Projects
- Current year charges available on-line for title companies and taxpayers
  - <https://www.mpw.net/servlets/assmts1>

# 5. Accident Damage Flowchart



\*A DPW Damage Report is completed (on-site) to document any Contractor Accident occurrences in which no Police Report exists. This report is not reviewed by the City Attorney's Office prior to billing.

## 6. Internal Collections

- Internal collection efforts (written and verbal) are made when there is a reasonable chance of collection. Situations where internal collection efforts may be warranted include:
  - An Insurance Company is involved
  - An outside Government Agency is being billed
  - Billing involves a Contractor or Corporate customer
  - Billing involves a Non-Profit Agency
  - If internal collection efforts fail, the file may be forwarded to Kohn for collection

## 7. Invoices sent to Kohn

- 2004 Invoices forwarded to Kohn
  - 416 Invoices valued at \$641,205.79
  - 23.60% of total invoices (#)
  - 10.33% of total invoice value (\$)
  - Includes invoices forwarded to Kohn for payment arrangements

## 8. Billing/Collection Challenges

- Significant amount of “hit-and-run” damages
  - Approximately \$500,000 street/traffic light knockdowns are unbillable per year
    - Funded through Infrastructure O & M Budget
- Drivers with no insurance
  - Police/DPW Vehicle Accident Billings: Only 15.36% of total 2004 billings were collected by DPW without collection efforts being required (\$63,347.14 collected).





**Outstanding Debt Task Force  
June 22, 2005**

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**Presenters**

- Derek C. Mosley – Branch 2 Judge & Presiding Judge
- Kristine Hinrichs – Chief Court Administrator
- Craig Johnson – Professional Placement Services (PPS)
- Dan Shepherd – PPS
- Robert Potrzebowski – Kohn law firm

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**Our Mission**

The Court's mission is to impartially adjudicate the cases that are brought to it. Our goal is to maintain the integrity of the court's judgments in part by providing opportunities for compliance.

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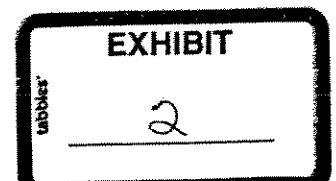
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## What is a Municipal Court Judgment?

- Penalty for being found guilty of a municipal ordinance violation.
- Collection of the judgment is the means to ensure that all guilty parties suffer the penalty.
- Judgment can be paid in \$\$\$ or by serving an alternative sentence such as a drivers license suspension, commitment to the house of corrections, performing community service, etc.
- Revenue is the result of enforcement of the judgment.

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## Judgments cont.

- Indigent defendants cannot be incarcerated for failure to pay judgments. Justice 2000 (under contract with the court) works with them to identify community service or treatment alternatives.
- Past due totals include judgments subject to bench & arrest warrants – the defendant must be brought to court to be informed of the judgment and found able to pay before they can be incarcerated.
- Of bench warrants issued in the last five years – approximately 30,000 are outstanding. Collection activities continue but the alternative cannot be enforced.
- Sanctions applied to juveniles are limited.

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## What makes up a Judgment?

\$103 Judgment is made up of:

- \$50.81 fine for the underlying violation
- 12.19 State surcharge (24%)
- 23.00 Clerk fee (\$18 City/\$5 state)
- 10.00 Jail assessment
- 7.00 Crime lab assessment

The City receives the fine and the local \$18 clerk fee

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## Payment Methods

- Defendants are usually given 60-90 days to pay the judgment.
- Payments accepted at the payment window, drop box, or mail.
- Credit card payments also accepted via phone, fax or on-line.

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## 2004 Statistics

- 140,945 case filings – 175,852 in 2003
- 65% traffic, 21% municipal ordinance violations and 5% contested parking citation cases.
- 137,423 case appearances in court.
- \$7,097,607 net revenue to the City – 18% more than projected by the Comptroller.
- Average judgment is \$132

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## Approximately 10,325 payment transactions per month

- 7000 in person transactions at teller window.
- 1500 transactions by mail
- 1300 transactions through PPS
- 400 credit card transactions via phone
- 125 on-line credit card transactions
- Average transaction is approx. \$80 but varies widely.

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### Outstanding Judgments

- \$22 million currently outstanding.
  - 6.5% DNS cases
  - 8.4% Contested parking citations
- \$12 of the \$22 million is in enforced alternatives – which will satisfy the judgment if it is not paid before the expiration date of the alternative.
- \$10 million remains.

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### Outstanding Judgments Cont.

- Of the remaining \$10 million –
  - Just less than \$1 million is owed by juveniles.
  - \$500,000 "owed" on cases in appeal status.
  - Bench & arrest warrants where the commitment alternative has not yet been enforced.
  - Property liens in process.

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### Age of Past-due Judgments

- 23% - 6 months or less
- 45% - 1 year or less
- 71% - 2 years or less – many will be satisfied at this point after a 2 year drivers license suspension.
- 78% - 3 years or less
- 83% - 4 years or less
- 86% - 5 years or less
- 14% - more than 5 years old

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## Payment Options

- Cash, check, credit card
- Installment plan – 1 year optimal - 2 years maximum.
- 25% plan.
- Community Service.
- Other enforced alternatives.

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## Court Installment Plan

- Available to defendants with a regular source of income.
- Complete a financial questionnaire – income, obligations, ownership of real property and requests social security number.
- One year term desired – 2 years maximum.
- Payment amount is set at a level that the defendant can pay.

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## Court Installment Plan Cont.

- If the balance is greater than they can pay in 2 years a balloon payment is required in 24th month for the outstanding balance.
- Installment plans are allowed for DNS cases only with judge's approval. City Attorney is consulted for plans over 1 year.
- Additional cases cannot be added to installment plans unless the monthly payment is increased.

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## Collection Strategies

- Notices from court outlining consequences of non-payment – including suspensions and commitment to the House of Corrections.
- Collection contractor – PPS.
- Tax Intercept Refund Program – TRIP.
- Legal action through PPS sub-contractor.

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## Egregious Defendant List

- 100 defendants with outstanding warrants with highest balance due.
- Provided quarterly to MPD warrant squad.
- Also provided to Channel 25.
- Since inception in January, 2003 the amount owed by the top offender has gone from \$37,000 to \$12,200.
- Between quarterly reports identify other defendants for warrant squad action.

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## Alternative Sentences

If the defendant serves the alternative sentence, they no longer owe the money judgment to the court. Alternatives include:

- Drivers License suspension – 2 years for failure to pay traffic-related judgments.
- Community service – 1 hour for each \$10 owed.
- Commitment to the House of Correction – 1 day for each \$50 owed.

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### Alternative Sentences Cont.

- Vehicle Registration Denial – 3 years for contested parking citations.
- Property lien – 10 years - generally for DNS, municipal citation and large contested parking citation judgments. Property liens must be repaid with interest before property is transferred. For larger judgments, a lien is also filed in the defendant's county of residence if they own property there.

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### Alternative Sentences - Policy Issues

Need to balance community and resource issues in enforcing alternative sentences.

- Use of commitment alternative increases the jail and HOC populations contributing to over-crowding and costs for Milwaukee County to house.
- Use of drivers license suspension and registration denial affects employability – and any prospect of payment.
- Property lien process is time-consuming and many defendants do not own property – but there is no way to know which do.
- Can't enforce alternative on those with bench and arrest warrants until they are brought to court.

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### Collection Contract - PPS

- Accounts referred to PPS when 21 days past due.
- Approximately \$19.7 million placed with PPS.
- Approximately \$800,000 returned as uncollectible.
- Juvenile and cases on appeal are not referred to PPS.
- PPS collection is concurrent with enforced alternatives.
- 24% commission on general collections.
- 19% commission on TRIP collections – including the 2% Dept. of Revenue processing fee.
- 30% commission on legal collections – no "costs".

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### PPS Collection Procedures

- New business is listed at day 21
- Letter Cycle – Letters sent day 1, 31 and 61. Others as necessary or required such as the Tax Refund Intercept Letter when defendant has been accepted with the Department of Revenue.
- Call Cycle – Phone contacts attempted. Calls generated manually and via automated dialing campaigns. Nights and Saturday calls attempted.

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### PPS Collection Procedures Cont.

- Skip Cycle – Begin "Skip Tracing" to find defendants who have skipped town. We will skip for social security numbers, phone numbers and addresses. These are done both manually and in an automated, batch, environment.
- TRIP Cycle – Accounts with a verified Social Security Number are submitted to the Department of Revenue for the Tax Refund Intercept Program. Balances are updated and verified weekly.

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### Tax Refund Intercept Program (TRIP)

- Court involved on a pilot basis beginning in 1996.
- Key part of PPS contract beginning April, 2002 to electronically transmit data to DOR.
- \$12.8 million registered through March, 2005 - rank 3<sup>rd</sup> in registrations
- \$4.5 million intercepted to date – #1 in total intercepts
- Almost \$1 million intercepted 1st quarter, 2005 – #1 in 1<sup>st</sup> quarter intercepts.

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### PPS Pre-Legal Process

- MMC obtains Transcript of Judgment (TJ) based on various criteria – case type, balance, etc.
- PPS receives TJ info via data transmission.
- Accounts placed in work queue for review by supervisors.

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### PPS Pre-Legal Process Cont.

- Asset search conducted
  - DFI Search for Principal (if business)
  - Phone and address search if necessary
    - Collection Attempt by Supervisor – May include:
      - Calls
      - Letters
      - Door-knock service if balance warrants
  - MCMIS website search for citation address (DNS)
  - DNS website property search by debtor
  - DNS website by property to verify current ownership

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### PPS Pre-Legal Process Cont.

- Credit Bureau Report review for credit history and employment.
- Skip trace for employment data if not found on Credit Report.
- Verify employment – contact employer to verify if still employed.
- Back to collections if no assets found.
- To Kohn for legal if either of the following:
  - Employment verified for garnishment.
  - If sufficient assets exist or the entity is a viable business for post judgment remedies.

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## Kohn Legal Process

- Review of new accounts
- If there is employment and debtor does not appear to be exempt, begin wage garnishment
- If no employment information, but debtor appears to have assets or is a functioning corporation, conduct Supplemental Exam for discovery of income and assets

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## Kohn Legal Process Cont.

- If Supplemental Exam provides information to allow for some form of post-judgment remedy, move forward with that remedy, including:
  - Wage garnishment
  - Rent garnishment
  - Bank garnishment
  - Other non-wage garnishments
  - Appointment of Receiver
  - Sheriff's Execution
  - Sheriff's sale of real property

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## Actions to Enhance Collections

- Wisconsin Act 140 where the state shares the collection commission by a reduction in the surcharge.
- Payment plan options and a willingness to work with defendants.
- Aggressive use of TRIP.
- Support of legislation to allow for an increase in the local clerk fee.
- Support of legislation that would allow for intercept in cases where we have a drivers license number but not SSN.

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### Actions to Enhance Collections Cont.

- Increase in minimum payment for extensions to \$20.
- Changes in installment plan policies to limit their length.
- Judicial approval for installment plans for DNS cases.
- Prosecutor input on DNS installment plans.

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### Possible Changes

- Legislation to allow use of DL number (only) for TRIP.
- Proposal to extend concept of WI Act 140 for all fee & surcharge recipients to share in collection cost.
- Improvement of automated processes within the court to file property liens.
- Automation of Milwaukee County processes for recording property liens.

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### Possible Changes – Cont.

- Better electronic access by PPS to court information and changes in address, warrant and other status.
- Greater willingness by Milwaukee County Sheriff to enforce Body Attachments on defendants with large balances.

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## PROFESSIONAL PLACEMENT SERVICES [L.L.C.]

### Milwaukee Municipal Court Work Flow

#### ➤ **New Business List**

- National Change of Address search for good address
- Initial notice is mailed
- Credit Bureau Reporting begins after day 30

#### ➤ **Call Cycle – Good Numbers**

- Automated Dialing Campaigns are scheduled to run at various times of the work week, including; daytime, evening and Saturday hours. Attempts at residence phone numbers and Places of Employment, if available, are attempted
- Manual Campaigns are managed through a Queue environment – The queues identify accounts with good numbers and will bring them up to the collectors sequentially based on sort criteria. The sort criterion is a combination of age of account, balance and account type. Queues include but are not limited to:
  - Accounts with a High Balance (over \$2000)
  - Accounts from the Department of Neighborhood Services
  - Accounts with Warrants
  - Accounts with Transcribed Judgments

#### ➤ **Skip Cycle – Automated and Manual Environments –**

**Skip Tracing is the act of finding defendants who have “skipped” town**

- 1<sup>st</sup> skip trace effort is done above via National Change of Address on day 1.
- 2<sup>nd</sup> and 3<sup>rd</sup> skip trace efforts are initiated with one or more of our automated skip vendors. This is done via batch processing, whereby large volumes of accounts are uploaded electronically to our vendors. New phone numbers, addresses and social security numbers are returned in a similar fashion. This will occur within the first 30 days of listing based on volumes and scheduling. If there is no Social Security Number on account when listed, PPS will skip that account by the end of the first week of listing.
- 4<sup>th</sup> skip trace effort is manual. A work queue is created with accounts that have had their batch skip tracing efforts exhausted. Our skip tracing staff uses various tools; both through our collection system as well as through various internet-based skip trace vendors.
- Continue to search until phone, address and Social Security Number found and verified
- Credit Bureau Reports are pulled and reviewed when necessary

#### ➤ **Letter Cycle**

- 1<sup>st</sup> letter sent as noted above – 30-day validation period
- 2<sup>nd</sup> letter sent between 31 and 60 days
- 3<sup>rd</sup> letter sent between 61 and 90 days
- Warrant Letter
- TRIP Letter
- Payment Arrangement Letter

#### ➤ **TRIP (Tax Refund Intercept Program) Cycle**

- Search for Social Security Number within 1 week of list
- Verify Social Security Number
- List with the Department of Revenue 2<sup>nd</sup> week
- Continue database maintenance weekly
- Continue to search until a Social Security Number has been found and verified



PROFESSIONAL PLACEMENT SERVICES [L.L.C.]

**City of Milwaukee  
Milwaukee Municipal Court  
Collection Services for Overdue Municipal Court Judgments  
Audit**

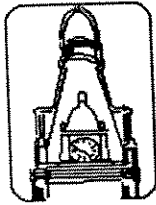
PPS is required to hire an independent audit of the Standard Operating Procedures annually.

Areas included in the audit are:

- Payment Processing and Cash Controls
  - Mailed in Payments
  - Cash payments and walk-in payments
  - Checks and Credit Card payments taken via phone
  - Direct Payments made to MMC
- Statements and Invoicing
- Record retention
- System Security
  - Operational Security
  - Data Back-up
  - Disaster Recovery Plan
- Trust and Operating Account Reconciliation
- Insurance
- Bonding
- SOP Requirements
  - Referrals
  - Reporting
  - Cancellation of accounts
  - EBE requirements

The audits, performed by SFS Group Ltd., have found that PPS is in compliance with the requirements of the contract in all material respects.





**City  
of  
Milwaukee**

**LEGISLATIVE REFERENCE BUREAU  
200 E. Wells Street RM B-4, Milwaukee, WI 53203**

**\*\*\*\*\*INTERDEPARTMENTAL MEMORANDUM\*\*\*\*\***

Date: April 18, 2005  
To: Alderman Terry J. Witkowski, 13th Aldermanic District  
From: Emma J Stamps, Legislative Fiscal Analyst-Lead, ext. 8666  
Re: Municipal Court Fines and Forfeitures

\*\*\*\*\*

You requested that the LRB provide background information on the Municipal Court forfeitures and fines collection methods. State law prescribes Court operating procedures. Fines are due on or before the scheduled court date. Judges may order that the fine be paid in full, reduce the fine, authorize installment plans based on the defendant's income for as little as \$10 per month, or order one of several alternative sentences. In 2005, the types of traffic-related offenses most filed were, exceeding speed zones, operating after suspension and non-registration of auto (Municipal Court website). Disorderly conduct (both non-juvenile and juvenile) and contested parking citations lead the non-traffic ordinance violations.

**Forfeitures and Alternative Sentences**

Not all forfeitures are collectible because, by law, all forfeitures have alternative sentences, including suspension of drivers' licenses, commitment to the House of Correction (HOC) and various community service assignments. The Court enters judgments of forfeiture against the violator, payable to the City, and in default of payment thereof, orders confinement in the county jail or HOC until such forfeiture and costs are paid (ch 50-41-4 of the Milwaukee Code). The judgments may take into consideration the offense, the violator's previous record and financial situation when sentencing. Juveniles and persons determined to be indigent receive the largest number of alternative sentences. The Court estimates that HOC commitments cost the City about \$25 per day. Many violators prefer serving alternative sentences to paying forfeitures.

In 2003, Milwaukee Municipal Court records indicated that 61,837 adults and juveniles had their motor vehicle operating privileges suspended for the non-payment of forfeitures and assessments regarding 157,979 cases, which involved violations of ordinances relating to the operation of motor vehicles, as indicated in Common Council Resolution 031158. In addition, the City of Milwaukee, Milwaukee County and the State of Wisconsin were owed approximately \$14.5 million in outstanding judgments for cases in which the non-payment of forfeitures and assessments resulted in the suspension of violators' motor vehicle operating privileges.

The suspension of motor vehicle operating privileges often limits the violator's ability to gain or maintain employment. Since forfeitures must be paid before reinstatement of suspended motor vehicle operating privileges, some violators repeat the offense when looking for work.

**EXHIBIT**  
3

## Revenues

Fines and forfeiture payments to the Municipal Court totaled \$6,115,000, or 1.21% of total 2003 City revenues. Actual collections exceeded the Comptroller's \$5,209,573 estimate by \$905,427 largely due to the success of the State Tax Refund Intercept Program (TRIP). Payments from the TRIP program are expected to generate revenues in excess of these estimates. Details about the TRIP program is provided in the section headed *Use of Collection Agency*. The Comptroller conservatively estimates that fines and forfeitures will total \$4,784,700 in 2004, and \$5,213,000 in 2005 (see table below).

<b>BUDGETED MUNICIPAL COURT REVENUES</b>					
<i>(Source: City of Milwaukee 2005 Budget)</i>					
	2003 Actual	2004 Adopted	% Change	2005 Budgeted	% Change
Charges For Services	\$1,858,238	\$1,253,100	-32.57%	\$1,362,800	8.76%
Fines & Forfeitures	\$6,115,060	\$4,784,700	-21.05%	\$5,213,000	8.96%
Total	\$7,973,298	\$6,037,800	-24.28%	\$6,575,800	8.91%

### Available Collection Methods

- *Cash Payments (in person)*
- *Credit Card Payments (online, telephone, in person)*
- *Payment Installment Plans for Non-delinquent Accounts*
- *Referrals to Collection Agency (city contractor)*
  - *State of WI Tax Refund Intercept Program (TRIP)*
  - *Docket with Circuit Court*
  - *Other legal liens on assets*
  - *Installment plans*

The City of Milwaukee does not retain all monies received from fines and forfeitures payments. In prior years, State statute required that the Court remit 24% of collections to the state and the county. Stated revenues are actually lower than those collected. The Municipal Court remitted 30% of collections to County and State due to various fees and surcharges.

In 2004, the Court developed a strategy (requiring a change in statute) to provide a mechanism for the state to share in collection costs of overdue forfeitures. In the past, the state received 100% of the state surcharge (24%) regardless of the cost of collecting that judgment. Under the new WI Act 140, the state now shares in the cost of employing a private company to collect these judgments. This will result in approximately \$100-\$150,000 more money retained by the City each year.

### Use of Collection Agency

The Municipal Court refers cases for collection, pursuant to Standard Operation Procedures (herein attached) annexed and incorporated into written collection contracts. The City Attorney Collection Contract Special Purpose Account funds the collection agency costs. Until 2002, Professional Account Management, Inc. (PAM) serviced overdue municipal court judgments on behalf of the City.



PAM's 5-year contract expired December 31, 2001. The Professional Placement Services, LLC (PPS) won a 3-month contract from 12/31/2001 to 3/31/2002 and is currently under an amended 5-year contract operating from 4/1/2002 to 3/31/2007 (Common Council Resolutions 011095, 011488, and 041393, respectively).

Under the original agreement, the City paid attorney fees on cases submitted for legal action, and also paid PPS 24% of amounts collected on all collection referrals.

Part of PPS's duties included establishing the interface with the State TRIP program to allow for interception of state tax refunds, including Homestead Credits, for the purpose of collecting overdue Municipal Court judgments. The program is governed by s. 71.93, Wis. Stats., which allows for the certification of any debt exceeding \$20, excluding debt related to property taxes. The Milwaukee Municipal Court is now the largest user of the State Tax Refund Intercept Program. TRIP collections totaled approximately \$1.9 million in 2003, \$1.2 million in 2004, and \$751,000 thru March 2005.

That success translated to processing and closing unprecedented numbers of otherwise uncollectable referrals, which in turn generated higher than anticipated revenues to the City and collection cost fees payable to PPS. As a result, the Common Council allocated \$500,000 in contingency funding to the City Attorney Collection Contract SPA to pay unbudgeted costs to the PPS collection agent (Resolution 030491, adopted 7/31/2003). The City Attorney Collection Contract Special Purpose Account funds the activities of the Kohn Law Firm (city receivables) and PPS (overdue Municipal Court judgments).

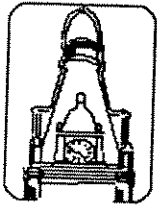
Collection procedures are routinely reviewed by the Court and PPS. An amended contract was executed in February 2005. Both parties agreed to reducing PPS' fee for amounts collected by TRIP referrals to 19%, while making PPS versus the City responsible for paying state fees imposed on TRIP payments. PPS' fee for non-TRIP collections remains at 24%. Another amendment pertains to payment of attorney fees. Originally, the City paid attorney fees on cases referred for legal action and PPS retained 24% of those collections. Under the revised fee structure, PPS pays the attorney fees in exchange for 30% of amounts collected by legal action.

### **Structure of Outstanding Municipal Fines**

Recent court reports list outstanding municipal fines at \$22,168,670. Some of the applicable cases date back to 1993. This amount represents thousand of cases involving indigent clients that have low or no collectible incomes; therefore the cases themselves become uncollectible. Judgments that are at least 7-years old, and meet City of Attorney criteria, are subject to write-off pursuant to Common Council resolution. According to the Court, of the \$22.1 million outstanding, approximately \$450,000 is from warrants, and parking citations that are less than 1-year old account for approximately \$1.4 million. The outstanding judgment total affected the Court's caseloads as follows:

- 40% related to municipal cases
- 40% related to traffic cases
- 15% related to contested parking citations
- 5% related to driving with suspended registrations

Please contact me if you require further assistance.



City  
of

Milwaukee

LEGISLATIVE REFERENCE BUREAU  
200 E. Wells Street RM B-4, Milwaukee, WI 53203

\*\*\*\*\*INTERDEPARTMENTAL MEMORANDUM\*\*\*\*\*

Date: April 19, 2005  
To: Alderman Terry J. Witkowski, 13th Aldermanic District  
From: Emma J Stamps, Legislative Fiscal Analyst-Lead, ext. 8666  
Re: State Tax Refund Intercept Program (TRIP)

\*\*\*\*\*

You requested that the LRB provide background information on the Municipal Court (Court) forfeitures and fines collection methods; that information was provided separately. The TRIP program is governed by s. 71.93, Wis. Stats., which allows for the certification of any debt exceeding \$20, excludes debt related to property taxes, but includes Homestead Credits. The Court is now the largest user of the TRIP Program, as evidenced by the attached spreadsheet. Its TRIP collections totaled approximately \$1.9 million in 2003, \$1.2 million in 2004, and \$751,000 thru March 2005 based on Court reports. Actual collections in 2003 exceeded the Comptroller's \$5,209,573 estimate by \$905,427 largely due to the success of the TRIP program (Source: City of Milwaukee 2005 Budget).

I have attached a Wisconsin Department of Revenue report on County/Municipal Refund Interception Activity (WI DOR website) that contains useful statistics on various municipal TRIP agreements, through the quarter December 2004, including:

- City of Milwaukee Courts TRIP activities supported by the December 1995 agreement, lists 156 active debts having zero balances resulting in \$42,895.00 in total tax refund interceptions. 64 active debts carry a balance totaling \$161,198.25. (p. 3)
- Milwaukee Municipal Court TRIP activities supported by the April 2002 agreement, lists 44,258 active debts having zero balances resulting in \$3,605,517.09 in total tax refund interceptions. 42,229 active debts carry a balance totaling \$13,810,665.65. (p. 3)
- City of Milwaukee Public Works activities supported by the July 2002 agreement, lists 48,979 active debts having zero balances resulting in \$3,038,969.49 in total tax refund interceptions. 106,002 active debts carry a balance totaling \$6,516,151.71. (p. 3)

These amounts represent gross collections. The Court remits 30% to the County and State for various fees and surcharges, and 24% of TRIP collections to PPS (the Court's collection agent). Under a contract amendment, executed in February 2005, the Court and PPS agreed to reducing PPS' fee for amounts collected by TRIP referrals to 19%, while making PPS versus the City responsible for paying state fees imposed on TRIP payments.

Please contact me if you require further assistance.

DECEMBER 2004 QUARTER

ID NUMBER	GOVERNMENT NAME	ENTERED PROGRAM YR/MTH	NUMBER OF		NUMBER OF DEBTS WITH >0 BALANCE	TOTAL BALANCE OF REMAINING DEBTS	TOTAL INTERCEPTED THIS QUARTER	TOTAL INTERCEPTED TO DATE
			ACTIVE DEBTS WITH 0 BALANCE	WITH >0 BALANCE				
901001	Town of Rome	May-97	94	88	\$16,277.48	\$0.00	\$26,428.97	
901999	Adams County Clerk of Court	Jun-03	192	583	\$354,072.22	\$0.00	\$15,567.95	
902999	Ashland County Clerk of Court	Jan-02	501	512	\$445,227.38	\$165.54	\$36,200.37	
903001	City of Rice Lake	Sep-02	11	548	\$135,447.56	\$0.00	\$2,850.73	
903002	Rice Lake Housing Authority	Apr-04	0	3	\$1,710.70	\$0.00	\$158.30	
903987	Barron County Department HHS	Jul-03	1	81	\$193,911.40	\$0.00	\$2,454.34	
903998	Barron County Housing Authority	Dec-02	0	20	\$15,142.48	\$0.00	\$918.30	
903999	Barron County Clerk of Court	Oct-99	1,117	2,301	\$779,500.82	\$582.60	\$247,751.32	
904999	Bayfield County Clerk of Court	Sep-01	334	670	\$342,198.86	\$604.00	\$60,959.19	
905001	Ashwaubenon Municipal Court	May-02	4	175	\$45,416.03	\$0.00	\$0.00	
905002	Village of Allouez	Jan-03	350	415	\$85,773.97	\$114.00	\$6,481.33	
905003	Green Bay Municipal Court	Aug-03	99	1,044	\$274,076.34	\$1,706.00	\$20,061.83	
905004	City of DePere	Jan-04	21	31	\$5,358.00	\$233.00	\$271.00	
905999	Brown County Clerk of Court	Feb-02	1,293	5,756	\$2,459,351.60	\$721.20	\$228,587.69	
906999	Buffalo County Clerk of Court	Dec-00	66	284	\$82,103.32	\$0.00	\$15,604.65	
907998	Burnett County Human Services	Feb-04	22	146	\$217,672.32	\$0.00	\$6,676.58	
907999	Burnett County Clerk of Court	Nov-01	402	954	\$427,927.43	\$332.00	\$8,410.57	
908001	New Holstein Police Department	Sep-02	5	46	\$14,523.02	\$0.00	\$536.63	
908997	Calumet County Clerk of Court	Apr-04	44	195	\$54,467.36	\$337.20	\$337.20	
908998	Calumet County Sheriff's Department	Apr-04	42	353	\$79,014.34	\$25.00	\$756.00	
908999	Calumet County Clerk of Court	Mar-02	124	612	\$278,384.84	\$36.75	\$50,351.58	
909997	Chippewa County Housing Authority	May-03	73	369	\$211,525.57	\$510.58	\$46,568.19	
909998	Chippewa County Clerk of Court	Oct-01	2,815	2,564	\$966,246.32	\$810.47	\$226,613.25	
909999	Chippewa County Clerk of Court	Nov-00	221	647	\$413,524.57	\$0.00	\$145,607.49	
910001	City of Thorp Housing Authority	Dec-03	6	4	\$3,359.65	\$0.00	\$1,094.02	
910995	Clark County Clerk of Court	Dec-03	95	339	\$90,942.33	\$179.20	\$6,250.42	
910997	Clark County Community Services	Jan-03	7	88	\$135,239.17	\$203.97	\$5,946.66	
910999	Clark County Clerk of Court	Jan-03	367	1,116	\$368,631.89	\$1,837.90	\$38,528.47	
911001	Wisconsin Dells Municipal Court	Dec-02	112	783	\$204,339.67	\$0.00	\$11,966.91	
911998	East Columbia County Muni Court	Apr-03	17	213	\$40,279.32	\$209.45	\$3,219.82	
911999	Columbia County Clerk of Court	Sep-02	178	1,073	\$938,620.23	\$581.20	\$33,119.20	
912999	Crawford County Clerk of Court	Jan-03	53	367	\$139,443.73	\$0.00	\$8,627.82	
913003	City of Middleton	Oct-00	0	0	\$0.00	\$0.00	\$16.00	
913004	Town of Madison Municipal Court	Apr-02	39	580	\$199,692.59	\$0.00	\$5,391.01	
913006	Edgerton Joint Municipal Court	Dec-02	13	88	\$41,265.52	\$0.00	\$8,425.78	
913007	Sun Prairie Attorney's Office	Mar-03	149	806	\$276,078.33	\$100.00	\$32,289.62	
913008	City of Monona	Apr-03	81	364	\$62,505.17	\$0.00	\$6,333.98	
913009	CDA of the City of Madison	Aug-03	0	3	\$15,132.26	\$0.00	\$1,508.00	
913010	Village of McFarland	Oct-03	14	138	\$45,202.17	\$0.00	\$2,768.40	
913012	City of Madison	Nov-03	780	4,452	\$1,308,195.18	\$2,435.05	\$103,349.74	
913013	Village of Black Earth Police Department	Jan-04	5	17	\$2,576.20	\$0.00	\$288.40	
913998	Dane County Clerk of Court	Jul-02	3,394	14,725	\$5,954,836.43	\$6,886.37	\$855,376.83	
914003	Beaver Dam Municipal Court	Apr-02	193	553	\$189,309.16	\$703.00	\$40,178.80	
914005	City of Juneau EMS	Nov-03	1	44	\$15,989.17	\$0.00	\$0.00	
914006	City of Horizon Municipal Court	Jan-04	40	141	\$46,169.21	\$0.00	\$3,111.81	
914997	Dodge County Corporation Counsel	Jul-02	90	171	\$78,932.08	\$0.00	\$20,273.64	

DECEMBER 2004 QUARTER

ID NUMBER	GOVERNMENT NAME	ENTERED PROGRAM YR/MTH	NUMBER OF ACTIVE DEBTS		NUMBER OF DEBTS WITH >0 BALANCE		TOTAL BALANCE OF REMAINING DEBTS	TOTAL INTERCEPTED THIS QUARTER	TOTAL INTERCEPTED TO DATE
			WITH 0 BALANCE	WITH >0 BALANCE	WITH >0 BALANCE	REMAINING DEBTS			
914988	Dodge County Sheriff's Department	Oct-02	14	114	\$49,157.99	\$0.00	\$7,418.47		
914999	Dodge County Clerk of Court	Nov-03	72	58	\$23,759.57	\$55.00	\$526.00		
915994	City of Sturgeon Bay	May-04	1	121	\$389,572.83	\$676.00	\$676.00		
915995	Door County Corporation Counsel	Jun-04	3	69	\$65,107.30	\$0.00	\$0.00		
915996	Door County Clerk of Court	Dec-03	196	578	\$330,690.48	\$76.85	\$22,733.83		
915997	Door County Sheriff's Department	Feb-03	0	1	\$1,685.74	\$0.00	\$0.00		
915998	Door County Clerk of Court	Mar-02	219	642	\$371,123.95	\$0.00	\$0.00		
916998	Douglas County Clerk of Court	Apr-02	84	313	\$180,766.53	\$2,875.00	\$81,312.13		
916999	Douglas County Clerk of Court	Dec-03	822	6,978	\$3,146,449.71	\$2,531.59	\$40,895.27		
917001	Memorie Housing Authority	Jun-02	1,308	715	\$283,535.21	\$127.55	\$41,227.30		
917999	Dunn County Clerk of Court	Feb-03	17	29	\$9,502.62	\$210.70	\$50,175.57		
918001	City of Eau Claire	Aug-01	2,317	2,712	\$1,268,973.53	\$1,405.17	\$6,232.59		
918002	Eau Claire Police Department	Oct-97	121	184	\$101,476.00	\$0.00	\$137,097.90		
918003	City of Altoona Housing Authority	Feb-03	215	881	\$38,273.20	\$0.00	\$89,977.81		
918996	Eau Claire County Clerk of Court	Jan-04	0	1	\$1,300.00	\$0.00	\$6,757.80		
918997	Eau Claire County Corp Counsel	Jan-03	1,446	5,478	\$1,917,956.96	\$1,748.76	\$0.00		
918998	Eau Claire County - DHS	May-02	26	79	\$80,062.86	\$614.90	\$145,949.25		
918999	Eau Claire County Housing Authority	Feb-02	127	917	\$1,096,030.17	\$0.00	\$17,416.28		
919999	Florence County Clerk of Court	Nov-98	22	65	\$76,696.29	\$0.00	\$93,552.77		
920001	City of Ripon	Oct-01	200	226	\$91,976.73	\$0.00	\$11,314.51		
920003	City of Fond du Lac	Nov-97	64	84	\$29,462.30	\$0.00	\$34,144.70		
920997	Fond du Lac County Clerk of Court	Nov-03	35	1,044	\$38,593.50	\$347.00	\$1,088.00		
920998	Fond du Lac County Corp. Counsel	Jun-02	127	407	\$184,420.77	\$0.00	\$7,822.29		
920999	Fond du Lac County Clerk of Court	Jan-02	361	1,091	\$652,099.46	\$1,091.13	\$26,992.78		
921999	Forest County Sheriff's Department	Jan-02	1,729	9,596	\$4,150,397.18	\$2,066.16	\$155,503.54		
922001	Bosobel Housing Authority	Jan-03	3	25	\$7,406.18	\$0.00	\$565,307.26		
922999	Grant County Clerk of Court	Mar-03	0	3	\$1,361.31	\$0.00	\$256.75		
923001	Village of New Glarus	Jan-03	102	489	\$156,124.97	\$0.00	\$0.00		
923999	Green County Clerk of Court	Apr-03	7	47	\$18,444.63	\$0.00	\$2,025.80		
924999	Green Lake County Clerk of Court	Jan-03	26	226	\$159,007.91	\$0.00	\$2,163.08		
925999	Iowa County Clerk of Court	Aug-03	3	0	\$0.00	\$657.30	\$1,694.50		
927999	Jackson County Clerk of Court	Sep-03	36	154	\$57,770.57	\$0.00	\$0.00		
928001	City of Jefferson Municipal Court	Apr-02	262	891	\$268,379.91	\$386.66	\$4,345.56		
928002	City of Fort Atkinson	Oct-02	370	1,575	\$228,610.44	\$457.00	\$24,557.36		
928003	City of Lake Mills Municipal Court	Dec-02	64	210	\$44,187.35	\$1,756.23	\$40,175.34		
928004	Fort Atkinson Municipal Court	Jan-03	43	193	\$35,754.12	\$0.00	\$13,487.70		
928005	Jefferson County EMS	Mar-03	175	528	\$62,805.02	\$102.00	\$5,791.50		
928006	Village of Cambridge	Oct-03	14	56	\$22,934.53	\$86.50	\$11,004.48		
928007	Village of Johnson Creek	Nov-03	57	85	\$17,519.09	\$68.00	\$6,638.71		
928997	Jefferson County Sheriff's Department	Oct-04	0	71	\$12,421.93	\$0.00	\$2,832.83		
928998	Jefferson County Human Services	May-04	1	62	\$40,894.80	\$0.00	\$0.00		
928999	Jefferson County Clerk of Court	Jan-03	3	10	\$11,824.82	\$0.00	\$0.00		
929001	Village of Wonegan	Jul-02	434	1,054	\$554,667.37	\$0.00	\$1,091.09		
929999	Juneau County Clerk of Court	Oct-04	0	13	\$22,649.16	\$2,865.91	\$81,245.47		
930002	Kenosha Municipal Court	Jan-02	667	1,857	\$605,788.01	\$0.00	\$0.00		
		Mar-03	599	713	\$86,048.48	\$924.15	\$120,348.46		
						\$460.40	\$18,256.69		

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ID NUMBER	GOVERNMENT NAME	ENTERED PROGRAM YR/MTH	NUMBER OF ACTIVE DEBTS		NUMBER OF DEBTS WITH >0 BALANCE	TOTAL BALANCE OF REMAINING DEBTS	TOTAL INTERCEPTED THIS QUARTER	TOTAL INTERCEPTED TO DATE
			WITH 0 BALANCE	WITH >0 BALANCE				
930003	Village of Twin Lakes	Feb-04	0	39	\$18,366.19	\$0.00	\$473.00	
930004	Kenosha Police Department	Mar-04	240	3,706	\$166,685.56	\$1,291.60	\$10,284.44	
930999	Kenosha County Clerk of Court	Jul-01	3,421	4,457	\$1,769,755.47	\$373.40	\$251,802.78	
932003	La Crosse County Housing Authority	Apr-03	13	27	\$15,009.91	\$0.00	\$2,276.91	
932997	La Crosse County Corporation Counsel	Apr-04	25	567	\$83,527.79	\$859.00	\$859.00	
932998	La Crosse County Human Services	Mar-04	131	1,882	\$4,230,373.73	\$858.51	\$858.51	
932999	La Crosse County Clerk of Court	Feb-03	741	1,382	\$614,834.55	\$2,377.26	\$47,973.95	
933997	Lafayette County Clerk of Court	Nov-04	0	64	\$14,604.15	\$0.00	\$0.00	
933999	Lafayette County Clerk of Court	Jan-03	53	282	\$2,695.61	\$0.00	\$2,563.13	
934001	City of Antigo	Dec-97	1	18	\$6,858.31	\$0.00	\$3,163.72	
934002	Antigo Housing Authority	Feb-03	14	83	\$42,105.83	\$0.00	\$3,943.69	
934998	Langlade County Clerk of Court	Aug-03	44	182	\$86,855.82	\$0.00	\$4,845.59	
934999	Langlade County Sheriff's Dept	May-02	13	93	\$39,239.14	\$0.00	\$5,563.26	
935998	Lincoln County EMS	May-04	0	60	\$22,345.62	\$0.00	\$0.00	
935999	Lincoln County Clerk of Court	Jan-03	131	552	\$311,718.93	\$0.00	\$10,500.10	
936001	Village of Cleveland	Aug-01	44	62	\$12,156.14	\$0.00	\$3,359.45	
936002	Manitowoc Municipal Court	Sep-02	35	194	\$107,245.73	\$0.00	\$2,037.45	
936999	Manitowoc County Clerk of Court	Jan-01	710	3,169	\$1,084,079.72	\$974.80	\$144,629.70	
937001	City of Mosinee	May-02	0	17	\$5,046.01	\$0.00	\$0.00	
937002	City of Schofield	Feb-01	1,032	1,056	\$220,729.99	\$0.00	\$95,354.96	
937003	Rothschild Municipal Court	Aug-01	245	460	\$129,752.32	\$260.10	\$33,532.61	
937004	City of Wausau	Jan-03	837	4,627	\$6,777,766.59	\$580.50	\$181,912.51	
937998	Marathon County DSS	Dec-03	0	23	\$19,479.78	\$0.00	\$0.00	
937999	Marathon County Clerk of Court	Oct-01	2,025	5,241	\$2,858,431.52	\$2,159.10	\$305,032.22	
938999	Marquette County Clerk of Court	Jan-03	66	523	\$239,156.15	\$156.20	\$236.20	
939999	Marquette County Clerk of Court	Feb-04	68	650	\$211,335.59	\$107.00	\$5,240.12	
940001	City of Milwaukee Courts	Dec-95	156	64	\$181,186.25	\$0.00	\$42,895.00	
940002	City of Glendale	Nov-95	1,550	3,072	\$631,017.67	\$493.60	\$191,496.93	
940003	Village of Brown Deer	Jan-96	1,234	2,651	\$786,895.82	\$1,265.35	\$339,988.68	
940005	Village of River Hills	Mar-96	337	668	\$136,564.78	\$163.90	\$86,660.52	
940006	City of South Milwaukee	May-96	4	2	\$712.20	\$0.00	\$67.20	
940007	Village of Whitefish Bay	Jul-96	460	845	\$262,539.50	\$138.00	\$88,054.57	
940008	Village of Bayside	Dec-96	512	254	\$51,676.94	\$77.20	\$48,159.79	
940009	City of Milwaukee Public Works	Jul-02	48,979	106,002	\$8,516,151.71	\$32,037.31	\$3,039,969.49	
940010	Village of Fox Point	Dec-97	245	250	\$33,065.74	\$20.00	\$21,381.84	
940011	Village of Hales Corners	Apr-98	520	264	\$75,118.34	\$231.00	\$29,002.00	
940012	Village of Greendale Police Dept	Apr-01	1,871	1,949	\$514,331.90	\$1,752.20	\$143,469.36	
940013	Village of Shorewood	Jul-01	124	441	\$79,798.48	\$75.20	\$4,735.20	
940014	City of Wauwatosa	Oct-01	3,083	2,213	\$576,686.94	\$1,149.14	\$117,230.34	
940015	City of West Allis	Nov-01	65	519	\$166,195.11	\$531.40	\$31,849.10	
940016	Greenfield Municipal Court	Nov-01	809	990	\$231,513.24	\$373.60	\$60,880.29	
940017	City of Oak Creek	Jan-02	483	184	\$54,779.46	\$18.00	\$7,182.11	
940018	Milwaukee Municipal Court	Apr-02	44,258	42,229	\$13,810,665.65	\$17,555.56	\$3,605,517.09	
940019	City of Franklin Municipal Court	Jan-03	640	636	\$144,547.95	\$1,578.20	\$22,199.89	
940020	Wauwatosa Police Department	Feb-03	1,406	2,090	\$160,240.43	\$895.29	\$83,685.48	
940021	St. Francis Police Department	Mar-03	358	464	\$126,072.03	\$212.40	\$16,195.37	

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						THIS QUARTER	TO DATE
940022	West Allis Municipal Court	Mar-03	757	772	\$308,248.94	\$278.89	\$26,982.99
940023	Village of Greendale	Mar-03	3	85	\$29,231.52	\$77.20	\$1,000.15
940024	City of Glendale Police Department	Jul-03	150	360	\$16,384.31	\$330.00	\$5,855.69
940026	City of Cudahy	Sep-03	147	199	\$45,739.91	\$0.00	\$2,887.50
940027	City of Cudahy	Nov-03	376	1,347	\$93,468.26	\$285.00	\$22,651.74
940028	Village of West Milwaukee	Nov-03	45	2,295	\$211,608.77	\$600.20	\$3,173.91
940029	South Milwaukee Treasurer's Office	Oct-04	0	28	\$9,968.01	\$0.00	\$0.00
940998	Milwaukee County DHHS	Feb-03	1,615	10,567	\$13,263,925.80	\$6,173.47	\$707,436.98
940999	Milwaukee County Clerk of Court	Sep-96	31,234	18,667	\$6,807,294.40	\$6,981.01	\$2,509,111.87
941998	Monroe County Dept of Human Services	Dec-03	135	569	\$941,423.07	\$136.94	\$43,280.13
941999	Monroe County Clerk of Court	May-02	288	417	\$193,194.95	\$443.38	\$31,700.20
942001	Town of Little River	Dec-99	1	1	\$799.08	\$0.00	\$404.75
942899	Oconto County Clerk of Court	Nov-02	8	290	\$348,879.62	\$0.00	\$0.00
943001	Rhineland Housing Authority	Feb-03	15	43	\$21,624.72	\$0.00	\$5,359.00
943998	Oneida County Sheriff's Department	Feb-03	14	105	\$75,585.88	\$0.00	\$4,521.47
943999	Oneida County Clerk of Court	Jan-03	377	619	\$184,805.45	\$181.00	\$14,483.27
944001	City of Appleton Finance Dept	Oct-02	19	118	\$64,397.44	\$0.00	\$8,986.76
944002	Town of Grand Chute	Sep-03	113	629	\$156,977.68	\$60.00	\$11,563.18
944003	City of Kaukauna	Apr-04	22	173	\$112,967.08	\$0.00	\$0.00
944996	Outagamie County Jail	Oct-04	6	277	\$157,764.44	\$0.00	\$0.00
944997	Outagamie County DHHS	Mar-03	569	181	\$630,980.15	\$0.00	\$0.00
944998	Outagamie County Clerk of Court	Jan-03	94	961	\$380,798.53	\$263.20	\$40,232.95
944999	Outagamie County Clerk of Court	Feb-01	2,218	5,002	\$1,919,830.78	\$1,291.51	\$14,086.48
945002	Village of Grafton Police Department	Oct-03	32	111	\$22,691.59	\$0.00	\$553,041.89
945998	Ozaukee County Corp Counsel	Nov-03	2	17	\$13,083.97	\$0.00	\$1,200.97
945999	Ozaukee County Clerk of Court	Mar-03	453	1,953	\$415,238.14	\$0.00	\$836.00
946999	Pepin County Clerk of Court	Dec-00	30	163	\$53,112.51	\$1,316.82	\$86,721.34
947001	River Falls Municipal Court	Mar-02	51	199	\$46,434.27	\$0.00	\$10,725.03
947002	City of Prescott Municipal Court	Jan-04	2	33	\$5,302.48	\$0.00	\$6,364.70
947998	Pierce County Dept. Human Services	Apr-03	3	71	\$81,103.67	\$0.00	\$0.00
948001	City of Amery Municipal Court	Aug-02	4	12	\$9,248.62	\$183.00	\$4,954.41
948002	Oscoda Municipal Court	Jan-03	9	25	\$11,792.85	\$0.00	\$0.00
948003	St. Croix Falls Municipal Court	Jul-03	37	63	\$14,821.58	\$0.00	\$1,090.56
948004	City of Amery Housing Authority	Feb-04	0	5	\$2,359.00	\$0.00	\$1,548.70
948999	Polk County Clerk of Court	Aug-01	717	1,712	\$504,570.39	\$0.00	\$0.00
949001	Stevens Point Housing Authority	Jan-04	30	251	\$252,996.33	\$384.01	\$29,902.83
949998	Portage County Housing Authority	Nov-03	62	138	\$84,229.00	\$1,097.51	\$9,346.91
949999	Portage County Clerk of Court	Nov-03	322	3,290	\$842,199.41	\$404.00	\$21,890.24
950998	Price County Sheriff's Office	Oct-04	34	238	\$116,725.61	\$355.00	\$27,614.34
950999	Price County Clerk of Court	Dec-01	163	166	\$79,720.36	\$0.00	\$0.00
951003	City of Burlington	Aug-01	593	497	\$106,357.08	\$0.00	\$0.00
951004	Town of Dover	Aug-02	2	7	\$1,480.82	\$88.50	\$13,644.75
951005	Caledonia Police Department	Dec-02	379	888	\$297,384.36	\$0.00	\$51,664.77
951008	City of Racine Finance Department	Feb-03	1,949	5,781	\$224,896.12	\$342.62	\$132.97
951009	Town of Burlington Municipal Court	Oct-03	26	65	\$11,898.03	\$1,248.99	\$54,496.29
	Village of Union Grove	Jan-04	3	219	\$27,742.75	\$0.00	\$53,509.51
						\$0.00	\$1,744.50
						\$0.00	\$164.38

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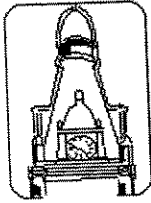
ID NUMBER	GOVERNMENT NAME	ENTERED PROGRAM YR/MTH	NUMBER OF ACTIVE DEBTS		NUMBER OF DEBTS WITH >0 BALANCE	TOTAL BALANCE OF REMAINING DEBTS	TOTAL INTERCEPTED THIS QUARTER	TOTAL INTERCEPTED TO DATE
			WITH 0 BALANCE	WITH >0 BALANCE				
951996	Racine County Clerk of Court	Jan-03	2,268	12,682	\$5,403,227.63	\$7,592.28	\$270,026.54	
951997	Racine County - FCC	Jul-02	424	1,344	\$171,273.43	\$804.53	\$74,019.58	
951999	Racine County Clerk of Court	May-02	270	505	\$84,852.00	\$835.80	\$37,885.13	
952001	Richland Center Police Department	Feb-03	4	6	\$287.40	\$0.00	\$60.00	
953001	City of Janesville	May-97	112	30	\$15,256.73	\$153.21	\$51,075.70	
953002	Village of Clinton Municipal Court	Dec-99	0	30	\$7,096.70	\$0.00	\$0.00	
953003	Town of Beloit Police Department	Jun-03	149	1,202	\$241,194.66	\$0.00	\$28,731.58	
953004	Town of Milton	Jun-03	13	43	\$10,438.60	\$0.00	\$1,544.90	
953005	City of Beloit	Jun-03	695	1,208	\$315,232.08	\$0.00	\$2,966.10	
953006	Milton Municipal Court	Jul-03	1	102	\$65,946.85	\$0.00	\$909.00	
953007	Beloit Housing Authority	Sep-04	14	140	\$173,180.75	\$0.00	\$196,658.87	
953997	Rock County Human Services	Oct-02	402	2,177	\$5,930,215.23	\$1,639.56	\$0.00	
953999	Rock County Clerk of Court	Jun-04	110	1,191	\$475,563.75	\$0.00	\$0.00	
954001	City of Ladysmith Municipal Court	Oct-04	1	1	\$299.00	\$0.00	\$0.00	
954998	Rusk County Clerk of Court	Apr-02	778	994	\$407,149.72	\$1,377.80	\$48,715.92	
954999	Rusk County Sheriff's Department	Oct-01	515	323	\$245,638.83	\$0.00	\$25,639.22	
955998	St. Croix County Sheriff's Office	Nov-04	0	4	\$5,028.95	\$0.00	\$0.00	
955999	St. Croix County Clerk of Court	Oct-02	616	1,551	\$530,208.54	\$596.68	\$27,891.31	
956987	Sauk County Housing Authority	May-03	1,417	6	\$8,634.91	\$0.00	\$959.00	
956998	Sauk County Clerk of Court	May-01	41	5,222	\$1,704,925.76	\$450.30	\$212,255.70	
956999	Sauk County Sheriff's Department	Oct-01	2	164	\$429,198.88	\$0.00	\$91,513.01	
957998	Sawyer County Sheriff's Office	Oct-04	2	8	\$18,292.20	\$0.00	\$0.00	
958001	City of Shawano Municipal Court	Apr-02	0	1	\$69.00	\$0.00	\$0.00	
958996	Shawano County Work Release Center	Jul-02	7	54	\$49,316.32	\$0.00	\$4,383.74	
958997	Shawano County Jail	Jul-02	176	1,328	\$1,007,043.09	\$69.00	\$2,139.67	
958999	Shawano County Clerk of Court	Nov-02	46	82	\$17,546.55	\$0.00	\$6,957.17	
959001	Village of Ekhhardt Lake	Aug-01	66	85	\$93,475.98	\$0.00	\$1,771.89	
959997	Sheboygan County Sheriff's Dept	Sep-02	217	2,671	\$1,858,338.82	\$484.71	\$26,235.54	
959998	Sheboygan County Clerk of Court	Apr-02	1,018	3,430	\$3,907,547.36	\$2,668.90	\$565,339.58	
959999	Sheboygan County Clerk of Court	Jun-01	262	229	\$195,294.05	\$0.00	\$13,797.77	
960999	Taylor County Clerk of Court	Apr-02	72	396	\$100,283.75	\$0.00	\$4,935.83	
961998	Trempealeau County Clerk of Court	Aug-03	785	702	\$293,662.53	\$0.00	\$60,735.46	
961999	Trempealeau County Clerk of Court	Oct-01	0	4	\$3,035.30	\$0.00	\$0.00	
962001	Viroqua Housing Authority	Oct-04	163	382	\$274,707.63	\$0.00	\$11,005.80	
962999	Vilas County Clerk of Court	Jan-03	92	122	\$56,526.84	\$0.00	\$2,942.10	
963999	Vilas County Clerk of Court	Apr-03	12	55	\$33,764.49	\$0.00	\$1,350.18	
964002	Village of East Troy	Jan-96	21	40	\$49,876.27	\$0.00	\$127.00	
964004	City of Elkhorn Municipal Court	Jan-04	51	200	\$108,984.75	\$0.00	\$141.80	
964005	City of Whitewater	Mar-04	186	1,411	\$632,986.93	\$959.61	\$10,099.55	
964999	Walworth County Clerk of Court	Sep-03	378	2,014	\$695,513.21	\$2,113.00	\$40,876.85	
965998	Wauburn County Clerk of Court	May-03	21	130	\$66,917.78	\$0.00	\$3,303.47	
965999	Wauburn County Sheriff's Dept.	Feb-02	2	31	\$4,760.07	\$0.00	\$677.33	
966001	Mid-Morraine Municipal Court	Jan-03	128	540	\$153,002.99	\$0.00	\$20,875.16	
966002	City of West Bend - Finance	Apr-03	31	231	\$74,473.70	\$0.00	\$0.00	
966998	Washington County Clerk of Court	Apr-04	1,869	5,151	\$2,773,633.90	\$3,407.73	\$259,223.21	
966999	Washington County Clerk of Court	Oct-01						

COUNTY/MUNICIPAL REFUND INTERCEPTION ACTIVITY  
<http://www.dor.state.wi.us/esanv/coac.xls>

DECEMBER 2004 QUARTER

ID NUMBER	GOVERNMENT NAME	ENTERED PROGRAM YR/MTH	NUMBER OF ACTIVE DEBTS		NUMBER OF DEBTS WITH >0 BALANCE	TOTAL BALANCE OF REMAINING DEBTS	TOTAL INTERCEPTED THIS QUARTER	TOTAL INTERCEPTED TO DATE
			WITH 0 BALANCE	WITH >0 BALANCE				
967001	Village of Pewaukee	Feb-03	47	167	\$60,563.47	\$0.00	\$6,555.20	
967004	Menomonee Falls Municipal Court	Jan-97	1,119	314	\$97,469.46	\$189.20	\$132,547.72	
967005	New Berlin Municipal Court	Apr-02	168	474	\$88,665.01	\$0.00	\$17,736.36	
967006	Waukesha Municipal Court	Jun-02	212	520	\$218,410.75	\$351.94	\$36,699.60	
967007	Big Bend Police Department	Feb-03	3	17	\$4,828.40	\$0.00	\$653.40	
967008	Brookfield Municipal Court PAM	Aug-03	80	644	\$77,468.60	\$150.40	\$8,267.60	
967010	New Berlin Municipal Court	Jan-04	123	582	\$172,391.42	\$0.00	\$8,919.15	
967011	City of Pewaukee Police Department	Feb-04	21	210	\$109,052.77	\$266.20	\$266.20	
967998	Waukesha County Clerk of Court	Oct-03	7	91	\$83,082.23	\$0.00	\$5,578.60	
967999	County of Waukesha	Feb-99	8,678	17,363	\$19,174,556.10	\$15,172.19	\$2,825,868.20	
968997	Waupaca County Corp Counsel	Nov-02	9	36	\$10,573.66	\$0.00	\$2,368.11	
968998	County of Waupaca-Sheriff	Jul-00	498	501	\$116,502.21	\$75.00	\$21,297.37	
968999	Waupaca County Clerk of Court	Sep-99	326	1,717	\$765,322.36	\$1,462.26	\$73,428.79	
969998	Waushara County Corp Counsel	Dec-03	26	140	\$106,212.00	\$0.00	\$10,183.25	
969999	Waushara County Clerk of Court	Apr-02	665	644	\$227,265.11	\$112.48	\$24,587.14	
970997	Winnebago County Finance Dept.	Jan-03	445	6,737	\$4,909,226.73	\$2,444.73	\$16,185.37	
970998	Winnebago County Clerk of Court	Nov-02	2,079	6,667	\$1,887,902.13	\$2,897.60	\$154,595.70	
970999	Winnebago County Clerk of Court	Oct-01	4,089	3,230	\$2,012,918.27	\$243.00	\$409,860.02	
971001	City of Wisconsin Rapids	Sep-02	59	359	\$194,055.62	\$0.00	\$19,170.59	
971998	Wood County Corporation Counsel	Oct-04	0	13	\$13,671.80	\$0.00	\$0.00	
971999	Wood County Clerk of Court	Jan-03	160	347	\$127,528.66	\$267.00	\$13,658.24	
<b>Totals</b>			<b>218,558</b>	<b>428,936</b>	<b>\$197,232,825.05</b>	<b>\$160,755.63</b>	<b>\$23,597,664.79</b>	





**City  
of  
Milwaukee**

**LEGISLATIVE REFERENCE BUREAU  
200 E. Wells Street RM B-4, Milwaukee, WI 53203**

**\*\*\*\*\*INTERDEPARTMENTAL MEMORANDUM\*\*\*\*\***

Date: August 8, 2005  
To: Alderman Terry J. Witkowski, 13th Aldermanic District  
From: Emma J Stamps, Legislative Fiscal Analyst-Lead, ext. 8666  
Re: Corrections to municipal court fines and forfeitures and TRIP memos

\*\*\*\*\*

Reports on municipal court fines and forfeitures and the state tax refund intercept program (TRIP) was provided to you on April 19, 2005, and later shared with the Outstanding Debt Task Force. Upon further review of the original reports, the following clarifications are in order.

1. *The original memo reported that PPS won a 3-month contract for servicing overdue municipal court judgments on behalf of the City from 12/31/2001 to 3/31/2002.*

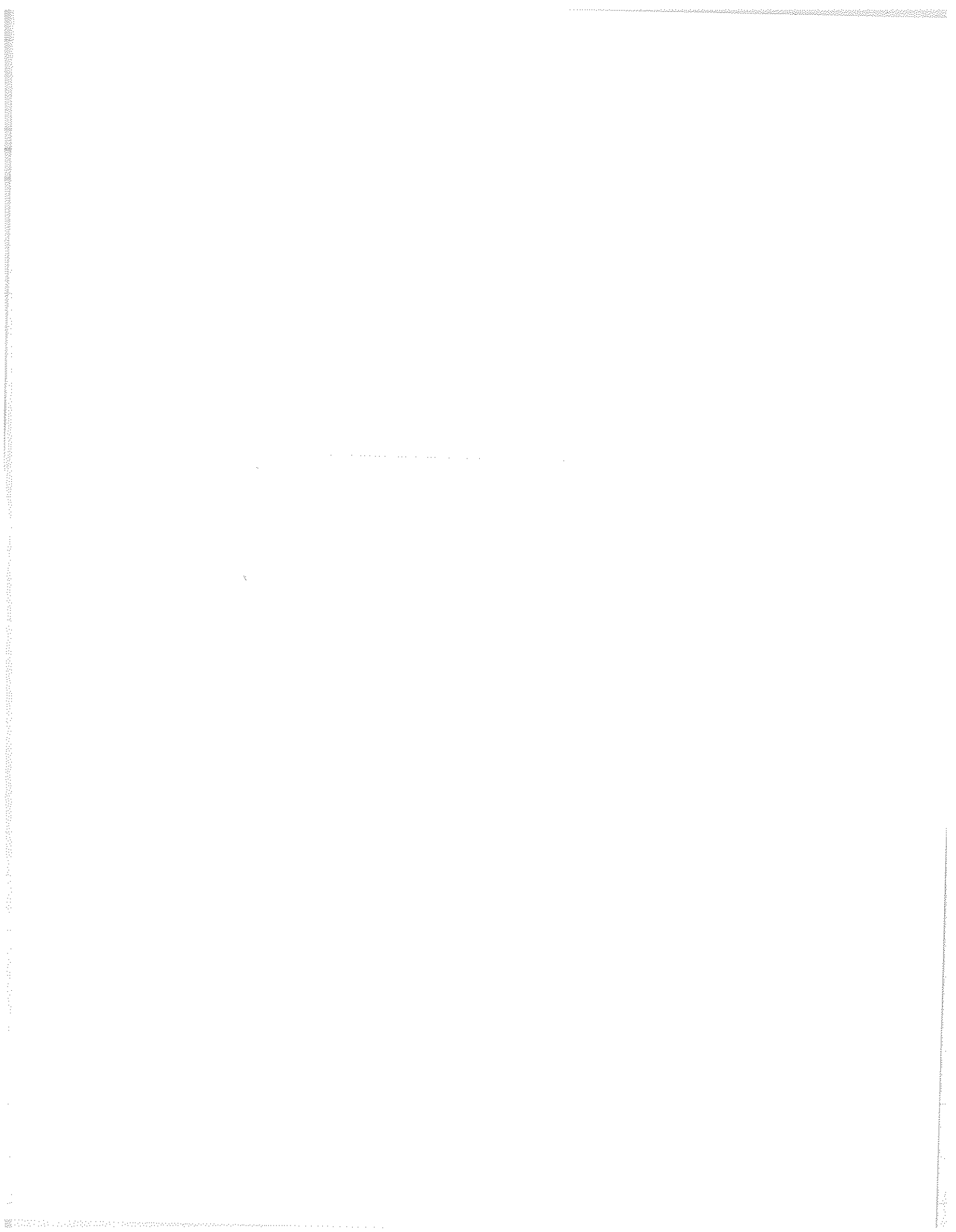
Professional Placement Services, LLC's (PPS) predecessor, Professional Account Management, Inc. (PAM), serviced the contract through 3/31/2002. PPS is currently under contract for the term 4/1/2002 to 3/31/2007.

2. *Payment of state fees on imposed TRIP payments.*

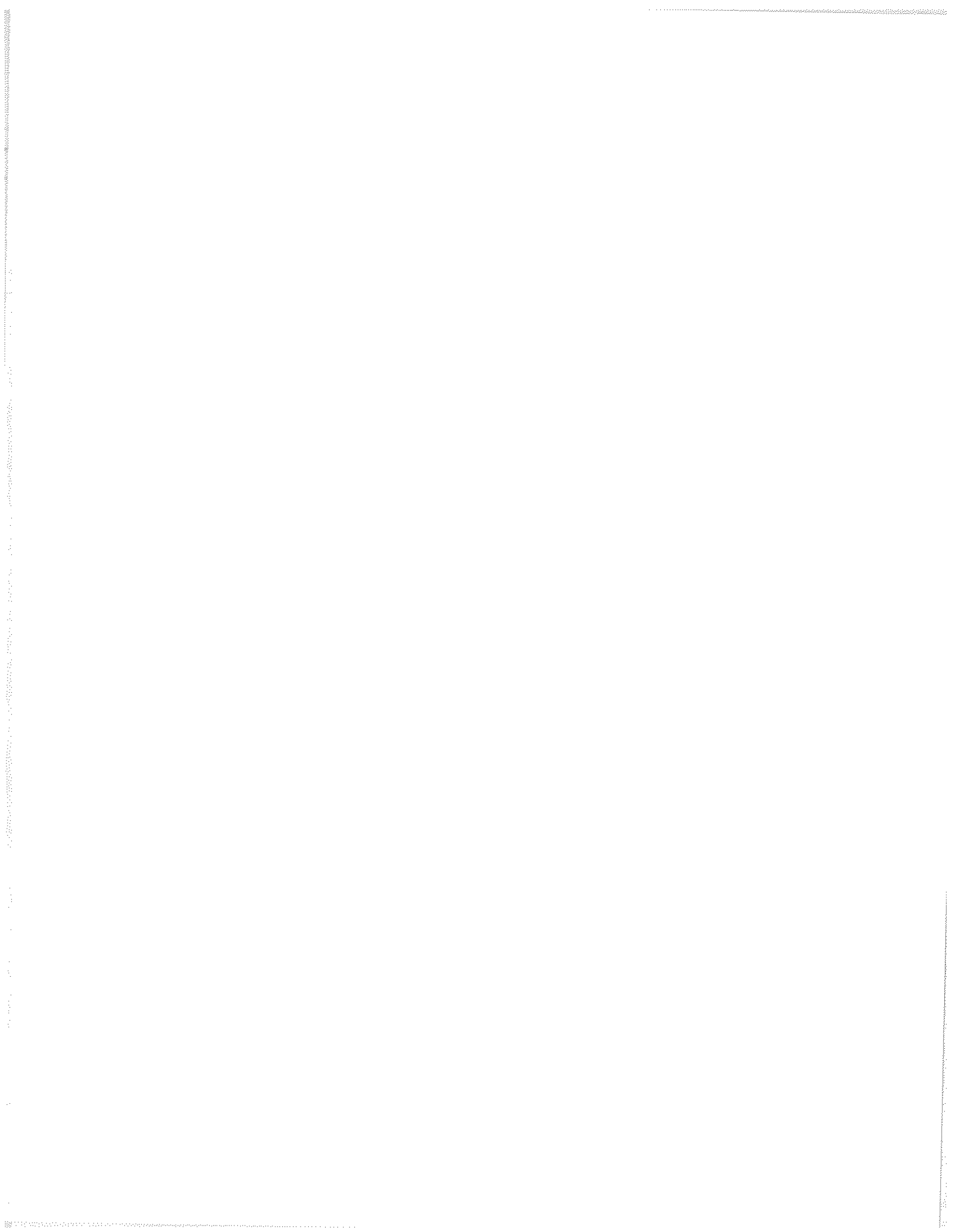
PPS continues to be responsible for paying state fees imposed on TRIP payments under the amended contract.

Please contact me if you require further assistance.

cc.: James Carroll  
Marty Collins



# APPENDIX E



**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino and Don Weihs

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

July 8, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **FRIDAY, JULY 22, 2005, at 9:00 A.M., in Room 301-B, City Hall, 200 East Wells Street, regarding:**

1. Review and approval of minutes of the June 22, 2005 meeting
2. Report given by the Milwaukee Police Department relative to the arrest process
3. Report given by the Department of Neighborhood Services relative to property violation collections process
4. Discussion on City Treasurers Office delinquent tax collection activities
5. Discussion on DPW - parking citations process
6. Discussion on DPW - property damage accounts receivables
7. Discussion on Municipal Court municipal fines and forfeitures process
8. Comments from the Public
9. Next meeting date, time and agenda

Respectfully,



RONALD D. LEONHARDT  
City Clerk

**PLEASE NOTE:**

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or other auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX) 286-3456, (TDD) 286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, City Hall (City Clerk's Office).

**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

**July 22, 2005  
Minutes**

Meeting Commenced: 9:12 A.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Anna Ruzinski Robert Juhay, John Egan appeared on behalf of Michael Daun, Jim Klajbor (Special Deputy City Treasurer), Dorinda Floyd, Linda Burke, Dennis Yaccarino and Don Weihs

Excused:

Also present: Mr. Jim Carroll-LRB; Angela Ward-LRB; Emma Stamps-LRB; Mr. Craig Johnson and Mr. Dan Shepherd with Professional Placement Services (PPS) and Mr. Robert Potrzebowski with Kohn Law Firm

**1. Review and approval of minutes of the June 22, 2005 meeting**

Ms. Burke moved to approve the minutes, seconded by Mr. Collins.

**2. Report given by the Milwaukee Police Department relative to the arrest process**

Deputy Inspector Ruzinski explained the arrest process. She noted that the Municipal Court gives the Police Department a list of egregious offenders on a regular bases. That list is sent to the warrant squad, who solely looks for people who are wanted on warrants. They also give a copy of the list to the district personnel, so that police officers have that list available to them should they have spare time to go out and look for those offenders. Those who are arrested from that egregious list are release on cash bail only, which is different then other arrest. She further noted that the money that they collect on outstanding debt is very low. She advised that they are still doing research into what other Police Departments around the country are doing to apprehend egregious offenders and if there are any programs out there that have been more successful.

Mr. Collins asked if they are having a problem with the Sheriff refusing to take people with Municipal Court case into the county jail. Inspector Ruzinski replied that herself along with Ms. Hinrichs and the Municipal Court judges had a met last week with the Sheriff and the Sheriff noted his concern was not having enough room in the jail for the people he believes needs to be in jail, such as violent crime offenders. The Sheriff had looked at the possibility of releasing some of those people early or not allowing them to go to the house of correction. They had explained to the Sheriff that those people that they are sending to the county jail are the worst of the worst. Inspector Ruzinski advised that some of those people are being release early. Ms.

Hinrichs advised that the Sheriff hasn't refused to take anyone. Mr. Collins asked when they pick up an egregious offender from the list, do they general pay or do that general do time. Inspector Ruzinski advised that it depends on the person, some offenders have the cash right away, and others who don't have cash, has to appear in court. Ms. Hinrichs advised that because of the timing on the some of the arrests, they end up spending the night in jail. Ms. Hinrichs further noted that the smallest amount owed on the egregious list is about \$3500 and translating that into days in the house of correction (\$50 a day) comes out to 70-80 days in jail. Ms. Hinrichs than noted that the judges are less sympathetic to those on the list, because they know they have assets.

Chairman Witkowski asked how many people are arrested on warrants in a month. Inspector Ruzinski replied that on outstanding warrants, they're arresting people daily, about 70-80 a month. And from the egregious offender list it is very rarely, may be 2-3 a year.

Chairman Witkowski asked how do they go about arresting those people from the egregious list. Inspector Ruzinski explain what things they do to find those people on the egregious list. Inspector Ruzinski noted that the best way for them to find those people is when their stop on a traffic violations.

**3. Report given by the Department of Neighborhood Services (DNS) relative to property violation collections process**

Mr. Collins gave a brief overview of the Department of Neighborhood Services (DNS) activities.

Mr. Collins explained the Department of Neighborhood Services sources of revenues and collections methods (Exhibit 1). Mr. Robert Potrzebowski with Kohn Law Firm appeared and explained their participation in the DNS collection process.

Chairman Witkowski commented on the DNS outstanding debt. Mr. Collins reiterated what he stated earlier, which is that the DNS does not have any outstanding debt and that DNS refers all their debt to either the City Treasurer or Municipal Court.

**4. Discussion on City Treasurers Office delinquent tax collection activities**

No comments.

**5. Discussion on DPW - parking citations process**

Ms. Floyd advised that Grant Langley-City Attorney, Linda Burke-City Attorney, Mr. Smith-PPS and Ms. Angelo-DPW and herself met with Secretary Frank Busalacchi, Department of Transportation and Lynne Judd - Administrator, Division of Motor Vehicles and they discussed the vehicle registration process and TRIP. She advised



that the DOT is very committed in helping the City of Milwaukee regarding those issues. Specifically the DOT will address doing batch vehicle registration holds and providing an "Alpha" file containing driver's license data to be used for tax refund intercept purposes. The DOT has assigned a point person to work directly with Professional Account Management to address those issues. She advised that resolution of those issues is expected by the end of the year.

**6. Discussion on DPW - property damage accounts receivables**

No comments.

**7. Discussion on Municipal Court municipal fines and forfeitures process**

No comments.

**8. Comments from the Public**

Mr. Craig Johnson with PPS advised that the state bill requiring the Dept. of Transportation and the Dept. of Revenue to share drivers license and SSN information is called AB-211. Ms. Hinrichs advised that it is no longer AB-211, it has been added to the budget bill.

**9. Next meeting date, time and agenda**

Wednesday, August 10, 2005 at 9:00 A.M. in Room 301-B.

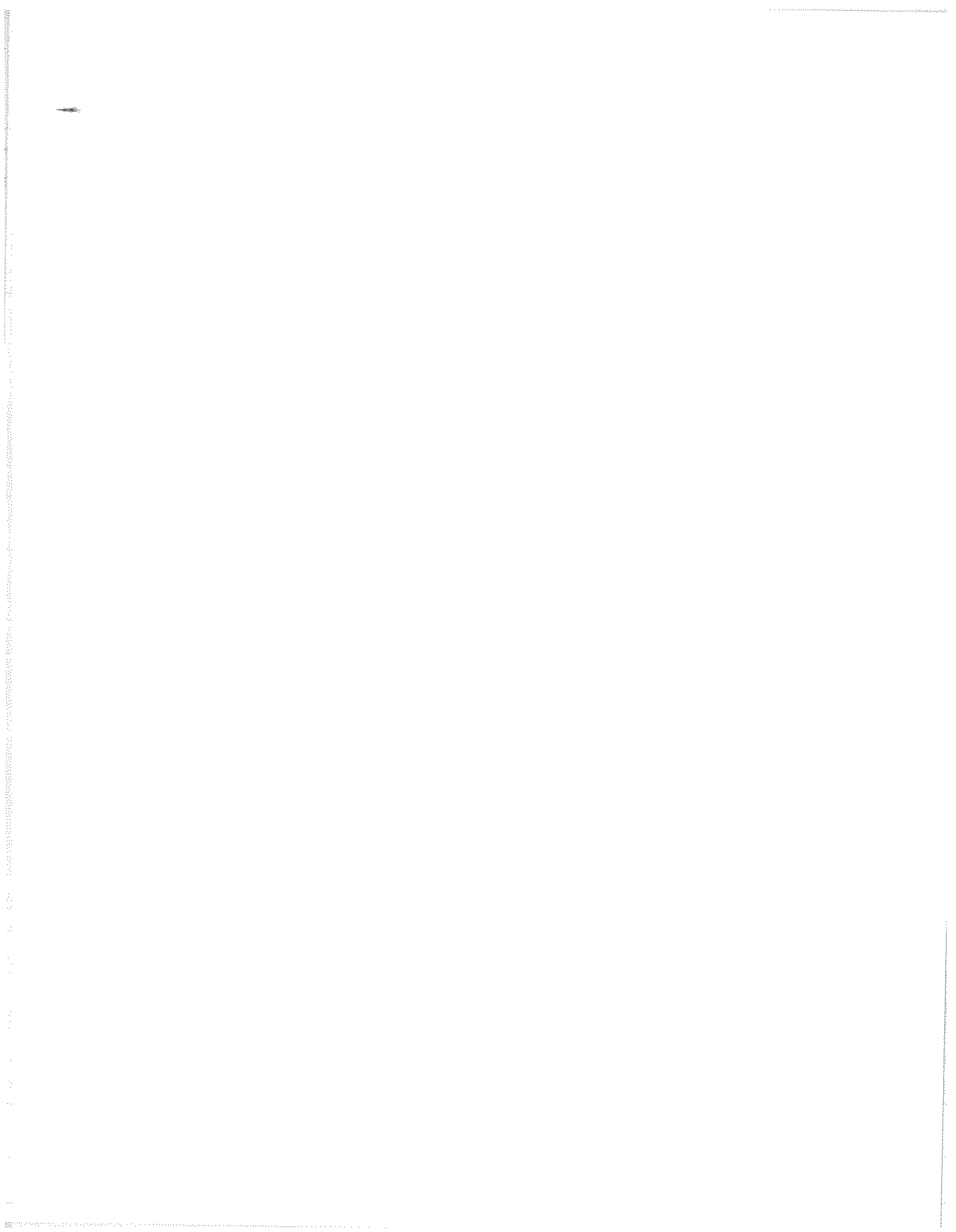
Chairman Witkowski asked the members to bring ideals for recommendations to the next meeting.

Chairman Witkowski advised that he will add an agenda item to the Aug. 10, 2005 meeting, to hear comments from collection firms, whether they are contracted by the city or not.

Ms. Hinrichs asked if they could invite someone from the Department of Administration (DOA) who lobby's for legislation, to attend the next meeting. Chairman Witkowski advised that they will invite DOA to the next two meeting.

*Meeting Adjourned: 10:02 A.M.*

*Terry J. MacDonald  
Staff Assistant*



## DNS Revenue and Expense Collection Report

1. Introduction - A brief overview of DNS activities
2. Sources of revenues and collection methods
  - a. Permits - (new building construction (\$709,271), plumbing (\$740,347), electrical (\$874,986) paid on issuance in 2004.
  - b. Licenses- (hotel/motel (\$13,779), rooming house (\$26,750), fire generator (\$27,512), pesticide applicator (\$14,995) paid on issuance in 2004.
  - c. Fees for Service- (fire inspection fee (\$1,241,078), elevator inspection fee (\$261,905), standpipe/sprinkler fee (\$354,672) - billed and paid / or assessed to tax roll in 2004.
  - d. Abatement expenses - (litter abatement (\$456,477), nuisance vehicles (\$81,670) - paid / or assessed to tax roll in 2004.
  - e. Cost Recovery - (cost of reinspection of orders without compliance (\$2,994,119), processing building board up charges (\$37,036) - paid/or assessed to tax roll in 2004.
  - f. Condemnation/Demolition expenses (\$1,400,343) - billed - - Paid/or collected after referral to Kohn Law/or assessed to tax roll in 2004.
  - g. Fire insurance Escrow fund (\$39,459) - paid by insurance companies in 2004.
  - h. Essential services - (furnace replacement, sewer lateral repair (\$83,991) - billed - paid/or assessed to tax roll in 2004. - the six year payment option + interest
3. Municipal Court Fines –
4. No bad debt to write off.
5. Questions.



# APPENDIX F



**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino, Don Weihs and Rep. Leon Young

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

August 8, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **Wednesday, AUGUST 10, 2005, at 9:00 A.M., in Room 301-B, City Hall, 200 East Wells Street, regarding:**

1. Review and approval of minutes of the July 22, 2005 meeting
2. Report given by the Milwaukee Police Department relative to programs that other states have that the City of Milwaukee could tap into.
3. Discussion and recommendation on City Treasurers Office delinquent tax collection activities
4. Discussion and recommendation on DPW - parking citations process
5. Discussion and recommendation on DPW - property damage accounts receivables
6. Discussion and recommendation on Municipal Court municipal fines and forfeitures process
7. Discussion and recommendation on Milwaukee Police Department arrest process
8. Discussion and recommendation on Department of Neighborhood Services relative to property violation collections process
9. Comments from the public and private collection agencies
10. Next meeting date, time and agenda

Respectfully,

A handwritten signature in black ink that reads "Ronald D. Leonhardt". The signature is written in a cursive style with a long horizontal stroke at the end.

RONALD D. LEONHARDT  
City Clerk

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**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

**August 10, 2005  
Minutes**

Meeting Commenced: 9:10 A.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Anna Ruzinski Robert Juhay, Michael Daun, Jim Klajbor (Special Deputy City Treasurer), Linda Burke, Dennis Yaccarino, Don Weihs and Cindy Angelos-Department of Public Works – Administration appeared on behalf of Dorinda Floyd

Excused: Rep. Leon Young and Ms. Dorinda Floyd

Also present: John Egan-Comptroller's Office; Mr. Jim Carroll-LRB; Mr. Craig Johnson and Mr. Dan Shepherd with Professional Placement Services (PPS) and Mr. Robert Potrzebowski with Kohn Law Firm

**1. Review and approval of minutes of the July 22, 2005 meeting**

Ms. Burke moved to approve the minutes, seconded by Deputy Inspector Ruzinski. There were no objections.

**2. Report given by the Milwaukee Police Department relative to programs that other states have that, the City of Milwaukee could tap into.**

Deputy Inspector Ruzinski advised that the Milwaukee Police Department has done extensive research on programs that other Police Departments across the country are using to obtain egregious offenders. She explained the research findings (Exhibit 1) and noted that the only thing that they found that was different then what they are already doing is a program that St. Louis had started back in 1999. She then read the following paragraph from the second edition of Focused on Progress (Exhibit 2), which she obtain from the St. Louis Missouri website, which explains the program St. Louis started in 1999:

“The City recently engaged a collection agency to pursue payment of delinquent taxes, fines and fees of most City departments and agencies. As an additional incentive to ensure payment of taxes and other City debts, certain departments such as the License Collector require verification of tax payments prior to issuing a license to an individual or business. With a single database of delinquent accounts now maintained by the City's collection agency, the City could share this data with those departments issuing permits, licenses, etc., so that individuals and businesses with delinquent accounts could be denied doing business with the City until the outstanding debt is paid.”

Mr. Klajbor advised that they had try that before, but the problem was that it couldn't be done for just one type of license, it would have to be done for all licenses, permits, etc. and when they found that the cost of it outweighed the benefit they didn't pursue it

further. Ms. Burke advised that there was a Supreme Court decision on that type of program, where the City of Madison had singled out just tavern licenses and the Tavern League sued. The theory that came out of that suit, was that they couldn't single out one particular license, if they were going to do it they had to do it across the board for all licenses, permits. She noted that it had been tried and failed. Chairman Witkowski noted that he had discussions about setting a limit, such as setting a limit of \$200 across the board and noted they would continue to look into that.

### **3. Discussion and recommendation on City Treasurers Office delinquent tax collection activities**

Chairman Witkowski asked if there were any recommendations.

Mr. Jim Klajbor replied that there were two possible recommendations that were suggested at previous meetings. The first one was to change state laws on collection as far as repeat offenders. He noted that Ms. Burke pointed out the problem with the equal protection and the uniformity clause, so they can't single out one group over another. The second recommendation is to publish a list of offenders. He explained that they already post that information on the website and their concern is that some of those people on the list are just falling on hard times.

Mr. Klajbor advised that the City Attorney and the City Treasurers Office met with Mr. Robert Potrzebowski and he found that some states pass on the cost of collections and Mr. Klajbor felt that might be worthy of pursuit. Mr. Potrzebowski appeared and addressed the committee and explained his findings. He asked if the task force would be willing to recommend new legislation that would attempt to or pass on the cost of collection and have it added to the tax bill. Mr. Potrzebowski advised that court costs are already added on by state statute and some of the In-Rem foreclosure action costs are already passed on. Mr. Collins asked how do they calculate the cost. Mr. Potrzebowski replied that they work on a contingent fee bases and elaborated further on how their fees are established and assessed and how the collections cost could be added on. Mr. Collins replied that it would be a better incentive. Chairman Witkowski asked if there is any objection to that recommendation. There was no objection. Chairman Witkowski advised that the language for a recommendation be prepared for the next meeting. Mr. Collins asked if it could be done for other departments. Mr. Juhay asked how did this come about. Ms. Burke advised that they are governed by state statute and it just isn't in the statute. Mr. Potrzebowski replied that they would have to get a pass through or pass on into the WI statute.

Mr. Klajbor explained that the fees paid to the Kohn Law Firm comes from two sources, the first is from the special purpose account in the City Attorneys budget and the second is for most of the real estate which comes from the delinquent tax fund, he then elaborated on the two sources. Mr. Juhay asked if they get a certain dollar amount. Mr. Klajbor replied that it is on a percentage bases. Mr. Klajbor advised that they may want to consider raising the fee on In-Rem foreclosure. Mr. Klajbor advised that currently the fee is \$135 and it has been that amount for a long time and he isn't sure whether it is a state statute or municipal ordinance. Chairman Witkowski asked Mr. Klajbor to follow up on that and bring a recommendation to the next meeting.

Chairman Witkowski submitted two recommendations for consideration by the task force (Exhibit 2).

Mr. Daun commented that a list of tax delinquent offenders on some kind of media on a regular bases would have a chilling affect. And one way around Mr. Klajbor concerns would be to establish a cut off, such as above a certain amount and suggested that they not dismiss the idea but to try and balance the idea. Chairman Witkowski asked if there were any more comments on that subject. Chairman Witkowski advised that they would take a vote on any recommendation that are submitted today. Mr. Klajbor advised that there is no easy way to go up against people and that the delinquent list is on the web by account number and property owner name and that the media would have to search through the account number to find matching names. Ms. Burke replied that any suggestions made here needs to be reviewed and researched on the legality to make sure they aren't violating the uniformity clause. She further advised that in the uniformity law as far as taxation, the drafters of the Wisconsin constitution were afraid that the government would use its power of taxation to punish people and that's why the constitution requires that everybody be treated the same. She further noted that everything should be referred to the city Attorney for an opinion. Mr. Collins advised that they may run into that problem with a lot of recommendations and noted that in the report it should be stated that every recommendation is subject to a City Attorney's opinion. Ms. Hinrichs advised that she doesn't see these as recommendations but suggestions. Ms. Burke asked if they could take some of the concepts and assigned them to various subcommittees to work on and come back with actual language for recommendations. Chairman Witkowski advised that there is a time constrain to submit this task force's recommendations to the Common Council, a report is due by October 2005.

Atty. Burke advised that she could work with Mr. Klajbor on the two recommendations submitted by Chairman Witkowski (Exhibit 3). The first one is to come up with a state law that might address people who wait until the last minute and the second one is to add more personal contact as part of the first year procedures. Mr. Klajbor advised that they get over 100,000 phone calls a year and further explained the collections procedure that the City Treasurer's Office uses. Mr. Potrzebowski explained the Kohn Law Firm's calling and letter procedure. Chairman Witkowski noted that the concept of the recommendation was not that they weren't notified, but to use more early personal contact instead of a letter could have more of an impact. Chairman Witkowski asked if there were any collection agencies in the audience that could give some input. Ms. Pauline Kussart, President, Director of H.E. Stark Agency, Inc. explained their collection procedure. Mr. Klajbor replied that the response they get from the letters that are sent are about 1/2 and the rest get referred to the Kohn collection firm. Mr. Klajbor commented that since their collection rate is %99.83 of the city's levy they would just occur cost to add more collection procedures. Atty. Burke referred back to the recommendation to make phone calls in the first year, instead of starting them in the second year. She advised that they would need to send those to Kohn Law Firm in the first year, which would be costly. Atty. Burke advised that it wouldn't be cost effective. Mr. Eric Summers, Business Development and Risk Management with H.E. Stark Agency appeared and explained their procedures that they use during the first year of collections. Mr. Klajbor explained delinquent taxes and the reason why they don't want to add more cost for

collections efforts. Chairman Witkowski noted that there doesn't seem to be any support to change the first year contact procedures.

Chairman Witkowski referred to the second recommendation he submitted, which is to establish a list of repeat tax evader who abuse the tax collection system and seek a change in state law to deal with the problem. He advised that the City Attorney has indicated that a limit may have to be set. Atty. Burke advised that if there is a statutory dead line or procedure that allows for that type of behavior they could look at tightening up on state law to discourage that type of behavior, she isn't sure if they could do that. Atty. Burke advised that they could look at it and suggested that there might be a way to change the system. Ms. Hinrichs advised that there are two classes of evaders and explain the two types. Mr. Potrzebowski advised that is a small class of people who makes a conscious decision to wait to pay a bill. Ms. Burke advised that what those evaders are doing is within the law. Chairman Witkowski noted that there is no support for the second recommendation.

Chairman Witkowski read a part of a letter (Exhibit 4) that suggested a proposal for a three-month amnesty on personal property taxes. Mr. Klajbor replied that he disagrees with the letter's proposal and advised that with personal property taxes there is no delay in the pursuit of collection. He then explain the procedures on collections of personal property taxes and advised that they are very aggressive and that state statute dictate the interest and penalty so there would be no way to have an amnesty program. Atty. Burke advised that they couldn't just decided not to do that, because they are required by state statute. Chairman Witkowski advised that there is no support for that recommendation.

Chairman Witkowski advised that there are two possible recommendations that will be prepared for next meeting; one is from Mr. Potrzebowski on passing collections costs and one from Jim on In-Rem foreclosure fees.

Chairman Witkowski asked the task force members to submit recommendations by Sept. 2 and to use the same format that is used in Exhibit 3.

#### **4. Discussion and recommendation on DPW - parking citations process**

Ms. Cindy Angelos advised that when Ms. Floyd gave her presentation on parking citations she include the following recommendations. Ms. Angelos read into the record the recommendations that were submitted at a prior meeting:

*1) Change registration hold process to be at the at the license plate level. Need a state statute change. No objection.*

*2) Require DOT to share SSN and/or Driver's License Number with City. DOT policy change or State statute change.* Ms. Angelos advised that DPW has met with the DOT and they received a promise that his agency would work with them to make this change, so that wouldn't need to submit this recommendation. This was a DOT Policy and by the end of this year it should be implemented.

3) *Require same name on driver's license and vehicle registration. State statute change.* Ms. Burke asked how would it work if a person brought a car and didn't have a drivers license and put it in someone else name such as their child's name. Ms. Angelos advised that the details still have to be worked out, but right now people that don't have licenses can get state issued ID cards and that the vas majority of people who buy cars are the drivers/owners.

4) *Limit timeframe to adjudicate citations. State statute change.* Ms. Angelos advised that other states limit the time for people to make the initial call, whereas right now they have no time limit. She noted that they would like to limit the time frame so that people would have perhaps 6 months and if one does not call within the time it would be consider a default judgment. Atty. Burke explained the way state law works right now, relative to a ticket left on the vehicle and default judgments. Atty. Burke advised that it would take a state statute change and that they current have a draft of language on default judgment already. Ms. Hinrichs advised that the Judges have concerns regarding the City Attorneys changes on default judgment and they have planned to send a letter to the City Attorney. Atty. Burke advised that this recommendation is a long way off.

5) *Allow for towing/booting and impounding vehicles for unpaid citations. State statute change.* Ms. Angelo advised that other states are allowed to tow vehicle whether they are parked legally or not. Atty. Burke advised that currently under state law they can't use towing as a collection process. Mr. Craig Johnson advised that citations aren't required to be paid for vehicle owners to get their cars out of the tow lot. Atty. Burke advised that they do serve the person with a summons and complaint when they pickup there car.

Chairman Witkowski asked if there are any objections to the above recommendations. There are no objection to recommendations #1 and #5. Recommendations #2 is in the process of being resolved, #3 and #4 will be prepared for the next meeting.

Chairman Witkowski submitted the following recommendation (Exhibit 5):

Establish an education/Media effort to advise the public of the consequences of having outstanding parking fines.

Ms. Angelos replied that DPW already has a media campaign in place called Park Smart, which is advertised in all the local newspapers and talks about the regulations in a humorous way. She advised that they could expand that campaign after they work with the police department. Chairman Witkowski asked if they have the message out there that they can go to jail. Ms. Hinrichs advised that a person usually doesn't go to jail for a parking citation unless it is turn into a warrant, which is very unlikely. Chairman Witkowski advised that he would work with DPW to revise the recommendation.

## 5. Discussion and recommendation on DPW - property damage accounts receivables

Mr. Robert Potrzebowski advised that currently the State will suspend the uninsured motorists registration and licenses only if the judgment exceeds \$500.00. He recommended at the June 22<sup>nd</sup>, 2005 meeting that the dollar limit be lower, because once

it gets below the \$500 they can't revoke the license. He further advised that it is a state statute and they could live with the limit as it is.

Mr. Daun commented that at a previous meeting they considered a recommendation on the write-off policies for the cities major types of billings, and asked if it is a fair questions for the City Attorney's and Comptrollers Offices to look at the policies and practices with the departments and determine whether or not there could be a change to the state law that deals with cut-offs in the collection efforts.

Chairman Witkowski asked Deputy Inspector Ruzinski if they have done public education on reporting hit and runs. Deputy Inspector Ruzinski replied that she doesn't recall, but they could do a campaign on hit and runs.

#### **6. Discussion and recommendation on Municipal Court municipal fines and forfeitures process**

The following recommendations were suggested by Ms. Hinrichs at the June 22, 2005 meeting:

*1) Change to legislation to allow use of Driver License number for Tax Refund intercept Program (TRIP).* Ms. Hinrichs advised that they are all still waiting to hear what will happen with the state budget bill, which includes a change to state legislation that will allow access to driver license numbers. Ms. Hinrichs will bring a status update to the next meeting.

*2) Proposal to extend concept of WI Act 140 for all fee and surcharge recipients to share in collection cost.* Ms. Hinrichs advised that there is a current proposal and is to be considered in September to extend the provisions of WI Act 140 recipient of fees and forfeitures. Ms. Hinrichs will bring the statutory language to the next meeting.

*3) Improvement of automated processes within the court to file property liens.*

*4) Automation of Milwaukee County processes for recording property liens.*

Ms. Hinrichs noted that the County advised that they wouldn't be able to do recommendations #3 & #4 right now, but possible in the next year or two. She will bring a status report to the next meeting.

*5) Better electronic access by PPS to court information and changes in address, warrant and other status.* Currently working on. No recommendation needed.

*6) Greater willingness by Milwaukee County Sheriff to enforce Body Attachments on defendants with large balances.* Mr. Potrzebowski advised that they don't currently have Body Attachments in Milwaukee. Ms. Hinrichs advised that it currently is a battle with the Sheriff Departments all the time, but isn't a problem right now and advised no recommendation needed at this time.

#### **7. Discussion and recommendation on Milwaukee Police Department arrest process**

Inspector Ruzinski submitted the following recommendations:

1) The Police Department would like to receive the egregious list every couple of months from Municipal Court, instead of receive the top 100 quarterly, so that they are getting updated information.

2) If the Department of Public Works' recommendation goes through relative to towing of legally park vehicles, could they supply the Police Department with a list of license plate numbers that have delinquent citations.

Inspector Ruzinski advised that she would prepare the language for the above two recommendation for next meeting.

**8. Discussion and recommendation on Department of Neighborhood Services relative to property violation collections process**

Mr. Collins noted that one of the things that were mention earlier in this meeting is to pass on the cost of collections and recommends that in addition to the seeking authority to pass collections cost for taxes, could they look to extend that to included the cost of condemnation. Mr. Potrzebowski advised that he doesn't have any objection to adding condemnation costs to the language, but Atty. Burke would have to review to see if it is legal to do that.

**9. Comments from the public and private collection agencies**

Ms. Jennifer Gonda, with the Department of Administration, Intergovernmental Relations appeared and addressed the committee. She advised the task force member's to workout the concepts before they are passed along to DOA for lobbying and if they could combine some of the recommendation into packages.

**10. Next meeting date, time and agenda**

September 9, 2005 at 9:00 A.M. in Room 301-B.

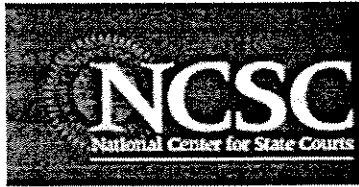
Chairman Witkowski commented that recommendations should be written up for the next meeting and submitted to Terry MacDonald by September 2, 2005.

*Meeting Adjourned: 11:13 A.M.*

*Terry J. MacDonald  
Staff Assistant*







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## Collection of Fines and Court Costs FAQs

- Is there a national standard for collection performance?
- Are there any basic premises that underlie collection/fine administration policy?
- How should collection performance be measured?
- What is fine amnesty, and is it a good idea?
- What are some common problems inhibiting collection of fines and costs?
- Are there best practices or common characteristics among successful collection programs?
- Are courts accepting payments of fines and costs via credit cards?
- May state courts intercept tax refunds to offset unpaid fines and costs?
- What are collection investigator programs, and how are they beneficial?
- When should a court get outside collection assistance, such as from a collection agency?
- What issues should be addressed in an agreement with a collection agency?
- Can collection operations be administered at the state level?

### Responses

#### Is there a national standard for collection performance?

There is no national standard, given the many differences in jurisdiction, socioeconomic conditions, and demographics among state courts. A few of the courts that have successful programs indicate they have achieved collection rates in excess of 90 percent of the fines and fees assessed. Comparing collection results between any two jurisdictions is problematic, given the depressed economic conditions in certain areas, the transient and unemployed (or underemployed) character of an area's population, or merely the relative sizes of the jurisdictions being compared. In general, one should expect that a court whose collection efforts involve primarily traffic and ordinance violations will be able to achieve higher collection rates than a court handling a significant mixture of felony and

misdemeanor offenses. Traffic and ordinance offenders tend to come from a broader spectrum of society such that they are, on average, more willing and able to pay their obligations. Felony and misdemeanor offenders are more likely to be indigent and less predisposed to cooperating with authorities to pay fines and costs. One can be certain, however, that collections in any given jurisdiction can be improved by applying additional collection techniques.

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### **Are there any basic premises that underlie collection/fine administration policy?**

Yes.

First, the choice of a fine sentence is a policy decision to punish and deter by means of financial deprivation.

Second, the choice of a financial penalty is a policy decision to punish and deter without imprisonment.<sup>[1]</sup> The logical implication of the first premise is that offenders must pay their fines in accordance with the court's order (regardless of its amount) if the punitive and deterrent intentions of the sentence are to be accomplished.

If a fine is fundamentally a noncustodial penalty, then any jurisdiction that must resort regularly to imprisonment for default calls into question the soundness of the fining process itself, not just the character of the offenders. This may imply a failure of the manner in which sentences were initially set, as well as their collection and enforcement.<sup>[2]</sup>

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### **How should collection performance be measured?**

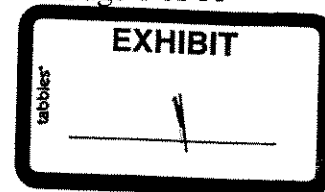
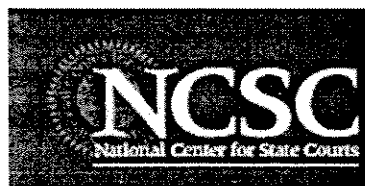
Consistent with the basic premises of fine administration, individual offenders must be made to pay their fines in order for society to have achieved its policy goals of punishment and deterrence and for the courts to maintain their own credibility. Therefore, an individual collection rate is necessary to measure compliance levels. The most typical form that such a measure would take is the proportion of all offenders fined during a given period who pay in full within a standard time period.

Aggregate measures (such as the total amount collected by a court within a period of time expressed as a proportion of the amount imposed) are flawed for several reasons, the most obvious being the failure to assess individual compliance. Another common problem with aggregate measures is that the two component figures often do not pertain to the same fines because the fines collected during the period in question may have been imposed earlier. Furthermore, the collection of one very large outstanding fine from such a previous period would greatly inflate apparent performance. Although aggregate measures can be made more reliable by ensuring that the collection rate refers to the proportion of all fines imposed during a given fiscal year that are collected within a standard time frame (a measure that would probably satisfy many appropriating bodies), the failure to assess individual accountability makes such a measure deficient from a policy perspective.

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### **What is fine amnesty, and is it a good idea?**

Fine amnesty is a practice in which the court offers an incentive for a period of time to delinquent fine debtors to encourage payment.<sup>[3]</sup> The incentives may take



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### **What is fine amnesty, and is it a good idea?**

Fine amnesty is a practice in which the court offers an incentive for a period of time to delinquent fine debtors to encourage payment.[3] The incentives may take

various forms, such as a waiver of interest, late fees, or costs. They may even allow for payment of the fine itself at a discount rate, with the remaining balances being forgiven.

Fine amnesty programs offer few real benefits beyond a short-term ability to raise some fast cash and close some delinquent cases. They can be criticized on many levels.

The most significant criticism is that granting amnesty undermines the deterrence and punishment goals behind the original sentence as well as the fundamental credibility of the court. An amnesty program rewards the contemptuous and penalizes the responsible members of the community who pay their obligations on time. Other policy criticisms point to the inherent unfairness of how amnesty programs operate:

- The court is permitted to extend amnesty only for offenses that carry nonmandatory penalties. Adding to the unfairness is the fact that some of the misdemeanor and civil traffic infractions that carry mandatory penalties (and would be ineligible for amnesty) are arguably less serious than offenses that lack mandatory penalties.
- Amnesty extends only to those who receive monetary penalties, not to those who may have committed identical offenses but were sentenced to community service, diversion programs, education programs, jail, etc.
- If amnesty operates as a fixed percentage reduction of financial penalties, then it is highly regressive against the poorer offenders. (Of course, one can argue that any system of financial penalties that is not structured by the offense *and* offender's income is inherently regressive.)

Amnesty programs raise practical concerns, as well. Unless such a program is coupled with strong fine enforcement efforts, the message it sends to the street is: If one ignores court orders and waits long enough, one can get a good deal. Given that amnesty programs are often a symptom of chronic failure to plan for, acquire, and effectively manage sentence enforcement resources, there is no guarantee that such programs will even produce a short-term increase in revenues. After all, there is little reason to pay voluntarily, even if the penalty is reduced, if the public perception is that the court is not going to enforce the fine anyway.

The cost-effectiveness of amnesty programs is also subject to question. The total cost of the program against which any revenues must be compared is the sum of the expenses of running the program plus the forgiven balance of any debt that is paid during the amnesty. A court might achieve better net results by skipping the amnesty program and investing the same operational costs in improvements to general collections administration, beginning with a mass mailing to all delinquent accounts.

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### **What are some common problems inhibiting collection of fines and costs?**

On a fundamental level, courts that have failed to resolve issues of collection philosophy, community perception, and resource commitment will not make much progress in collection performance.

On a more practical level, collection efforts suffer when courts fail to make a single

position accountable for performance. Other common problems include:

- Lack of management-reporting information for fine collection programs
- Lack of commitment by court leaders—judges and administrators
- Excessively allowance of delayed or partial payments (commonly associated with misconceptions about offenders abilities to pay and a lack of rational policies governing court practices)
- Failure to take quick and authoritative action in response to nonpayment

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### **Are there best practices or common characteristics among successful collection programs?**

Yes, there are common characteristics among successful collection programs although there are often multiple practices by which a court program may acquire or achieve the desired characteristics.

Probably the two most important guidelines, whatever the fine collection strategy adopted, is that (1) the court must **minimize delay** between sentencing and payment and (2) the court must practice **consistent** sentence enforcement and related policies so that similarly situated defendants are treated alike.

In addition, the more successful collection programs that the National Center for State Courts has observed share some or all of the following characteristics:

- Showing judicial and administrative commitment to collecting fines and fees
- Clearly defining responsibility for collecting fines
- Setting short time periods for payment
- Communicating to a defendant what is expected
- Establishing and adhering to collection procedures
- Setting collection goals and monitoring performance
- Responding immediately to nonpayment or nonappearance
- Having a range of effective sanctions for noncompliance and using them similarly in all cases
- Maintaining strong financial controls
- Ensuring that procedures are understood by everyone, including judges, the prosecutor's office, court staff, defendants, and the bar

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### **Are courts accepting payments of fines and costs via credit cards?**

The first courts began accepting payments via credit card over a decade ago. When the National Center published **Current Practices in Collecting Fines and Fees in State Courts** in 1995, it reported that the public had not yet made extensive use of this payment option in the courts where it was possible. Subsequent advances in technology, including the rise of the Internet, have increased the desirability of credit card use for both courts and the public by increasing the speed and security of credit card payments and by making remote transactions more convenient and practical.

In a 2003 survey of 84 courts in 30 states, the National Center found that 77 percent

of the responding courts permitted payment via credit card, most having introduced the practice within the past five years. Although credit card payments are usually made in person at the courthouse, some courts receive a substantial proportion of payments through telephonic VTR systems, from kiosks, or over the Internet.

Those courts that permit payment by credit card have done so both to improve service to court users and to enhance collections. The experience has been that allowing credit card payments increases the amount actually collected and the speed with which payments are received. Several courts also report that it simplifies recordkeeping. The most commonly cited reason for *not* allowing the use of credit cards is the transaction fees that are charged by the banks for this service. Others do not have the necessary computers and electronic communication equipment.

**Methods for Handling Credit Card Fees:** The jurisdictions permitting credit card use have dealt with the fees issue in one of three ways.

**Absorb the fee as a cost of doing business:** *The most common approach* is for the court to obtain authorization to absorb the cost of the credit card fee. They have used a threefold argument for doing so:

- More will come in—The increase in the amount collected will more than offset the cost.
- Less will go out—The cost of collecting fines and fees via credit cards is no more and may be less than the fees, staff time, security expenses, and theft incurred when handling, holding, and transferring cash and checks.
- The public will like it—You can use a credit card to pay for almost everything else, why should the courts be different?[4]

Examples of states in which courts are using this approach include California, Georgia, and Michigan.

**Pass the fee through to the party paying the fee or fine:** Other courts have obtained authorization to impose a surcharge, transaction fee, or convenience fee to parties who wish to pay by credit card. This charge may either be a fixed amount or a small percentage of the amount being paid. In this way, the full amount of the fine or fee is credited to the fund for which it is intended.

States in which this approach is used, at least for some types of credit card transactions, include Georgia (for payments via the Internet) and Louisiana.

**Negotiate with the bank to waive the fee:** A bank may be willing to waive a fee for handling credit card payments in exchange for having a court, local government, or state government deposit some of its funds in that bank.

States in which some agreements have been negotiated with banks to waive credit-card-processing fees include Florida and Massachusetts.

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## May state courts intercept tax refunds to offset unpaid fines and costs?

A number of states and the federal government have established debt-setoff or tax-

intercept programs that permit recovery of debts owed the state from tax refunds and, in some instances, lottery winnings due to the debtor. Although such programs commonly extend to the collection of child support obligations, they do not always allow courts to set off debts associated with fines and costs.

**Does It Work?** The improvements and greater availability of technology for interagency communication since NCSC published the **Current Practices** handbook in 1995 have made state tax-refund and lottery set-offs to collect delinquent fines and fees easier and more effective. The experience of Arizona is instructive. Over the past nine years, the Arizona Administrative Office of the Courts has recovered nearly \$9.5 million for local courts through the state's intercept program. While the amount recovered is less than 2 percent of the total claimed and the number of interceptions about 10 percent of the claims submitted, it nonetheless represents a significant sum that was unlikely to be recovered otherwise. Moreover, the cost/benefit ratio is impressive. The budget allotted to the program in 2002 was slightly over \$193,000; the amount recovered was about \$2.1 million.

**How Does It Work?** In order to implement a state tax-intercept program, there must be statutory authorization that specifically permits judicial branch participation. Once the statutory authorization is in place:

1. The courts, usually through the AOC, must provide the state's tax or revenue agency with specific information (e.g., first name, middle initial, and last name of the debtor; Social Security number of the debtor; amount owed; and court-identifying code).
2. The revenue agency compares this information to the list of those entitled to tax refunds or lottery proceeds, notifies the submitting court of potential matches, and provides additional identifying information (e.g., address, other taxpayer identification numbers, etc.).
3. The court must confirm the match within a specified period.
4. The agency then notifies the taxpayer, by mail, of the intention to apply the refund or winnings to the debt, the taxpayer's right to challenge this action within a specified period, and the procedures for pursuing such a challenge.
5. If a challenge is filed, the set-off procedures are stayed; if no challenge is filed within the prescribed period, the agency transfers the amount owed to the court, minus a fee, and notifies the taxpayer.
6. If there are multiple claims against the same refund, the authorizing statute or implementing regulations usually set priorities for payment. (Often, overdue child support payments take precedence over other non-tax debts.)

**What about Federal Tax Refunds?** The U.S. Department of the Treasury has established a similar program—the Treasury Offset Program (TOP)—operated by the Debt Management Services of Treasury's Financial Management Service. TOP permits interception of federal income tax refunds, annuity and vendor payments, and travel reimbursements to recover unpaid state tax obligations. Set-offs are likely to be possible against Social Security Administration benefits and federal salaries in the near future. Efforts are currently under way to amend the relevant federal statutes and implementing regulations to extend this program to debts owed to state courts. Once those changes have been made, the courts would need to negotiate an agreement with the state revenue agency to include court claims in



their submissions to TOP. The courts also would need to make certain that their MIS system is capable of handling the increased number of claims.

**References:**

Arizona Administrative Office of the Courts, Debt Setoff Program, Court Services Division, 1501 W. Washington, Suite 410, Phoenix, AZ 85007.

Arizona Revised Statutes §§ 42-133 & 42-1122 (state income-tax refunds) and 5-525 (state lottery winnings of more than \$600).

United States Code §§26-6402(e) and 42-664.

Code of Federal Regulations, title 31, vol. 2, §§ 285.3 and 285.8.

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**What are collection investigator programs, and how are they beneficial?**

Collection investigator programs are court programs in which specific staff positions have the responsibility for determining defendants' abilities to pay. Collection investigators' duties commonly include interviewing defendants who request stays of execution on their fines and costs, granting or denying stays based on defendants' financial conditions, and contacting defendants with delinquent cases. Administratively, collection investigators tend to operate as extensions of clerk of court offices where all files are maintained and payment processing and bookkeeping are done.

Collection investigator programs are intended to impose some control over the process by which defendants may be given time to pay their fines and costs and to improve overall collection performance. Many defendants come to court able to pay all or some of their obligations but, in the absence of sound court policies and procedures, will take advantage of opportunities to delay payment. Limited time in the courtroom does not afford judges adequate occasion to deliberate defendants' abilities to pay. Many clerical and court administration offices lack the tools and procedures to ensure that stays of execution are limited to exceptional or hardship cases. Consequently, courts fail to collect as much money on the day of sentencing as they could and magnify the quantity and duration of accounts receivable that they must administer, essentially guaranteeing they will collect less revenue while incurring more costs.

Where a collection investigator program is operating, a defendant who requests time to pay must first complete a financial affidavit, which the investigator will consult and verify in the course of a subsequent interview with the defendant and in calls to references while the defendant is still at the courthouse. This financial data will be compared against income guidelines applicable to the program and considered along with other factors gleaned from the interview. Many applicants who appear to be indigent on paper frequently reveal they are capable of obtaining ample funds when the need is urgent enough. If the investigator determines that the defendant is able to pay, full and immediate payment is generally required although some minor compromises are possible, such as full payment on the defendant's next payday. If the defendant qualifies for a stay, the investigator completes a deferred payment plan order or agreement, giving a copy to the defendant before the defendant leaves the courthouse. The court must then monitor payment and respond immediately with a call or letter if the defendant fails to make a scheduled payment. Terms should require maximum payment up front followed by a minimal number of installments over a short time period.

Collection investigator programs commonly pay for themselves in increased revenue collection alone. Courts have noted that some defendants, upon perceiving the process required to request a stay, have been motivated to pay in full, perhaps not wanting to be bothered or perhaps not wanting to reveal financial and personal information. Other benefits are not as easily measured but can be appreciated, such as court time saved when the judge no longer has to deliberate over payment terms or staff time saved by reducing the number of accounts receivable that must be administered. More intangible but still worth contemplating is the deterrent effect on potential offenders of a court with a credible fine collection program.

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### **When should a court get outside collection assistance, such as from a collection agency?**

One option open to courts in collecting fines, costs, and other obligations, such as restitution, is to turn over certain cases to a collection agency. Because an agency commonly keeps a percentage (usually 25 to 33 percent) of the total it collects, there is an indirect cost to the court and to the governmental units that ultimately receive court-collected funds. Consequently, a court must determine at what point in the collections process it has little or no hope of collecting the obligation on its own and the expense of using a private agency is justified. Private collection is probably most valuable for tracking down transient defendants.

Several factors should be considered in determining whether to use a private contractor:

- **State Law.** Does state law permit the court to turn collections over to contractors? Does this include collecting restitution?
- **Ethics.** Is there an ethical problem if a court is called upon to hear a dispute between its own collection agent and a payor? Does the answer to this question change if the collection agent is an attorney who regularly appears in court? (Virginia law explicitly permits use of attorneys.)
- **Perception of Court Dignity.** Is there an aversion to court use of commercial collection agents or, conversely, is there a feeling that this delegation relieves the court of a function in which it should not be involved?
- **Governmental Practices.** Do executive branch agencies use collection agencies? Is there a general governmental receptivity to new ways to make revenue collection more successful?
- **Automated Resources.** Does the court have the computer capability to operate a notification system? If not, what resources and time would be required to develop the capability?
- **Extent of Contractor Responsibility.** Does the contractor assume almost total responsibility, or are court personnel still required to perform a number of functions?
- **Coercive Credibility.** Does the court sacrifice too much in the way of coercive credibility by using a contractor, or as a practical matter, is the coercive arsenal of the court illusory? (In general, contractor systems lack strong coercive features.)
- **Cost Benefit.** Is the use of a contractor cost-beneficial or should the court set up an in-house collection system to handle

notification, skip tracing, etc. The answer varies according to court size (i.e., potential for leveraging economies of scale and for specialization) and when a contractor enters the process.[5]

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### **What issues should be addressed in an agreement with a collection agency?**

Robert W. Tobin recommends that the following factors be considered if a private contractor is to be chosen to assist with collections.

- **Definition of Collection Procedures.** The collection procedures should be specified:
  - § the number, timing, color coding, and contents of notices
  - § use of phone contact (direct or recorded)
- **Powers of Contractor.** Certain aspects of contractor authority should be specified:
  - § power to negotiate payments (usually not permitted)
  - § computation of interest according to tables provided by courts
  - § contractor access to court records or authority to hold such records
  - § whether all money flows through the contractor or whether the court can accept payment
  - § authority of contractor to invoke coercive authority of court
- **Court Responsibility.** The court should specify what it will provide the contractor, such as a list of delinquent payors or validated addresses of payors (address problems can be a major drawback).
- **Contracting Agency.** State law may specify the contracting agency, which may be a prosecutorial agency or a county executive tax collection agency. Otherwise, a choice must be made.
- **Contract Terms.** Generally, contracts will not be long-term, roughly one year. Renewal on good performance can be a provision of the agreement.
- **Remittance of Collections.** A key issue is how long contractors can hold receipts. A month would be an absolute maximum. A corollary issue is the type of documentation that should accompany a remittance of collections to the court to ensure that cases, persons, and dollar amounts are accurately linked.
- **Timeliness of Reporting Payments.** A payment clears a person's record and may end a license suspension. Steps must be taken to avoid delay in reflecting payment in case

records.

- **Method of Payment to Contractor.** Payment could be in the form of a set amount, a flat charge per case handled, or a percentage of collections.
- **Reporting Requirements.** A contractor should make specified financial and statistical reports, including data on which aspect of the collection process seems to be the most effective. Reports could be directed to the contracting agency or to any governmental agency specified in the contract.
- **Liability Issues.** A court might be liable for the actions of its collection agent. Thus, a court might choose to be held blameless by requiring its agent to assume full legal responsibility for collection activities.
- **Collateral Coercion.** Coercive action may precede reference to a contractor (for example, license suspension). The question arises as to how reference of a case to a contractor affects coercive measures by the court.
- **Uncollectibles.** At some point, contractors must give up and declare that a particular sum is uncollectible. This point must be specified, as must the procedures for returning such cases to the court. The actions taken by the contractor should be documented if the court is to constitutionally impose imprisonment as a sanction.[6]

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### **Can collection operations be administered at the state level?**

Yes. Although collection efforts in most states are handled by local jurisdictions, a few states have instituted statewide agencies that process all traffic infractions and handle fine enforcement.[7] States that have experience with such agencies, sometimes called centralized infractions bureaus (CIBs), include Connecticut, Maine, and New Hampshire. When the National Center visited the Maine and New Hampshire programs in the mid-1990s, their central collection agencies collected amounts owed to state agencies as well as to courts. The court systems paid a set annual fee to support the collection agencies.

The centralized approach offers obvious economies of scale but requires a sound, statewide information-sharing network to operate effectively. Various statutes and court rules may have to be amended to allow for the new procedures associated with central processing. In addition, courts and other agencies will have to adjust to the shift in workload from multiple localities to a central location, including the effect on staffing requirements. The principal disadvantage of centralization is the reduction in the level of personal service provided by local courts to the public in the area of fine payments. For those accustomed to handling personal financial transactions by phone or Internet, this inconvenience may not be significant, but to those on the other side of the "digital divide," the impact could be more severe.

Local trial courts do retain some collection responsibilities in statewide systems. When Connecticut established its CIB, there were four basic situations in which an infraction complaint would be transferred from the CIB to the appropriate local court: (1) when a plea of not guilty was received; (2) when payment of the fine or the plea was not received by the answer date; (3) when the driver was operating a vehicle under a suspended license; and (4) when the charge on an infraction complaint was

not actually an infraction but a more serious, court-required matter.

[Top](#)

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[1] Sally T. Hillsman, "The Growing Challenge of Fine Administration to Court Managers," *Justice System Journal* 13 no. 1 (1988): 5, 9-10.

[2] *Id.*

[3] See generally, Ron Zimmerman, "Fine Amnesty: Taking the Low Road," *Court Manager* (Spring 1992): 28-29; John T. Matthias, Gwendolyn H. Lyford, and Paul C. Gomez, "Section 10.4, Fine Amnesty," *Current Practices in Collecting Fines and Fees in State Courts: A Handbook of Collection Issues and Solutions* (Denver: National Center for State Courts, 1995), p. 32.

[4] See, e.g., California Government Code 6160 *et seq.*

[5] Robert W. Tobin, *Internal Control of Court-Collected Funds* (Williamsburg, VA: National Center for State Courts, 1995), p. 66.

[6] *Id.* at 67-68.

[7] See generally, "Section 10.3, Centralized Traffic and Government Collection Units," Matthias, Lyford, Gomez, pp. 31-32; Joseph D. D'Alesio, "Creating a Centralized Infractions Bureau: One State's Experience," *State Court Journal* (Spring 1989): 18-22.

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EXHIBIT

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2

# FOCUSED ON PROGRESS

## EFFECTIVE GOVERNMENT

### Revenue Enhancement

#### PARKING TICKETS

During the two-year period prior to March, 1999, the City of St. Louis had a backlog of unpaid tickets and the collection rate was about 68% - 279,000 tickets out of 891,000 issued went unpaid during the prior two-year period. Although the City of St. Louis' collection rate was comparable to other cities, in January 1999, Mayor Clarence Harmon directed that a Parking Ticket Committee be formed to review policies and procedures relative to the issue of unpaid parking tickets in the City of St. Louis. As a result of recommendations made by the Parking Ticket Committee, in March 1999 the Mayor announced the following 13-point initiative for stepped-up collections.

- o Develop a two-tier collection agency contract system instead of a single contract as currently employed. The probability of collecting payments for delinquent tickets declines the longer they go unpaid. A collection agency is therefore inclined to focus collection efforts on more recent accounts. Under a two-tier approach unpaid tickets will go to one collection agency and after a specified period of time those that remain unpaid will be turned over to a second agency. This should ensure that more effort is given on older accounts. Implementation of this recommendation will be considered upon expiration of the existing contract in 2001.
- o Implement a "Sunday Morning Special" effort targeting violators on the Tow List. The Chief of Police has directed District Commanders to begin an active program to locate and arrest the owners of vehicles with multiple non-payment notices and to impound their vehicles. During the first 60 days tows increased by 49%.
- o Two additional parking enforcement officers will pursue violators with 4 or more tickets on the Tow List. The Police Department and Treasurer's Office have added enforcement officers to pursue violators with four or more tickets on the Tow List. Tows for 1999 increased by approximately 75% from August 99 to December 99. The retrieval process was changed by the Police Department and the Tow Lot is now responsible for all releases, thereby eliminating an extra step from City Courts to Police headquarters to Tow Lot.
- o Implement a program to utilize boots to restrict vehicles which have 4 or more tickets on the Tow List. An ordinance authorizing the use of boots was passed in June 1999.
- o Re-print parking tickets as a self-mailer to make it more convenient for the owners of vehicles to pay their fines (pending implementation). Develop a contract to provide the ability of violators to pay tickets by credit card. As of the end of December 1999, violators can use credit

cards to pay fines at the City Courts, TVB and by mail. And an ATM machine was installed.

Develop a Top Ten Most Wanted list identifying individuals with the most outstanding tickets. The list will be forwarded to the Police Department and to the Parking Enforcement Division of the City Treasurer. The Police Department will utilize the city's channel 16 and other available public access channels as well as newspapers and the city's web site to publicize the names of the Top Ten providing a phone number viewers can call with information which could assist city officials in locating violators.

- Implement a garnishment procedure.
- State Legislation was passed which would put unpaid parking tickets on individual's Personal Property Tax.
- Support state legislation that would revoke the drivers licenses of individuals with 10 or more unpaid tickets.
- Ask the Administrative Judge to conduct a cost analysis review of the current P-Warrant procedures. The total number of outstanding tickets converted to court summons for the last two years was 109,135. Of that amount, 11,107 were paid. An analysis is needed comparing the cost of docketing (REJIS, court staff, etc.) to the dollar amount of the tickets paid.
- Develop a reasonable bad debt policy to remove old parking tickets from the active files after all collection efforts have been exhausted.
- Implement a short-term grace period prior to the implementation of stepped up enforcement efforts. \$496,000 was collected during the 1-month amnesty period in May (FY99) on 30,843 tickets.

### **PARKS SALES TAX**

Mayor Harmon supported the sales tax initiative approved by voters in November 2000 that will provide one-tenth of a cent sales tax to preserve and expand regional parks and trails and to protect water quality and wildlife. The City of St. Louis will get half the revenue collected within city limits.

### **GRANT FUNDING**

Grant funds secured from agencies at both the State and Federal level for all departments total \$60.8 million for FY2001, a 4% increase over FY2000. The following steps have been taken to maximize grant funding since July 1997:

In order to make the most of grant program opportunities, in FY2000 a grants office was established in the Budget Division. Creation of this



office will help to maximize grant funding available to all City departments by centralizing information on existing grants to track deadlines and other essential details and by providing information to all departments on available grants. The Office has created a web site and a grant development and management policy and procedures manual both of which will be completed and made available during FY2001. The office is responsible for implementing a grant funding strategy focusing on:

- A coordinated system of identifying grant funding opportunities.
  - An evaluation of the long term benefits and costs of participation in particular grant programs.
  - The dissemination of grant information to affected programs.
  - Assistance in assembling the necessary data and materials for completing grant applications.
  - Creating an inventory list of existing grant programs including such information as program purpose, amount of grantor funding, local match requirement and term of grant.
  - Maintaining oversight of grant applications of the Police Department that involve any future commitment of city funds.
- 
- The City participates in a variety of grant funded programs on both the state and federal levels. In addition to enhancing locally generated revenues, the City has been successful in increasing the amount of available federal and state grant funds by more than \$25 million since 1997.
- 
- Processes for the larger programs such as Community Development Block Grants (CDBG) and intermodal surface transportation (ISTEA) continue to be effectively administered.

## FEES

The City must ensure that fees are set at a rate commensurate with the cost of providing services associated with each respective fee. This has been accomplished through the following over the past three years:

- A \$200 semi-annual fee for vacant buildings was established by ordinance in June 1999. Implementation was delayed while details of adding demolition bills to real estate tax bills were finalized for the December 99 bills.
- Board bills were passed in June 1999 increasing the Occupancy Permit fees, Board of Adjustment fees and Board of Building Appeals fees.
- Beginning in December 1999, under Ordinance 59860 all unpaid demolition fees are added to real estate taxes. Unpaid demolition bills totaling \$574,224 for 104 parcels were included on the 1999 real estate taxes and totaling \$280,289 for 42 parcels were included on the 2000 real estate taxes.

- After a survey of EMS costs in surrounding communities and out state, and analyses of the current cost versus fee structure, the Director of Public Safety approved increases for ambulance services that have raised EMS transportation fees over the past three years from \$225 to \$350.
- Since the transfer of EMS to the Fire Department early in the Harmon Administration there has been a concentrated effort to improve billings. EMS revenue has increased from \$2.4 million in FY98 to approximately \$4 million.
- Beginning in FY2001, the Street Division has instituted impact fees payable by permittees who cut into city streets. An account has been established to deposit said fees which would be used for the arterial paving program. Estimated annual revenue is expected to exceed \$200,000.

### REIMBURSEMENTS

- Several years ago the state of Missouri absorbed the costs of operating juvenile courts in all areas of the state except St. Louis and Kansas City. The cost of operating the Juvenile Court system in St. Louis is about \$15 million annually. The City has continued lobbying efforts to transfer this cost to the state. Juvenile Court per diem reimbursement from the state was increased by \$3. The 5% coverage of personnel will increase revenue by 400,000.
- The City of St. Louis is reimbursed by the state for housing state prisoners at a rate of \$22.50 per diem. Although the City joined the lobbying efforts for an increase, the \$1 per diem increase in prison reimbursements passed by the Legislature was vetoed by the Governor in August, 1999.

### CENSUS

The City recognizes the need to pursue formula adjustments to census based intergovernmental revenues that emphasize need over population thereby minimizing the risk of a decline in revenue to the City. The City receives a variety of intergovernmental grants and revenues that use a distribution formula based largely on the City's population. As the City's population declines, these grants and revenues likewise decline. What population based formulas fail to take into account is the fact that with the decline in numbers, the City's population is proportionately older and less affluent than areas with population gains. City residents on a per capital basis are therefore more likely to be in need of the services or programs provided by the grants in question. Recognizing the significant importance of the 2000 census, Mayor Harmon appointed a "Complete Count Committee" in the middle of 1999. Dennis Riggs, a communications consultant and Michael Williams, editor of the Sentinel Newspaper, were selected as co-chairs. A cross section of community leaders were invited to participate. The purpose of the committee was to compliment the U.S.

Census Bureau by encouraging individuals to participate in Census 2000. While the results of the census and the level of the under-count remain to be released, there can be little doubt that because of the "Complete Count Committee" efforts far more citizens in St. Louis learned about the importance of the census than would have otherwise been the case. The following are some of those efforts:

- o Organized, with help from the Human Development Corporation and others, a kick-off "Census Circus", a "Family Portrait" in City Hall, and a float in the Annie Malone Parade.
- o Designed and placed ads for 70 bus shelters, and for additional bus tails and bus interiors.
- o Coordinated with the State Complete Count Committee in the preparation and placement of advertisement with the printed media, radio and television.
- o Identified "Be Counted" and "Questionnaire Assistance Centers".
- o Corresponded with neighborhood groups, ministers, business people and the press about the need for an accurate census.

### **TOBACCO SETTLEMENT**

Over the past three years, the City has worked to maximize its share of the tobacco settlement to offset the cost of providing health care to the citizens of St. Louis. The City will seek to recoup the costs of providing healthcare to prisoners, senior citizens, and the indigent population through this source.

### **COLLECTING ON DELINQUENT ACCOUNTS**

The City recently engaged a collection agency to pursue payment of delinquent taxes, fines and fees of most City departments and agencies. As an additional incentive to ensure payment of taxes and other City debts, certain departments such as the License Collector require verification of tax payments prior to issuing a license to an individual or business. With a single database of delinquent accounts now maintained by the City's collection agency, the City could share this data with those departments issuing permits, licenses, etc., so that individuals and businesses with delinquent accounts could be denied doing business with the City until the outstanding debt is paid.

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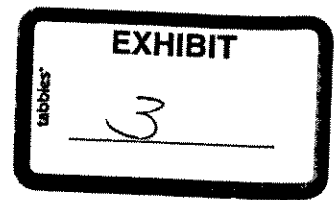
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## Recommendations

### Outstanding Taxes

#### **Treasurer's Office Change first year procedure to include personal contacts**

Four letters are presently sent in the first year that there is a tax delinquency. Letters are not as effective as a personal contact. Adding one or more personal contacts should increase payments in the first year since "sales" or "marketing" techniques show that a personal contact sells more than mailings.

#### **Treasurer's Office Establish a list of repeat tax evaders who abuse the tax collection system and seek a change in state law to deal with the problem.**

It has been stated that some land owners use the system to pay back taxes only as they are about to lose the property and then repeat the procedure to always be behind in tax payments. The Treasurer should work with the City Attorney to develop a list of these tax evaders and then work with DOA to design legislation to deal with the problem.



In my letter of November 2, 2004, I had suggested a proposal for a three month amnesty on personal property taxes. Currently, as well as in the past, enforcement for the payment of personal property tax has been lax or has not been aggressive pursued by the city. Many entrepreneurs are not even aware of their responsibility for personal property tax, especially when the entrepreneur is personally handling his or her own business matters.

Communication is essential! Therefore, the first month of the program should be devoted to a public awareness campaign, alerting the public about the existence of and requirement for the payment of personal property tax. The awareness campaign should stress that no penalties or interest of any kind will be imposed on those who voluntarily pay what is owed.

The second and third month of the program would be for filing of taxes from those still delinquent.

With increased pressures to have personal property tax compliance, this proposal, if implemented, would provide additional revenue to the city. It also follows that the delinquency rate of personal property taxes would be reduced. In contrast, the compliance rate would increase. Businesses in the past who have been in compliance with paying the tax would have assurance that the city is aggressively pursuing collection of taxes owed.





## Recommendations

### Outstanding Parking Fines

**DPW Establish an education / Media effort to advise the public of the consequences of having outstanding parking fines.**

DPW should work with the Police Department to plan a campaign to educate the public on the possible ramifications of not paying tickets. Can you be arrested? Can you go to jail if stopped by the police and you have outstanding fines? Do costs go up if fines are not paid? Can their license be lost or can fines come out of tax refunds? Can your credit rating be affected?

This education campaign should involve radio, TV, newspapers, and print material should be sent to local schools and work places. DPW made want to hire a media firm to conduct the first effort. The saving in fines paid should pay for the program.



# APPENDIX G



*Amended 9/7/05*  
**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino, Don Weihs and Rep. Leon Young

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

September 7, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **TUESDAY, SEPTEMBER 13, 2005, at 2:00 P.M., in Room 101, City Hall, 200 East Wells Street, regarding:**

1. Review and approval of minutes of the August 10, 2005 meeting
2. Comments from the Public
3. Approval of final recommendations

Respectfully,



RONALD D. LEONHARDT  
City Clerk

**PLEASE NOTE:**

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or other auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX) 286-3456, (TDD) 286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, City Hall (City Clerk's Office).

**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

**September 13, 2005  
Minutes**

Meeting Commenced: 2:05 P.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Anna Ruzinski Robert Juhay, Michael Daun, Jim Klajbor (Special Deputy City Treasurer), Linda Burke, Dennis Yaccarino, Don Weihs, Dorinda Floyd and Representative Leon Young  
Excused:

Also present: John Egan-Comptroller's Office; Mr. Jim Carroll-LRB; Mr. Craig Johnson and Mr. Dan Shepherd with Professional Placement Services (PPS) and Mr. Robert Potrzebowski with Kohn Law Firm

**1. Review and approval of minutes of the August 10, 2005 meeting**

Ms. Burke moved to approve the minutes, seconded by Mr. Collins. There were no objections.

**2. Comments from the Public**

Ald. McGee appeared and addressed the task force. He asked the task force to consider a parking ticket amnesty program recommendation. He handed out a LRB Fiscal Review section Memorandum (Exhibit 1) and explained the parking ticket amnesty programs that have been conducted in other cities. Mr. Collins asked if the primary element to an amnesty program is the late fees being waived. Ald. McGee replied that is what other cities did, but the City of Milwaukee can come up with other ideals for a program in the City of Milwaukee. Representative Young asked if there is other ways that Ald. McGee was considering other than late fees. Ald. McGee replied that yes, and explained other ways such as the return of driver licenses. Ms. Floyd noted that they have looked at a number of amnesty programs over the years, per Aldermanic request and noted that it would be worth while to consider a amnesty program, but want to caution the task force that some of the recommendations that are currently being considered, need to be implemented before setting up an amnesty program. Ms. Burke advised that the City Attorney's Office had worked very closely with the Municipal Court on the program that was done last year and advised that there are ways to do it, but they need to look at the various options. Mr. Daun asked if other cities are doing it as a one time thing or does it occur periodically. Ald. McGee replied that most were a one time thing.

Mr. Klajbor asked Ms. Floyd if there is a willingness to explore an amnesty program at a later date, would she be willing to explore options for such a program. Ms. Floyd advised that if they can't get an agreement with the DOT within the next 3-5 months, the city should proceed with an amnesty program. The task force agrees to explore an amnesty program.

Chairman Witkowski asked Ms. Floyd to work with Ald. McGee to draft the recommendation language to be brought to the next meeting.

### **3. Approval of final recommendations**

**Department of Neighborhood Services, Office of the City Attorney, and Office of the City Treasurer recommendations:**

#### ***OUTSTANDING RAZING CHARGES AND PROPERTY TAXES***

**Amend Wisconsin State Statutes, Section 74.53 (4), to allow the City to recover the actual attorney fees incurred in the collection of outstanding razing charges and delinquent property taxes and interest and penalty charges through inpersonam suit.**

*Currently, Wisconsin State Statutes, Section 74.53 (4), limits the City to recovering only the amount of the debt due. It is proposed to amend the statute as delineated below to allow the City to recover the actual attorney fees incurred in the collection of outstanding razing charges and delinquent property taxes and interest and penalty charges through inpersonam suit:*

***“(4) RECOVERY LIMITED. A county or a municipality that proceeds against a property owner under this section may not recover more than the amount owed plus interest and penalties, as well as the actual attorney fees incurred in the collection of said amounts.”***

Mr. Klajbor moved approval second by Rep. Young. There were no objections. Mr. Klajbor advised that the City Treasurer's Office and City Attorney's Office will be working with Dept. of Administration-Intergovernmental Relations to implement the recommendation and will keep the Dept. of Neighborhood Services updated on the status.

#### **Department of Public Works Recommendations:**

*Ms. Floyd explained the following DPw- Parking citation collections recommendations:*

1. *Require DOA-Intergovernmental Relations to prepare legislation on the following issues:*



- A. *Establish a time frame to adjudicate nonmoving traffic citations for cities of the first class. The language is permissive whereby the city may adopt by ordinance an alternative method for enforcement of nonmoving traffic violations. In addition, this ordinance would allow the Municipal Court to enter a default judgment without requiring signed acceptance of responsibility by the vehicle owner or violator.*

Ms. Floyd submitted (Exhibit 2) letter from City Attorney, which modified the proposed language.

Ms. Hinrichs noted that the Judges will be opposed to this recommendation. Ms. Burke noted that it is legal an enforceable. Mr. Daun asked if an appeal would be successful. Ms. Hinrichs explained the WI Supreme Court rules and explained that a citation needs to be hand to a person. Ms. Burke advised that a procedure would be followed, such as a registered letter sent.

Deputy Inspector Ruzinski moved approval, seconded by Mr. Klajor. There is one objection (Ms. Hinrichs voting "no").

Ms. Floyd advised that DPW will work with Dept. of Administration – Intergovernmental relations to establish state legislations.

- B. *Allow for the towing/booting and impounding of vehicles for unpaid citations. This language is permissive whereby a city may tow or boot a legally parked or illegally parked vehicle for unpaid nonmoving violations.*

Ms. Floyd explained the recommendation. Mr. Collins noted that the state legislator had bills introduced in the past and they hadn't gone anywhere. Representative Young advised that about 5 years ago the State Transportation Committee heard a bill on that subject and everyone on the committee were in oppositions.

Mr. Klajor moved approval, second by Ms. Burke. There is one objection (Rep. Young voting "No").

- C. *Allow the City to require payment in full for all unpaid parking citations prior to the release of any vehicle towed, booted or otherwise impounded for non - payment of parking citations.*

Ms. Floyd explained the recommendation. Ms. Burke noted that they would have to get the person into court right away on the spot, so the person would have the opportunity to either pay the citations in full or go to court. Ms. Burke advised that this recommendation would need some changes to make it legal. She further advised that they would have a problem if they couldn't get the

people into court right away. Ms. Hinrichs advised that it could cause extra day storage charges, etc.

Mr. Klajbor moved to hold until next meeting so that Ms. Floyd and Ms. Burke could revise the language, seconded by Mr. Collins. No objections.

2. *Continue working with the Wisconsin Department of Transportation to access driver's license numbers to be used for tax refund intercept purposes.*

Ms. Floyd gave an update and noted that this recommendation is work in progress. No vote needed.

3. *Continue working with the Wisconsin Department of Transportation to implement a "batch hold" process whereby one hold would be placed on multiple outstanding parking citations that are overdue by 58 days.*

Ms. Floyd gave an update and advised that this recommendation is work in progress. No vote needed.

Mr. Collins commented on the possibility of developing a write off policy at some point. He then asked if there are techniques for dealing with older debt. He also asked if there would be any benefit, when the next collection contract is up if they could split it, resell the older debt and develop a write-off approach. Ms. Floyd replied that from their prospective, if they can certify a citation for TRIP, that citation is then certified for life. And they figure that at some time in that person's life they would have a tax refund, so it would eventually be paid. Mr. Collins asked what technique is used for out of state licenses. Mr. Collins asked if Ms. Floyd could bring a recommendation relative to out of state citations to the next meeting. Ms. Floyd replied yes.

#### **Police Department's Recommendations:**

Deputy Inspector explained the following Police Dept.'s recommendations.

1. *Establish a better way to find and arrest egregious offenders*

*Currently the police department receives top 100 Egregious Offenders list from Municipal Court on a quarterly basis. A great amount of preliminary work has to go into the list to identify current contact information in seeking and arresting these individuals. The police department will work with Municipal Court and receive only the top 20 offenders every 2 months to make it more manageable. Also, the police department will continue to work with other jurisdictions in the state to assist in the apprehension of these individuals.*

Mr. Klajbor moved approval, second by Mr Collins. No objections.

2. *Media Campaign regarding Hit and Run Accidents*

*The city on many occasions is left with the bill for city property damaged by hit and run crashes, and vandalism. While the police department actively investigates all hit and run crashes, sometimes there is little information and no witnesses to assist in the investigations. The police department will do a media campaign to educate citizens and encourage them to come forward and supply information when they are witness to the damage. This will assist the police in tracking down the people responsible so that restitution can be sought.*

Mr. Collins moved approval, seconded by Mr. Kaljbor. No objections.

3. *Seeking restitution by incarcerated individuals*

*The police department currently has a process in place for seeking restitution from arrested individuals who have damaged City property during the commission of a crime or while in police custody. The police department will contact the Department of Corrections in an attempt to raise awareness of the priority of recovery of the restitution by the guilty party.*

Mr. Daun moved approval, seconded by Ms. Burke. No objections.

**Office of the Comptroller recommendations:**

Mr. Daun explained the following Comptroller's recommendations. Mr. J. Egan appeared and elaborated on the Comptroller's recommendations.

*Miscellaneous Account Receivables*

1. *Develop a citywide revenue collection policy for miscellaneous account receivables. The revenue collection policy would exclude property taxes, municipal court revenues, and parking fines. Although some City departments have developed good revenue collection practices, there are no citywide standards or guidelines on revenue collection. With the input of City departments, the City Comptroller should develop a citywide revenue collection policy and forward the proposed policy to the Common Council for adoption. The policy should include:*

- *A guideline for when a payment is due if not established by contract, law, or specific business reason.*
- *Guidelines on number, types, and timing of dunning letters and/or statements. City departments would need justification to vary from City standards.*

- *Guideline on when delinquent accounts should be sent to the City's collection agency.*

Mr. Klajbor moved approval, seconded by Deputy Inspector Ruzinski. No objections.

2. *The City should implement late payment fines, if appropriate. The City currently has a financing charge (interest) on delinquent property taxes. Parking fine also increase if not paid in a timely fashion. However, most other delinquent receivables or charges are currently not subject to late payment fees or interest. Late payment penalties would offset the lost of interest earning that would have been earned by the City if the payment was received in a timely fashion and partially offset some of the collection costs. Late payment fees could also motivate a debtor to pay quicker.*

Mr. Klajbor moved approval, seconded by Deputy Inspector Ruzinski. No objections.

3. *The City should investigate the increase use of standard costs. Standard cost could decrease staff time needed to prepare an invoice and allow for more timely billings.*

Mr. Collins moved approval, seconded by Mr. Klajbor. No objections.

Chairman Witkowski asked if Mr. Daun could submit a report on what is outstanding on a regular bases. Mr. Daun replied that they have no objections to submitting an annual report. Mr. Daun noted that he would draft language for a recommendation and bring it to the next committee.

#### **DOA-Administration – Business Operations Division recommendations:**

Mr. Juhay explained the following recommendations. Ms. Floyd advised that collections varies. Mr. Daun asked if they could look at performance measure efforts of each of the collection agencies. Ms. Burke noted that it would be hard to do that because each department has different types of collections. Mr. Duan suggested how they could measure the efforts.

1. *Work towards implementing a Central Accounts Receivable Contract that does collections for all City Departments separating legal from collection efforts.*

Ms. Burke asked if the language could be re-word to review contracts to lower the cost of collections. Mr. Juhay replied yes.

2. *Explore whether the City internally can do TRIP processing before transferring to collection.*

Ms. Burke advised that they could combine the two recommendations and reword the language as follows:

*Explore ways to reduce collection cost.*

Mr. Juhay had no objections to rewording and combining the recommendations.

Mr. Burke moved approval, seconded by Mr. Daun. No objections.

**Recommendations submitted by Donald A. Weihs with PVA Cost Containment Services**

**1. *Develop a two-tier debt collection contract system instead of a single contract as currently employed.***

*The probability of collecting payments for delinquent tickets declines the longer they go unpaid (the current vendor states that only 14% of the debts over 80 days old are collected). A debt collector is therefore inclined to focus collection efforts on more recent accounts. Currently processing over a million citations a year breaks down to over 2,700 citations a day for 365 days. Just keeping up with the current workload is daunting.*

*Under a two-tier approach unpaid tickets will go to one debt collector and after one (1) year of collection inactivity, those that remain unpaid will be turned over to a second debt collector. This should ensure that more effort is given on older accounts.*

Ms. Burke advised that the recommendation be reworded to "Looks at ways to improve contract specifications so as to improve collections efforts."

Mr. Kaljbor moved approval of the new language for a recommendation, seconded by Mr. Collins. No objections.

**Next meeting date:**

October 19, 2005 at 2:00 P.M.

*Meeting Adjourned: 4:13 P.M.*

*Terry J. MacDonald  
Staff Assistant*



September 12, 2005

**LRB FISCAL REVIEW SECTION MEMORANDUM**

**TO:** Alderman Michael McGee Jr.  
**FROM:** Jim Carroll, Legislative Fiscal Analyst  
**RE:** Parking Ticket Amnesty Program

This memorandum is in response to your request for parking ticket amnesty programs other in other cities. The tables below and on page 2 provide a summary of parking ticket amnesty programs conducted in Albany, NY, Baltimore, MD, Chicago, IL, Denver, CO and Hamilton County, OH.

**Albany, NY**

Program Dates	Description	Outstanding Balance* (Before Amnesty Program)	Amount Collected
12/12/2003	Waived late fees for vehicles not booted	\$1.3 million	\$388,000
1997	N/A	\$2.7 million	\$250,000
1988	N/A	\$2.4 million	\$350,000

Source: Times Union 12/20/03

**Baltimore, MD**

Program Dates	Description	Outstanding Balance (Before Amnesty Program)	Amount Collected
10/9/03-10/10/03	Waived Late Fees	\$113 million	\$3,600,000

Source: Baltimore Sun (9/18/03 & 10/22/03)

**Chicago, IL**

Program Dates	Description	Outstanding Balance (Before Amnesty Program)	Amount Collected
9/3/02- 10/15/02	Waived late fees for tickets issued prior to 1/1/00	\$180 million	\$9,000,000

Source: Government Finance Review (8/04)

**Denver, Co**

Program Dates	Description	Outstanding Balance (Before Amnesty Program)	Amount Collected
11/12/03-12/31/03	Waived Late Fees	\$45 million	\$1,919,177

Source: - Denver Business Journal (1/6/04)

**EXHIBIT**

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**Hamilton County Ohio (Cincinnati)**

Program Dates	Description	Outstanding Balance (Before Amnesty Program)	Amount Collected
5/1/05-5/7/05	Waived Late Fees	\$9.13 million	\$166,450

Source: Cincinnati Post (5/7/05 & 5/14/05)

Prepared by: James Carroll 286-8679  
LRB - Fiscal Section  
9/12/05



SEP 13 2005

September 13, 2005

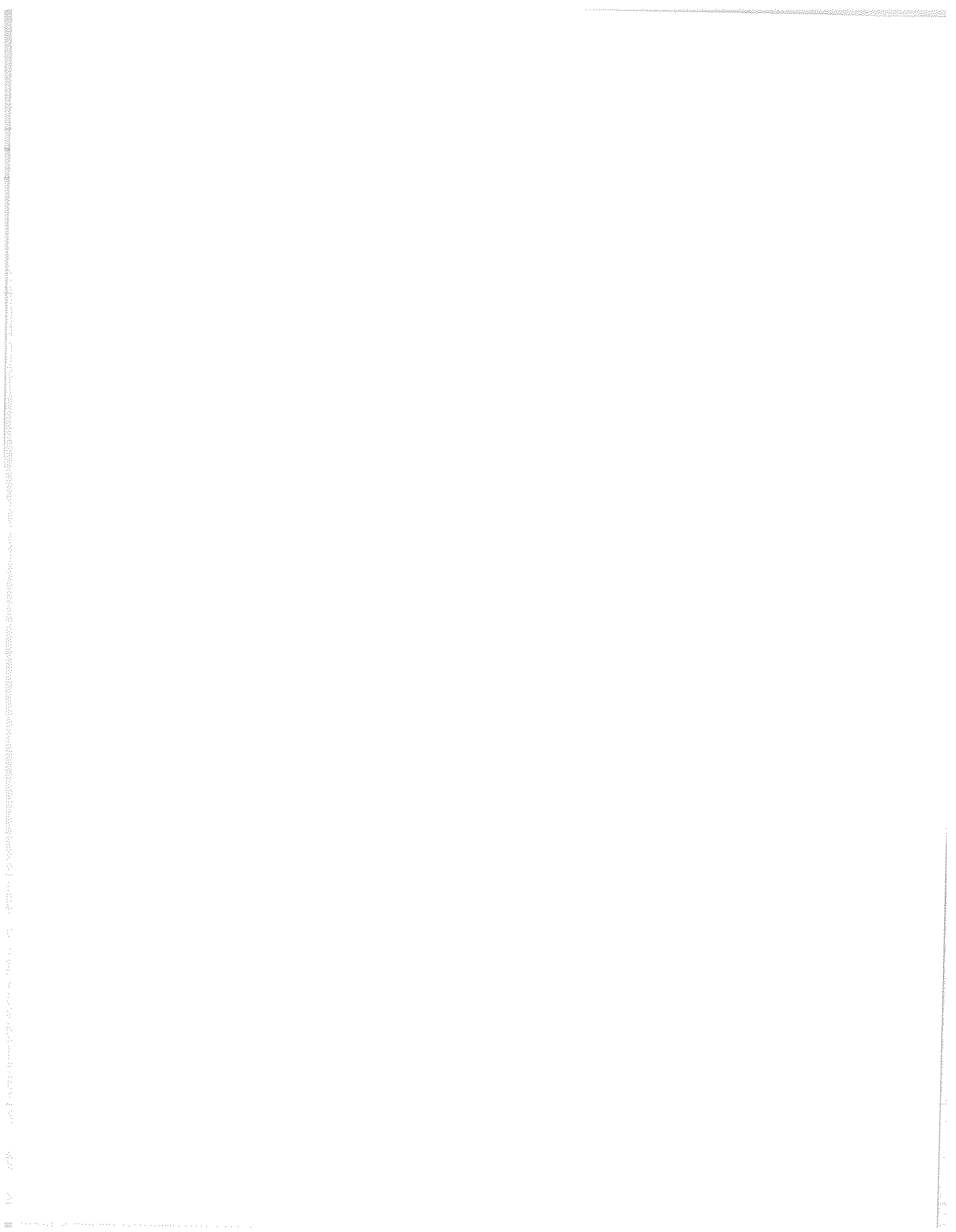
**LRB FISCAL REVIEW SECTION MEMORANDUM**

**TO:** Alderman Michael McGee Jr.  
**FROM:** Jim Carroll, Legislative Fiscal Analyst  
**RE:** Milwaukee Parking Citation Delinquencies

This memorandum is in response to your request for information regarding citation delinquencies in the City of Milwaukee.

According to the Department of Public Works (DPW), there is approximately \$63 million in delinquent parking citations. Of the \$63 million in delinquent citations, DPW considers approximately \$24 million to be reasonably collectable. Most of the approximately \$39 million in parking citation delinquencies that DPW considers not collectable are for citations issued to vehicles with out of state plates and citations issued to vehicles with Wisconsin plates, but without a registered owner.

Prepared by: James Carroll 286-8679  
LRB - Fiscal Section  
9/13/05



# CITY OF MILWAUKEE

GRANT F. LANGLEY  
City Attorney

RUDOLPH M. KONRAD  
PATRICK B. McDONNELL  
A ULISS BURKE  
City Attorneys



OFFICE OF CITY ATTORNEY  
800 CITY HALL  
200 EAST WELLS STREET  
MILWAUKEE, WISCONSIN 53202-3551  
TELEPHONE (414) 286-2601  
TDD (414) 286-2025  
FAX (414) 286-8550

August 31, 2005

THOMAS O. GARTNER  
BRUCE D. SCHRIMPF  
ROXANE L. CRAWFORD  
SUSAN D. BICKERT  
HAZEL MOSLEY  
STUART S. MUKAMAL  
THOMAS J. BEAMISH  
MAURITA F. HOUREN  
JOHN J. HEINEN  
MICHAEL G. TOBIN  
DAVID J. STANOSZ  
SUSAN E. LAPPEN  
JAN A. SMOKOWICZ  
PATRICIA A. FRICKER  
HEIDI WICK SPOERL  
KURT A. BEHLING  
GREGG C. HAGOPIAN  
ELLEN H. TANGEN  
MELANIE R. SWANK  
JAY A. UNORA  
DONALD L. SCHRIEFER  
EDWARD M. EHRlich  
LEONARD A. TOKUS  
VINCENT J. BOBOT  
MIRIAM R. HORWITZ  
MARYNELL REGAN  
G. O'SULLIVAN-CROWLEY  
KATHRYN M. ZALEWSKI  
MEGAN T. CRUMP  
ELOISA DE LEÓN  
ADAM STEPHENS

Assistant City Attorneys

Dorinda Floyd  
Department of Public Works  
841 North Broadway, Room 516

Re: Adjudication of Parking Citations

Dear Ms. Floyd:

On August 30, 2005, we discussed a potential item in DPW's legislative package regarding the adjudication of parking citations. This item involves the creation of § 345.29, Stats., which, in general, would allow default judgments to be taken against individuals who fail to arrange to contest their parking citations within 180 days of issuance and individuals who fail to appear after having timely scheduled appointments to contest their parking citations, provided the City properly issued the citations and mailed the required notices to the individuals. In light of our discussion, we have redrafted the proposed statute as follows:

**345.29 Alternative enforcement of nonmoving violations.** Notwithstanding any other provisions of this chapter or of these statutes, cities of the first class may adopt by ordinance an alternative method for the enforcement of nonmoving traffic violations that complies with the provisions of this section. The city may proceed under the alternative method in lieu of or in addition to the procedures under s. 345.28. As used in this section, a "nonmoving traffic violation" has the same meaning as in s. 345.28(1)(c).

(1) A nonmoving traffic citation enforced pursuant to this section shall specify the time and place of the offense, the license number of the vehicle, a description of the class and type of vehicle, a designation of the offense in such manner as can be readily understood by a person making a reasonable effort to do so, the amount of the forfeiture for the offense, and any other information as may be pertinent to

EXHIBIT

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the offense. A nonmoving traffic citation enforced pursuant to this section shall also identify the authorized individual issuing the nonmoving traffic citation, either by name or payroll number.

(2)(a) Service of the nonmoving traffic citation enforced pursuant to this section shall be accomplished by affixing the original or a facsimile of the notice to an unlawfully parked vehicle or by handing the notice to the operator of the vehicle if he or she is present.

(b) In addition, the city shall cause to be mailed to the person charged with a nonmoving traffic violation 2 separate notices. The notices to the person required under this paragraph shall be mailed on 2 separate days to the last-known address of the person to whom the citation was issued and shall include the date the citation was issued, the license number of the vehicle involved, the place the citation may be paid, the means by which the citation may be contested and the date by which the person must pay or contest the citation to avoid further action by the city. The notice shall inform the person of the specific actions which the city and the courts are authorized to take under this section if the person fails to pay the forfeiture or arrange to contest the citation by the date specified in the notice.

(3)(a) A person charged with a nonmoving traffic violation shall, within 180 days after the citation is issued, either:

1. Mail the amount of the forfeiture to any of the places specified in s. 345.26(1) or to the violations bureau, or to the city clerk or treasurer if the traffic citation so provides. In that case, the citation shall not be filed with or transmitted to court; or

2. Make arrangements to contest the citation in the manner specified in the citation. In that case, the procedures under ss. 345.34 to 345.47 apply.

(b) If the person charged with a nonmoving traffic violation does not either pay the amount of the forfeiture or make arrangements to contest the citation within 180 days after the citation is issued, or after having made arrangements to contest the citation within 180 days, does not appear at the designated time and place, the city may at any time thereafter cause the citation to be filed with or transmitted to court and the person shall be deemed to have entered a plea of no contest. Nothing in this section shall be construed to prohibit the city from filing or transmitting more than one citation issued to the person in a single filing or transmission provided that the person did not either pay the amount of the forfeiture or make arrangements to contest each citation within 180 days of issuance. If the city has complied with all the provisions of this section, the court

Dorinda Floyd  
August 31, 2005  
Page 3

shall accept the plea of no contest, find the defendant guilty and proceed under s. 345.47. The court shall give notice of the entry of judgment to the defendant by mailing a copy of the judgment to the defendant's last-known address. A default judgment entered under this paragraph may be reopened as provided under s. 345.51.

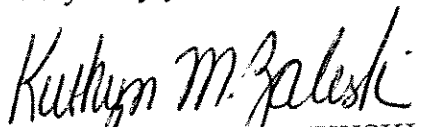
(4) No action may be taken against the owner under this section if:

- (a) The vehicle involved in a nonmoving traffic violation is owned by a person engaged in the business of renting or leasing motor vehicles;
- (b) At the time of the violation the vehicle was in possession of a renter or lessee; and
- (c) The owner of the vehicle provides the information required under s. 343.46(3) for such renter or lessee to the city who issued the citation within 10 days after the 2<sup>nd</sup> notice was sent to the owner under sub. (2)(b).

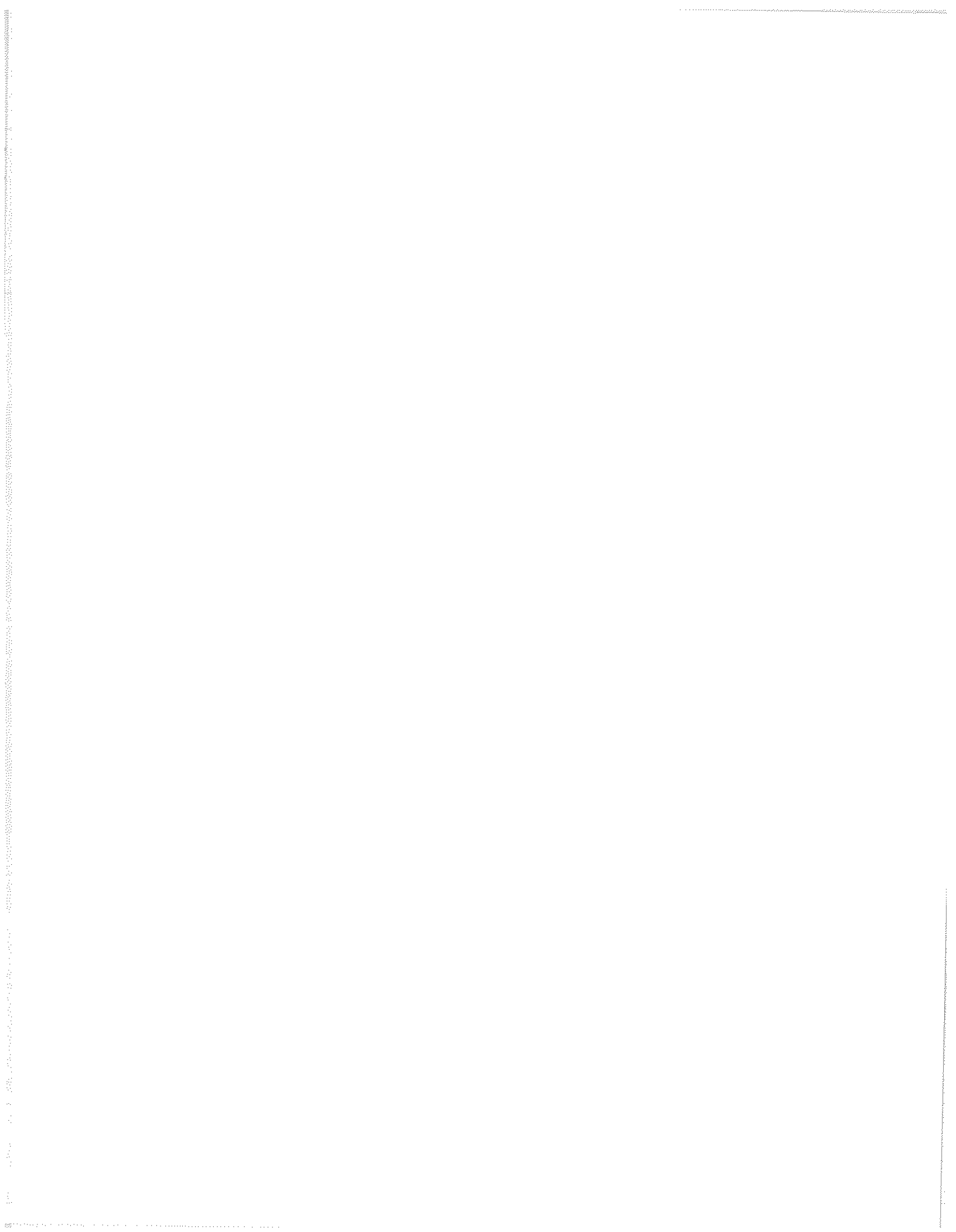
The only change made in this draft was the addition of the phrase, "at any time thereafter" in subsection (3)(b) to clarify that the City is not required to send a citation to court immediately upon the lapse of 180 days from the date the citation was issued. This would allow DPW time to pursue other methods of collection before resort to this section.

If you have any questions or concerns about the language, please feel free to contact me.

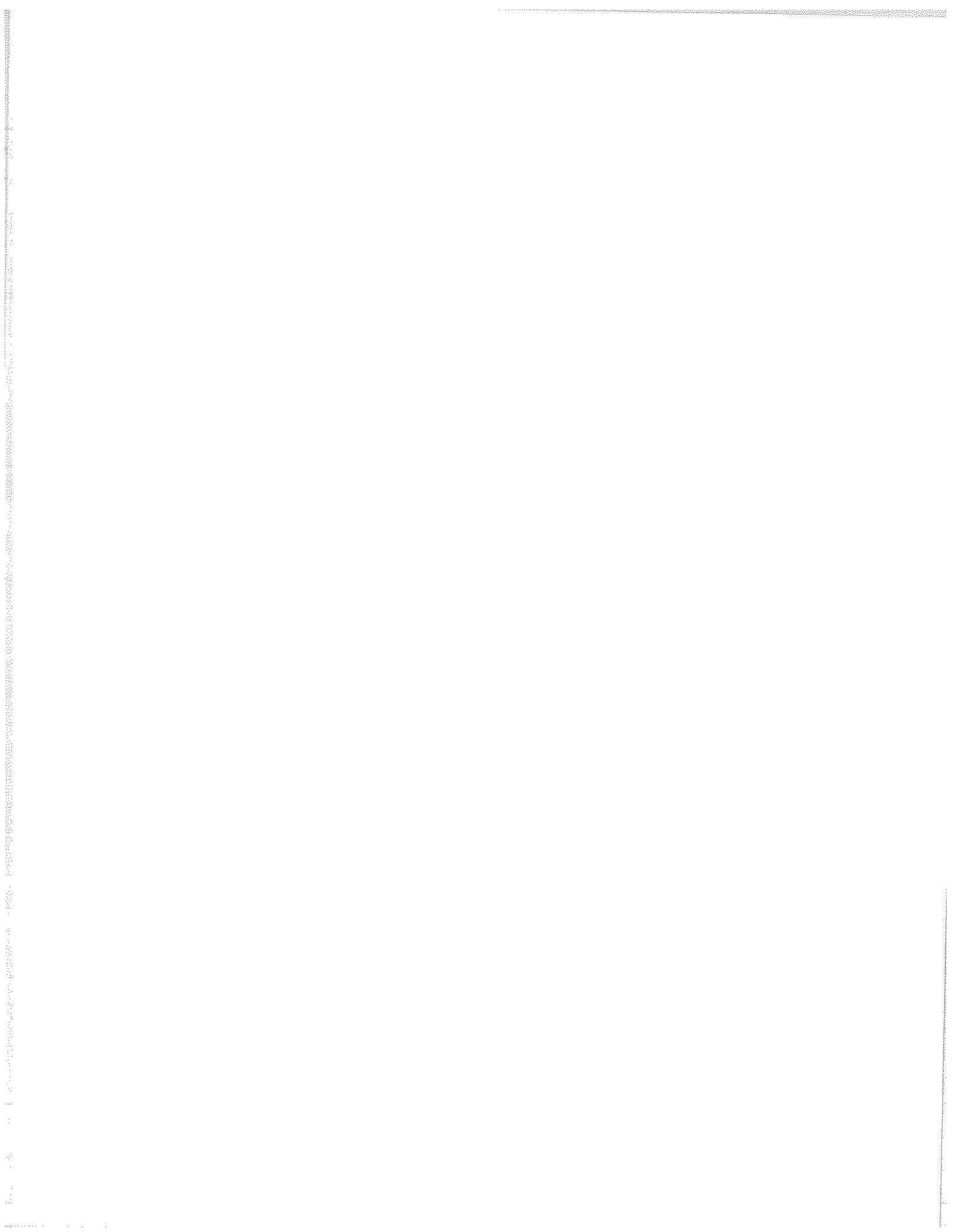
Very truly yours,

  
KATHRYN M. ZALEWSKI  
Assistant City Attorney

KMZ:kmz  
1047-2003-4036:96296



# APPENDIX H





**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino, Don Weihs and Rep. Leon Young

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

October 17, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **MONDAY, OCTOBER 24, 2005, at 2:00 P.M., in Room 301-B, City Hall, 200 East Wells Street, regarding:**

1. Review and approval of minutes of the September 13, 2005 meeting
2. Comments from the Public
3. Approval of final recommendations

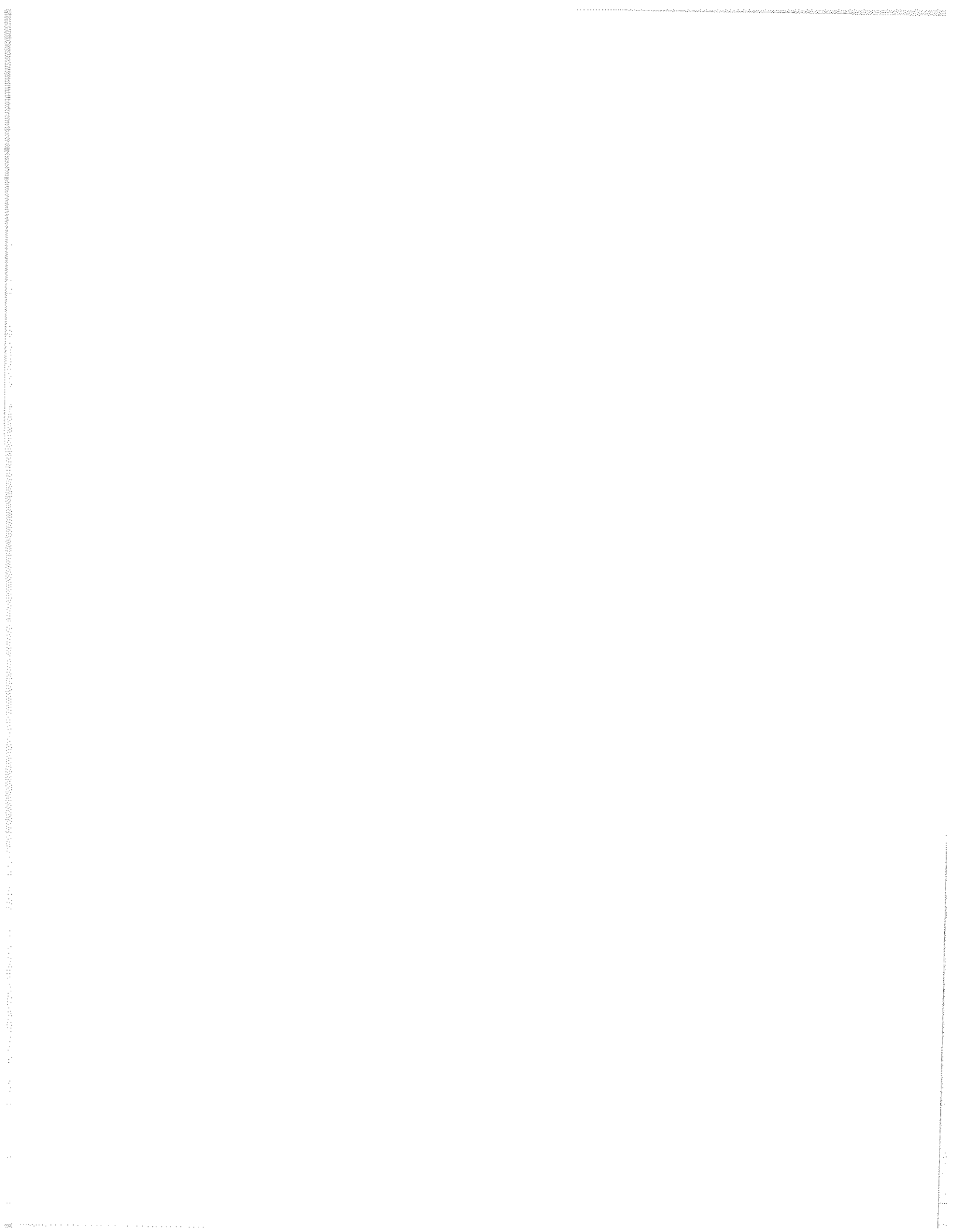
Respectfully,

  
RONALD D. LEONHARDT  
City Clerk

**PLEASE NOTE:**

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or other auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX) 286-3456, (TDD) 286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, City Hall (City Clerk's Office).



**MINUTES OF THE  
OUTSTANDING DEBT TASK FORCE**

**October 24, 2005**

Meeting Commenced: 2:05 P.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Anna Ruzinski Robert Juhay, Michael Daun, Jim Klajbor (Special Deputy City Treasurer), Kathryn Zalewski appeared on behalf of Linda Burke, Dennis Yaccarino (arrived at 2:55 P.M.), Don Weihs and Dorinda Floyd

Excused: Linda Burke and Representative Leon Young

Also present: John Egan-Comptroller's Office; Mr. Jim Carroll-LRB; Ms. Cindy Angelos – DPW Parking Financial Manager; Mr. Craig Johnson and Mr. Dan Shepherd with Professional Placement Services (PPS), Mr. Robert Potrzebowski with Kohn Law Firm, and Gary J. Smith with Professional Account Management, LLC (PAM); Representative Peggy Krusick

**1. Review and approval of minutes of the September 13, 2005 meeting**

Chairman Witkowski noted that they would approve the September 13, 2005 meeting minutes after they go through the recommendations that were submitted and voted on at that meeting. They will also determine what new proposals were to be submitted at this meeting.

Mr. Daun moved approval of the minutes, seconded by Mr. Collins. There were no objections.

**2. Comments from the Public**

Representative Krusick and Ms. Pauline Kussart, President with H.E. Stark Agency, Inc. appeared and addressed the task force relative to recommendations and suggestions for recommendations. (See below under item #3 - Approval of Final Recommendations for their comments)

**3. Approval of final recommendations**

Chairman Witkowski asked if there were anything to be submitted on Ald. McGee's requested from the last meeting for an amnesty program. Chairman Witkowski asked Ms. Hinrichs to comment on the last amnesty program that the courts were involved in. Ms. Hinrichs commented that it wasn't really an amnesty program and then explained the Driver License Work Force Development

Program. Ms. Floyd replied that an amnesty program recommendation at this time would be premature, because there is a lot of research and legal guidance that is needed to establish the details of an amnesty program. Mr. Daun reinforced what Ms. Hinrichs and Ms. Floyd stated and included that it would be a very labor intense project and advised that they could consider it as something to further explore.

Chairman Witkowski referred to the Police Department report (Exhibit 1) call City of Milwaukee Crash Trends and referred to the following sections: Auto license citations and percentage of all citations and the driver license citations and percent of all citations. He noted that there are a number of people out there without registration and licenses and some of that may be due to the current practice's the City uses. He further noted that they would hold the amnesty program item until the next meeting.

He continued the review of the September 13, 2005 recommendations.

Ms. Floyd referred to the following recommendation submitted by DPW-Admin. and noted that they will be working with Department of Administration - Intergovernmental Relations to move forward with state legislations:

1. *Require DOA-Intergovernmental Relations to prepare legislation on the following issues:*
  - A. *Establish a time frame to adjudicate nonmoving traffic citations for cities of the first class. The language is permissive whereby the city may adopt by ordinance an alternative method for enforcement of nonmoving traffic violations. In addition, this ordinance would allow the Municipal Court to enter a default judgment without requiring signed acceptance of responsibility by the vehicle owner or violator.*

Ms. Hinrichs submitted the letter from Judge Derek C. Mosley to Ms. Langley relative to above recommendation (1A.) (Exhibit 2). Mr. Daun asked that the letter be attached to the recommendation for disclosure purposes.

Deputy Inspector Ruzinski advised that she had just testified in Madison as to a new assembly bill introduced by Representative Peggy Krusick (Bill 715) regarding fraudulent use of handicap permits. Representative Krusick is currently working on language for Bill 715 (fraudulent use of handicap permit) to make it a crime. She noted that maybe they could some how include language for a penalty for non-payment of those fines. Deputy Inspector noted that she will work with DOA-Intergovernmental Relations and Ms. Floyd on the language for a recommendation and will bring that recommendation to the next meeting.

Chairman Witkowski introduce Representative Peggy Krusick to the members of the task force. Representative Peggy Krusick noted that she has put forth

legislation proposals relative to the collection of delinquent debt and is interesting in hearing suggestions that this task force may have for changes in state law. The Task Force then introduced themselves.

Representative Peggy Krusick noted that she had put forth booting legislation and advised that one of the questions asked was how many unpaid citations would be considered in order to boot a vehicle. Ms. Floyd explained what their intentions are relative to booting of vehicles.

Mr. Klajbor explained the Treasurer's Office recommendations.

Ms. Floyd continued explaining DPW recommendations.

Mr. Collins gave an example of an out-of-state vehicle getting a parking ticket. He asked is there some kind of collection process for an out-of-state unpaid citation. Ms. Floyd replied that they can't put a registration hold on out-of-state licenses and noted that the person could get away without paying the citation. Mr. Smith with PAM, LLC appeared and noted that there are no states that have any collection techniques for collection of out-of-state vehicle citations. Mr. Potrzebowski with Kohn Law Firm appeared and addressed the task force regarding certified judgments. Mr. Collins asked is the out-of-state problem big enough, that they should pursue it. Ms. Floyd advised that yes it is a big problem. Mr. Smith noted that some states put it on the credit report and suggested that another options would be the boot and tow.

Deputy Inspector gave a summary of her recommendations and noted that they are currently being implemented.

Mr. Daun summarized the Comptroller's Office recommendations.

Mr. Juhay explained his recommendations.

Mr. Weihs explained his recommendation.

Chairman Witkowski submitted the following new recommendations:

**1. DPW/others establish an education/media effort to advise of the public of the consequences of having outstanding parking fines.**

DPW should work with the police department and the Municipal Court to plan a campaign to educate the public on the possible ramifications of not paying tickets, such as the costs, towing, the effects on their credit rating, etc.

This program should involve radio, TV, newspaper, and printed material that can be sent to schools and work places.

Mr. Klajbor asked where would the funding come from to implement this campaign. Chairman Witkowski replied that it could come from the Parking Fund. Ms. Floyd noted that she is willing to work with the Police Dept. and Municipal Court and the parking related cost could come from the Parking Fund.

Ms. Floyd moved approval, seconded by Mr. Klajbor. There were no objections.

**2. The Comptroller's Office should provide a report on delinquent outstanding debt annually to the Common Council.**

Mr. Daun asked for some clarification on when parking fines and other municipal court fines are written off. Ms. Hinrichs explained the different Municipal Court fines process and noted that most of the debt is satisfied. Each has its own set of rules.

Mr. Daun moved approval, seconded Mr. Klajbor. There were no objections.

**3. Departments should give notice to the Common Council six months before debt is disposed of and only after all available methods of collection are exhausted.**

The Comptrollers office and the City Attorney's Office would work to development a policy to establish a citywide policy or bad debt policy, where a statute doesn't apply, be put in place regarding writing off of bad debt and report to the common Council for approval.

Deputy Inspector Ruzinski moved to amend by striking #3 in its entirety and substitute the following: That the Comptrollers Office and the City Attorney work together to develop a policy in regards to writing off the debt that does not fit within the statutory of limitation and that those exemptions would be included in recommendation #2 above once that is ratified by the Common Council

Deputy Inspector Ruzinski moved approval as amended, seconded by Mr. Klajbor. There were no objections.

**4. Departments with Contracts with collection agencies should continue including performance measures and RFP's should be issued before contracts expire to get the latest in collection technique and rates for the city to consider.**

Deputy Inspector Ruzinski moved approval, seconded by Mr. Collins. There were no objections.

**5. Collection vendors granted contracts with the city should continue working with City Department using every legal and commercially viable means to collect outstanding debt.**

Deputy Inspector Ruzinski moved to amend to read as follows:  
Collection Agencies granted contracts with the City, shall continually work with the respective City Department to review and use every legal and commercial viable means to collect outstanding debt. Chairman Witkowski advised that wording would change the intent.

Representative Krusick commented that people sometimes pay more in fees than what they actually own and noted that continuous garnishments may be something they might want to look at. Mr. Potrzebowski with Kohn Law Firm advised that there are continuous garnishments for certain types of employees (State and Federal employees), but for others, they have to be re-filed every thirteen weeks. Mr. Yaccarino asked if the city does any garnishments. Mr. Potrzebowski replied yes and noted that currently they have hundreds of pending wage garnishments. Ms. Kussart, President with H.E. Stark Agency, Inc. addressed the task force and suggested that a state statute be put into law that would extend garnishments so that they would only have to file one garnishment until it is paid in full, instead of having to re-file every thirteen weeks. She also suggested that they might want to consider court order increment assignments and explained how those work. Mr. Collins asked Attorney Zalewski if they would look at possible recommendations for legislation on the City's priorities concerning these proceedings. Attorney Zalewski noted that she would advise Ms. Burke and they would look into it.

Mr. Collins moved to amend the wording of the recommendations as follows:  
**Collection vendors should continue to use every legal, commercially and economically viable means to collect outstanding debt.**

Mr. Collins moved for approval as amended. There were no objections.

**6. The Treasurer's office should devise a method to tract and keep a record of those who repeatedly redeem their property to avoid foreclosure.**

Mr. Klajbor moved to add the word redeem after repeatedly.

Mr. Collins moved approval as amended, seconded by Mr. Daun. There were no objections.

Chairman Witkowski asked if there are any other recommendations.

Ms. Floyd advised that DPW recommendation 1A. relative to payment of all citations on the retrieval of vehicle from the tow lot is not resolved yet. They are working with the City Attorney to resolve that one. (1A. *Allow the City to require payment in full for all unpaid parking citations prior to the release of any vehicle towed, booted or otherwise impounded for non -payment of parking citations.*)

Chairman Witkowski noted that there are two outstanding recommendations that

will need to be dealt with yet and advised that we would need to meet again.

The next meeting is set for November 16, 2005 at 2:00 P.M.

*Meeting Adjourned: 4:35 P.M.*

*Terry J. MacDonald  
Staff Assistant*



# CITY OF MILWAUKEE CRASH TRENDS

PREPARED WITH THE COOPERATION OF THE MILWAUKEE POLICE DEPARTMENT  
AND THE DEPARTMENT OF PUBLIC WORKS INFRASTRUCTURE SERVICES

	ALL CRASHES	INJURY CRASHES	ALL FATALITIES	PEDESTRIAN FATALS	MOTOR VEHICLE REGISTRATION
1992	17,610	6,668	48	15	366,261
1993	17,224	6,489	48	13	362,252
1994	17,006	6,372	28	8	360,378
1995	17,050	6,401	43	18	361,452
1996	14,691	5,914	32	13	355,716
1997	13,735	5,660	35	14	357,284
1998	13,252	5,337	25	12	367,614
1999	13,127	5,074	30	5	366,697
2000	14,568	5,395	38	10	375,969
2001	13,640	5,039	34	9	375,248
2002	13,592	4,792	35	10	373,600
2003	12,755	4,354	28	7	379,430
2004	11,888	4,245	52	17	376,455

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
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## ALCOHOL RELATED CRASHES AND PERCENTAGE OF ALL CRASHES

1,166	832	838	759	675	614	484	636	608	581	578	638
6.70%	4.80%	5.50%	5.20%	4.90%	4.60%	3.70%	4.40%	4.50%	4.30%	4.50%	5.30%

## SPEED RELATED CRASHES AND PERCENTAGE OF ALL CRASHES

2,290	2,257	1,999	1,765	1,474	1,190	1,228	1,583	1,296	1,319	1,158	1311
13%	13%	12%	12%	11%	9%	9%	11%	9%	10%	9%	11%

## FAILURE TO YIELD RELATED CRASHES AND PERCENTAGE OF ALL CRASHES

4,436	4,534	4,441	3,855	3,465	3,573	3,375	3,698	3,773	3,453	3,414	3245
26%	27%	26%	26%	25%	27%	26%	25%	28%	25%	27%	27%

## DRIVER INATTENTION AND PERCENTAGE OF ALL CRASHES

3,456	3,086	3,108	2,614	2,563	2,518	2,538	2,591	2,827	2,561	2,403	2019
20%	18%	18%	18%	19%	19%	19%	18%	21%	19%	19%	17%

## DISREGARD OF TRAFFIC SIGNAL AND PERCENTAGE OF ALL CRASHES

1,225	1,764	1,891	1,738	1,650	1,613	1,534	1,749	1,674	1,641	1,561	1543
7%	10%	11%	12%	12%	12%	11%	12%	12%	12%	12%	13%

## SCHOOL BUS CRASHES

405	469	442	340	350	281	296	324	353	214	227	195
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## MOTORCYCLE INVOLVED CRASHES

215	199	199	150	159	183	180	165	203	159	197	153
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1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
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**BICYCLISTS INJURED OR KILLED**

247	262	246	264	257	251	232	203	192	199	112	115
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**PEDESTRIANS INJURED OR KILLED**

854	811	782	720	743	673	589	630	629	571	523	468
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**SAFETY BELT USAGE**

52%	56%	54%	60%	56%	57%	56%	59%	58%	-	62%	61%
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**SEAT BELT CITATIONS**

6,437	5,315	4,527	9,130	11,930	9,968	9,733	7,858	10,342	10,009	7,847	7,693
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**INCAPACITATING INJURIES**

843	827	726	722	604	478	537	483	609	450	298	270
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**NON-INCAPACITATING INJURIES**

2,598	2,570	2,499	2,147	2,113	1,952	1,854	1,949	1,847	1,482	1,434	1446
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**ECONOMIC LOSS IN MILLIONS**

452	436	474	455	432	380	452	276	268	262	234	292
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**HIT & RUN AND PERCENTAGE OF ALL CRASHES**

5,767	5,282	5,616	5,055	4,800	4,478	4,319	4,993	4,456	4,235	3,952	3599
33%	31%	32%	43%	35%	34%	33%	34%	33%	31%	31%	30%

**TRAFFIC CITATIONS-Total Moving Violations**

87,684	90,271	79,008	117,433	148,867	130,799	123,900	91,352	116,033	121,799	133,750	134,021
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**AUTO LICENSE CITATIONS AND PERCENTAGE OF ALL CITATIONS**

22,631	24,842	18,309	29,180	31,895	27,201	26,829	18,712	22,988	23,996	34,261	29,564
26%	28%	23%	25%	21%	21%	26%	20%	20%	20%	26%	28%

**DRIVER LICENSE CITATIONS AND PERCENT OF ALL CITATIONS**

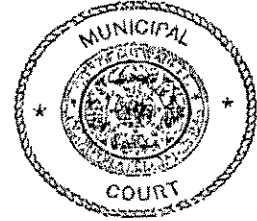
25,375	27,827	25,810	37,902	41,874	39,830	34,408	27,268	30,839	21,112	38,873	36,008
29%	31%	33%	32%	28%	30%	28%	30%	27%	26%	29%	27%

**INTERSECTIONS ON HIGH FREQUENCY LIST/# OF CRASHES (15 or more crashes)**

78	68	92	55	48	48	49	50	44	57	45	50
1,483	1,369	1,779	1,050	906	929	940	1,011	876	1,179	966	1001

*Kris Fair***JUDGE DEREK C. MOSLEY**

Milwaukee Municipal Court, Branch 2  
951 North James Lovell Street  
Milwaukee, Wisconsin 53233  
414 286-8759



September 19, 2005

Mr. Grant F. Langley  
City Attorney  
200 East Wells St., Room 800  
Milwaukee, WI 53202

Re: Supreme Court Order 95-10/Proposed Statutory Change

Dear Mr. Langley:

We have had an opportunity to review your opinion letter of July 20, 2005, regarding the proposal to amend sec. 800.04(2m), Stats. While we appreciate your effort to clarify the legality of the proposal, we are not persuaded that the proposal is a proper one. Thus, we will not support the effort to obtain a statutory change to allow default judgments on parking tickets upon mailed service of the process.

The critical legal issue here is whether the legislature can properly strike a rule enacted by the Supreme Court. The decision in In Re Constitutionality of Section 251.18, Wisconsin Statutes, 204 Wis. 501 (1931) does not directly address this issue. In fact, the Court stated that it is fair to assume that use of rule-making power by the legislature "will not be exercised except in those situations where, in the judgment of the Legislature, the court has established a rule which is broader in scope than the necessities of procedural regulation call for." This is not such a situation.

As you know, many defendants in our court change addresses often. Mailed service is haphazard at best in assuring that citizens receive notice of

**EXHIBIT**

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pending charges. This presumably is what prompted the Supreme Court to reject mailed service defaults during the 1995 rule change process.

For these reasons, we cannot support your proposal.

Yours truly,

A handwritten signature in black ink, appearing to read 'D. Mesley', is written over the typed name and extends to the left and right.

Derek C. Mesley  
Presiding Judge  
Milwaukee Municipal Court

# APPENDIX I



**REVISED 11/11/05**

**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino, Don Weihs and Rep. Leon Young

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

November 11, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **WEDNESDAY, NOVEMBER 16, 2005, at 2:00 P.M., in Room 301-A, City Hall, 200 East Wells Street, regarding:**

1. Review and approval of minutes of the October 24, 2005 meeting
2. Comments from the Public
3. Approval of final recommendations
4. Next meeting date, time and agenda

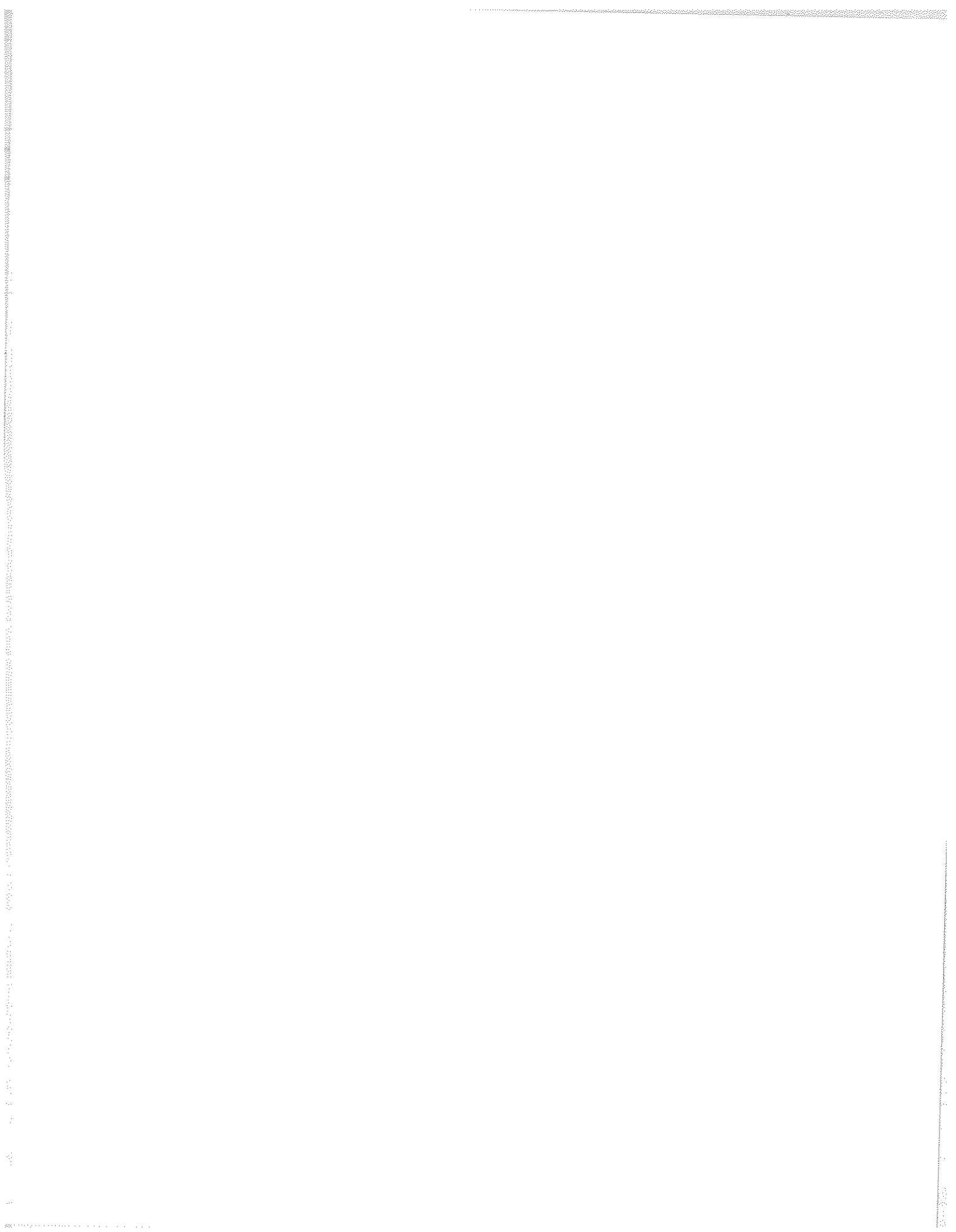
Respectfully,

RONALD D. LEONHARDT  
City Clerk

**PLEASE NOTE:**

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or other auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX) 286-3456, (TDD) 286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

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**MINUTES OF THE  
OUTSTANDING DEBT TASK FORCE**

**November 16, 2005**

Meeting Commenced: 2:08 P.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Anna Ruzinski Robert Juhay, Michael Daun, Jim Klajbor (Special Deputy City Treasurer), Linda Burke, Dennis Yaccarino, Don Weihs and Dorinda Floyd

Excused: Representative Leon Young

Also present: Mr. Jim Carroll-LRB; Ms. Cindy Angelos – DPW Parking Financial Manager; Mr. Craig Johnson and Mr. Dan Shepherd with Professional Placement Services (PPS), Mr. Robert Potrzebowski with Kohn Law Firm, and Mr. Gary J. Smith with Professional Account Management, LLC (PAM); Representative Peggy Krusick; Ms. Jennifer Gonda - DOA

**1. Review and approval of minutes of the October 24, 2005 meeting**

Deputy Inspector Ruzinski moved approval of the minutes, seconded by Mr. Daun. There were no objections.

**2. Comments from the Public**

Ms. Pauline Kussart, President of H.E. Stark Agency appeared and handed out a list of suggestions to enhance collection recovery (Exhibit 1). She then explained item one from her list of suggestions. Representative Peggy Krusick appeared to and elaborated on Ms. Kussart item one from the list of suggestions. Mr. Potrzebowski appeared and discussed the TRIP program. Chairman Witkowski asked if language could be prepared for a recommendation from item one on the Ms. Kussart's list. Attorney Burke advised that her and Mr. Potrzebowski would work on that. Ms. Burke moved to approval of item #1 – *Expand the language governing form GF-161, Income Assignment Order for Unpaid Fines and Other Financial Penalties to allow city municipal courts to file such actions*, seconded by Deputy Inspector Ruzinski. There were no objections.

Ms. Kussart explained item two from her list of suggestions. Item two suggests that they review the provisions of state statute 138.04 to determine if the finance charge as allowed by state law can be applied to debts owed to the City of Milwaukee. Attorney Burke advised that this is already a recommendation and

referred to item #6 on the draft report. (Exhibit 2)

Ms. Kussart explained item three from her list of suggestions. Item three suggests that they consider using an outside business partner to do a call campaign for a set flat rate per call on delinquent accounts in which a phone number is available. Only reminder calls should be placed and no commission would be due to that business partner. Accounts could be electronically loaded to that outsource partner for a three-day call campaign and then returned electronically to the City of Milwaukee. Mr. Smith appeared and explained that they use automatic dialers and explained the process that they use. Attorney Burke advised that this suggestion could be considered as part of recommendations 13 and 14 listed in the draft report. Chairman Witkowski advised that this would be a good recommendation and he is in favor of including it as a separate recommendation. Ald. Witkowski moved to approve this recommendation to read as follows: *Consider a pre-collection call campaign on delinquent accounts to be considered in the next RFP*; seconded by Ms. Hinrichs. There were no objections.

Ms. Kussart explained item four from her list of suggestions. Ms. Hinrichs advised that she would give Ms. Rhonda Snow a call.

Ms. Kussart explained item five from her list of suggestions. Attorney Burke advised that this is already covered under recommendation #13 in the draft report. Mr. Collins moved to amend recommendation #13 to include the following: *"include but not limited to considering the use of multiple collection agencies."* Ms. Hinrichs moved to approve as amended, seconded by Mr. Daun. There were no objections.

### **3. Approval of final recommendations**

Chairman Witkowski moved to consider the following additional recommendations:

*Place unpaid parking citations issued to out-of-state vehicles on owner's credit reports.*

Mr. Smith and Ms. Floyd noted that they are already doing this.

*Allow the City to require payment in full for all unpaid parking citations prior to the release of any vehicle towed, booted or otherwise impounded for non-payment of parking citations.*

Ms. Floyd advised that recommendation 1c in the draft report could be modified to include the following wording: *"Refuse to release the vehicle until all unpaid citations are paid or adjudicated."*

Mr. Collins asked how many unpaid citations would be allowed, to consider booting a vehicle. Rep. Kusick replied by reading the state legislation that was put forth in the early 1980's and 1990, which notes that they could boot once there is five outstanding citations. Ms. Floyd noted that they use ten or more. Mr. Smith noted that the legislation is similar to other states.

Discussion took place regarding citations issued to commercial vehicles. Deputy Rusinski advised that she would check with MPD - Commercial Vehicle Enforcement Unit on the procedure used in issuing citations to Commercial Vehicle and will submit that information to the staff assistant to be distributed to the task force members.

*(Ic. To read as follows: "Allow for the towing/booting and impounding of vehicles for unpaid citations and refusal to release the vehicles until all outstanding citations are paid or adjudicated. This language is permissive whereby a city may tow or boot a legally parked or illegally parked vehicle for unpaid nonmoving violations and hold the vehicle until citations are paid.")*

Attorney Burke moved to approve as amended, seconded by Mr. Collins. There was one objection. (Ms. Hinrichs voting "no")

*Implement an amnesty program for unpaid parking citations.*

Chairman Witkowski noted that at the last meeting there didn't seem to be a consensus on having an amnesty program at this time.

Deputy Inspector Ruzinski advised that an amnesty program could be included in the educational project, such as six months before booting, etc. goes into effect they could have some kind of amnesty program.

Mr. Klajbor moved that they don't include an amnesty program as a recommendation, seconded by Attorney Burke. There was one objection. (Mr. Daun voting "no")

*Extend concept of WI Act 140 for all fee and surcharge recipients to share in collection cost.*

Mr. Klajbor moved to approve, seconded by Deputy Inspector Ruzinski. There were no objections.

Chairman Witkowski reviewed the draft report list of recommendations and advised that the following recommendations include the name(s) of the department(s) that would need to implement the recommendations.

Chairman Witkowski moved to make the following changes/additions to the following recommendations:

Recommendations 2, 3 and 4 - replace City with Milwaukee Police Department.

Recommendations 5 and 6 should include the Comptroller and City Treasurer Office.

Recommendation 7 - replace City with Comptroller.

Mr. Daun noted that recommendations 8, 9 could be part of 13 and 14. All four can be combined into one recommendation.

Mr. Daun advised that the wording for recommendation 11 should be changed to "*provide reports analyzing delinquent outstanding debt.*"

There were no objections to the changes.

**4. Next meeting date, time and agenda**

November 30, 2005 at 2:00 P.M.

*Meeting Adjourned: 3:47 P.M.*

*Terry J. MacDonald  
Staff Assistant*

CITY OF MILWAUKEE  
OUTSTANDING DEBT TASK FORCE  
November 16, 2005

SUGGESTIONS TO ENHANCE RECOVERY  
PROVIDED BY:

H.E. STARK AGENCY  
PAULINE KUSSART, PRESIDENT  
ERIC SUMMERS, DIRECTOR BUSINESS DEVELOPMENT  
6425 ODANA RD  
PO BOX 45710  
MADISON, WI 53744-5710

877-274-7764

- 
1. Work with the state legislature and Representative Peggy Krusick to expand the language governing form GF-161, Income Assignment Order for Unpaid Fines and Other Financial Penalties to allow city municipal courts to file such actions. Currently a municipality would have to transcribe an unpaid fine to the circuit court which includes a financial cost. Once that has been filed, if employment location is known, then a municipality would have to file a garnishment action against the defendant. There is a cost of \$98 to file a garnishment. If the garnishment action is taken, the defendant, by order, must repay the \$98 and the cost of the transcription. With an Income Assignment Order, there are no costs thereby lowering the municipalities financial risk and not adding financial burden to the defendant.
  2. Review the provisions of state statute 138.04 to determine if the finance charge as allowed by state law can be applied to debts owed to the City of Milwaukee. If so, this can be an immediate incentive remedy.
  3. Consider using an outside business partner to do a call campaign for a set flat rate per call on delinquent accounts in which a phone number is available. Only reminder calls should be placed and no commission would be due to that business partner. Accounts could be electronically loaded to that outsource partner for a 3 day call campaign and then returned electronically to the City of Milwaukee.
  4. We recently attended a seminar in which we heard Rhonda Snow from the City of Phoenix Municipal Court speak about their collection plan. We strongly urge you to call her at 602/495-0552 to hear how they developed the collection procedure that they are now using.
  5. Consider partnering with more than one outside collection agency to create a competitive environment. Consider giving incentives to the agency that is the greater achiever.

EXHIBIT

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**DRAFT**  
**RECOMMENDATIONS OF CITY OF MILWAUKEE**  
**OUTSTANDING DEBT TASK FORCE**

**INTRODUCTION**

The City of Milwaukee Outstanding Debt Task Force was created by resolution file number 041446 on April 12, 2005.

The task force consists of the following members:

1. Two members appointed by the Common Council President.
2. The Mayor or the Mayor's designee.
3. The City Comptroller or the Comptroller's designee.
4. The City Treasurer or the Treasurer's designee.
5. The City Attorney or the Attorney's designee.
6. The Presiding Judge of the Municipal Court or the Judge's designee.
7. The Chief of Police or the Chief's designee.
8. The Director of Administration or the Director's designee.
9. The Commissioner of Public Works or the Commissioner's designee.
10. The Commissioner of Neighborhood Services or the Commissioner's designee.

**MISSION STATEMENT**

The Task Force is charged to evaluate and make recommendations relating to procedures for collecting of delinquent taxes, forfeitures, judgments and fees owed to the City of Milwaukee.

The task force shall submit its findings and recommendations to the Common Council within 180 days of adoption of resolution file number 041446. File #050298 extended the deadline to January 10, 2006.

**MEMBERSHIP**

*The Outstanding Debt Task Force consists of:*

*Ald. Terry Witkowski, Chair (Appointed by Common Council President)*

*Martin Collins, Vice Chair (Dept. of Neighborhood Services)*

*Kristine Hinrichs, Director Municipal Courts (Municipal Judge designee)*

*Deputy Inspector Anna Ruzinski, Milw. Police Dept. (Police Chief's designee)*

*Robert Juhay, DOA (Director of Administration's designee)*

*Michael Daun, Comptroller's Office (Comptroller's designee)*

*Wayne Whittow, Treasurer*

*Deputy City Attorney, Linda Burke (City Attorney's designee)*

*Dorinda Floyd, (Public Works Commissioner designee)*



*Dennis Yaccarino, Budget Office (Appointed by Mayor)*  
*Don Weihs (Appointed by Common Council President)*  
*Rep. Leon Young, (Appointed by Mayor)*

### **MEETING DATES**

Meetings were held on the following dates in 2005:

May 13  
June 22  
July 22  
August 10  
September 13  
October 24  
November 16

Agendas and minutes for each meeting can be viewed in the City of Milwaukee, City Clerk's Office, 200 E. Wells St, Room 205, Milwaukee, WI 53202.

### **RECOMMENDATIONS**

*The Task Force has heard testimony from City departments, collection attorneys, collection agencies and others. The recommendations included in this report represent the "best potential" methods for improving the collection of the City's outstanding debt and for improving the collection process. Further inquiry and refinement through the normal process of the passage of these ideas through the legislative process is appropriate. Time has not allowed for the fullest possible vetting and for a complete review of their legality and enforceability.*

**We, the members of the City of Milwaukee Outstanding Debt Task Force recommend the following:**

- 1. That DOA-Intergovernmental Relations Division to prepare legislation on the following issues:**
  - A. Amend Wisconsin State Statutes, Section 74.53 (4), to allow the City to recover the actual attorney fees incurred in the collection of outstanding razing charges and delinquent property taxes and interest and penalty charges through an in personam suit.**

*Currently, Wisconsin State Statutes, Section 74.53 (4), limits the City to recovering only the amount of the debt due. It is proposed to amend the statute as delineated below to allow the City to recover the actual attorney fees incurred in the collection of outstanding razing charges and delinquent property taxes and interest and penalty charges through in personam suit:*

*"(4) RECOVERY LIMITED. A county or a municipality that proceeds against a property owner under this section may not recover more than the amount owed plus interest and penalties, as well as the actual attorney fees incurred in the collection of said amounts."*



- B. Establish a time frame to adjudicate nonmoving traffic citations for cities of the first class (Exhibit 1). The language is permissive whereby the city may adopt by ordinance an alternative method for enforcement of nonmoving traffic violations. In addition, this ordinance would allow the Municipal Court to enter a default judgment without requiring signed acceptance of responsibility by the vehicle owner or violator.**

Objection: Ms Hinrichs (Exhibit 2)

- C. Allow for the towing/booting and impounding of vehicles for unpaid citations. This language is permissive whereby a city may tow or boot a legally parked or illegally parked vehicle for unpaid nonmoving violations.**

Objection: Rep. Young

- 2. That a better way to find and arrest egregious offenders be established.**

*Currently the police department receives a top 100 Egregious Offenders list from Municipal Court on a quarterly basis. A great amount of preliminary work has to go into the list to identify current contact information in seeking and arresting these individuals. The police department will work with Municipal Court and receive only the top 20 offenders every 2 months to make it more manageable. Also, the police department will continue to work with other jurisdictions in the state to assist in the apprehension of these individuals.*

- 3. That a Media Campaign regarding Hit and Run Accidents be initiated.**

*The city on many occasions is left with the bill for city property damaged by hit and run crashes, and vandalism. While the police department actively investigates all hit and run crashes, sometimes there is little information and no witnesses to assist in the investigations. The police department will do a media campaign to educate citizens and encourage them to come forward and supply information when they are witness to the damage. This will assist the police in tracking down the people responsible so that restitution can be sought.*

- 4. That the City seek restitution by incarcerated individuals.**

*The police department currently has a process in place for seeking restitution from arrested individuals who have damaged City property during the commission of a crime or while in police custody. The police department will contact the Department of Corrections in an attempt to raise awareness of the priority of recovery of the restitution by the guilty party.*

- 5. That a citywide revenue collection policy for miscellaneous account receivables be developed. The revenue collection policy would exclude property taxes, municipal court revenues, and parking fines.**

*Although some City departments have developed good revenue collection practices, there are no citywide standards or guidelines on revenue collection.*

*With the input of City departments, the City Comptroller should develop a citywide revenue collection policy and forward the proposed policy to the Common Council for adoption. The policy should include:*

- *A guideline for when a payment is due if not established by contract, law, or specific business reason.*
- *Guidelines on number, types, and timing of dunning letters and/or statements. City departments would need justification to vary from City standards.*
- *Guideline on when delinquent accounts should be sent to the City's collection agency.*

**6. That the City should implement late payment fines, if appropriate.**

*The City currently has a financing charge (interest) on delinquent property taxes. Parking fines also increase if not paid in a timely fashion. However, most other delinquent receivables or charges are currently not subject to late payment fees or interest. Late payment penalties would offset the lost of interest earning that would have been earned by the City if the payment was received in a timely fashion and partially offset some of the collection costs. Late payment fees could also motivate a debtor to pay quicker.*

**7. That the City should investigate the increase use of standard costs.**

*Standard costs could decrease staff time needed to prepare an invoice and allow for more timely billings.*

**8. That the City explore ways to reduce collection cost.**

**9. Looks at ways to improve contract specifications so as to improve collections efforts.**

**10. That DPW/others establish an education/media effort to advise of the public of the consequences of having outstanding parking fines.**

*DPW should work with the police department and the Municipal Court to plan a campaign to educate the public on the possible ramifications of not paying tickets, such as the costs, towing, the effects on their credit rating, etc.*

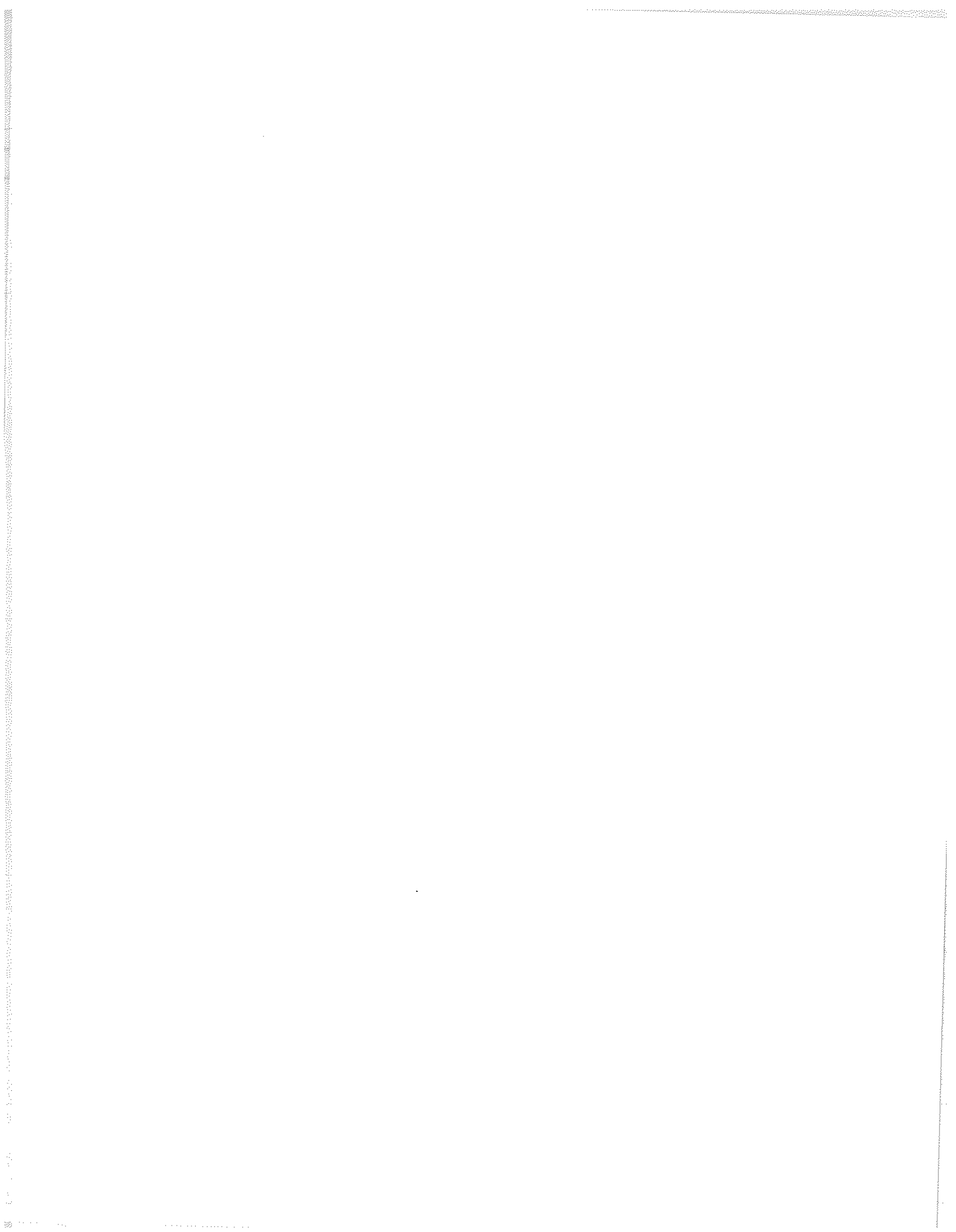
*This program should involve radio, TV, newspaper, and printed material that can be sent to schools and work places. Parking related costs could come from the Parking Fund.*

**11. The Comptroller's Office should provide a report on delinquent outstanding debt annually to the Common Council.**

**12. That the Comptroller's Office and the City Attorney work together to develop a policy in regards to writing off the debt that does not fit within the statutory of limitation and that those exemptions would be included in recommendation #11 once that is ratified by the Common Council .**

- 13. That departments with contracts with collection agencies should continue including performance measures and RFP's should be issued before contracts expire to get the latest in collection technique and rates for the city to consider.**
- 14. That collection vendors should continue to use every legal and commercially and economically viable means to collect outstanding debt.**
- 15. That the Treasurer's office should devise a method to track and keep a record of those who repeatedly redeem their property to avoid foreclosure.**

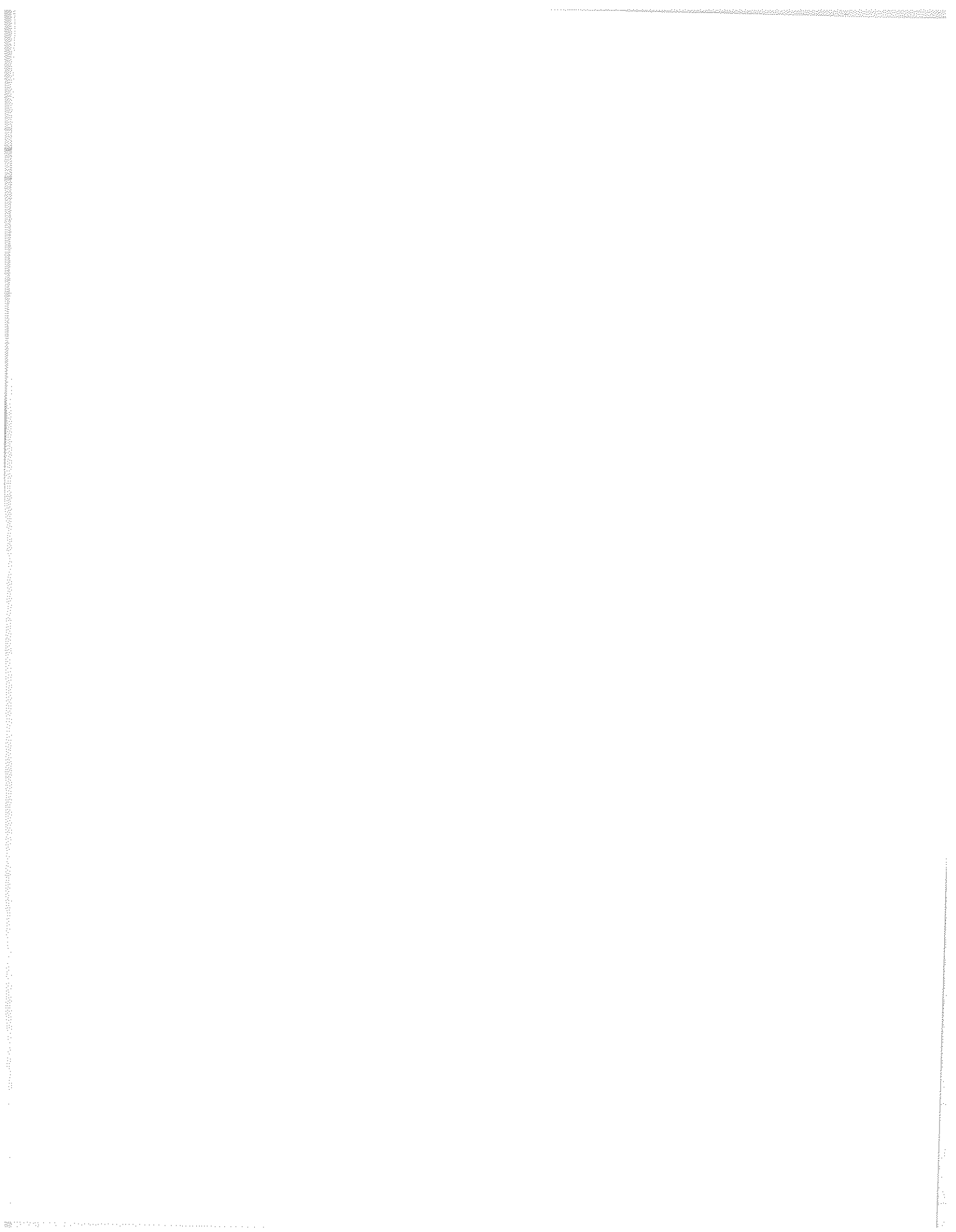
Prepared by: Jim Carroll (286-8679)  
LRB – Fiscal Section  
November 16, 2005



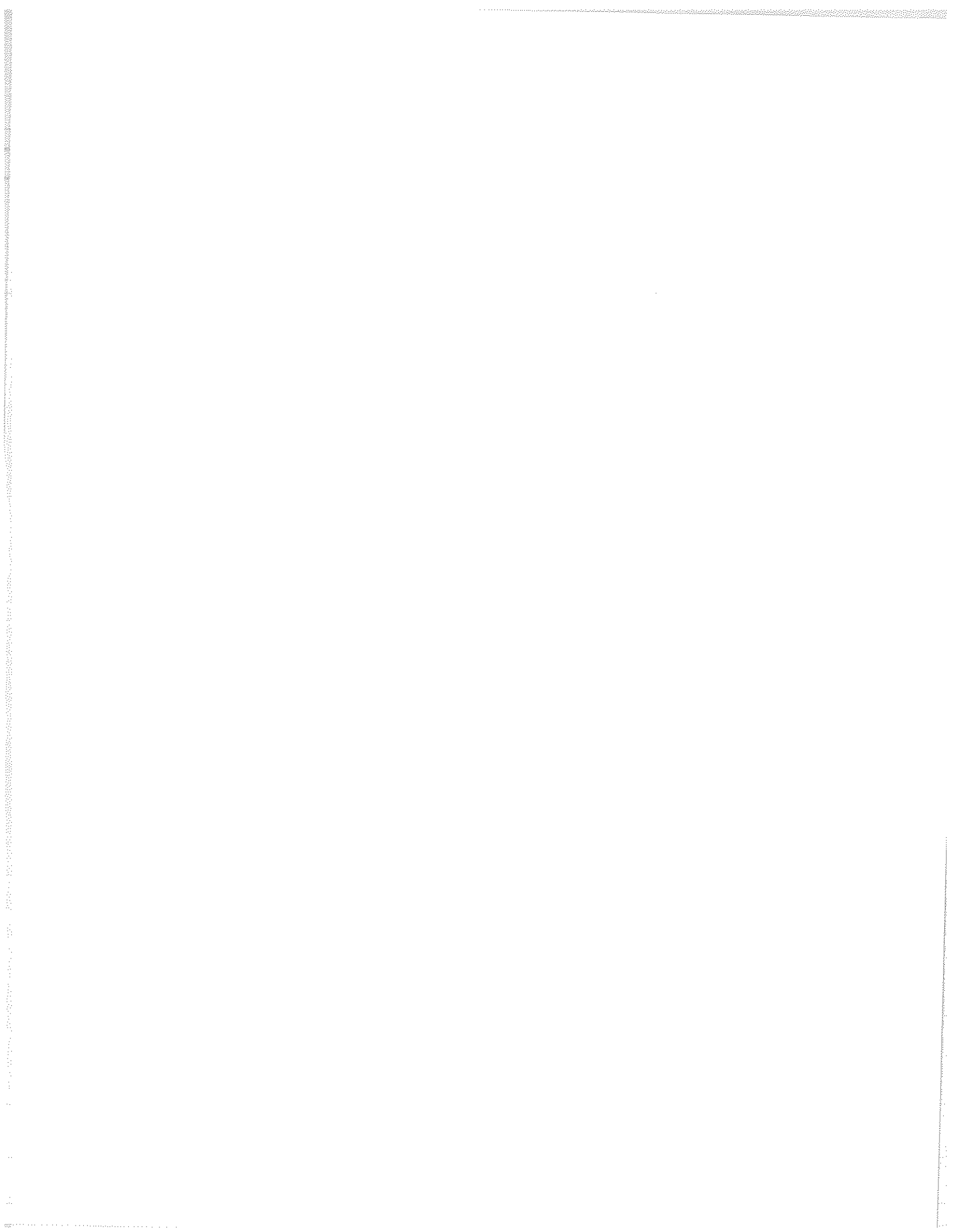
**From:** Ruzinski, Anna  
**To:** Witkowski, Terry, MacDonald, Terry, Hinrichs, Kristine  
**Date:** 11/17/2005 9:32:11 AM  
**Subject:** Commercial Vehicle enforcement

Ald Witkowski, Terry and Kris,

I spoke with our Commercial Vehicle Unit today. Heavy load citations are issued to the company not the driver. However, by State Statute, service to the driver equates to service to the company. The catch is the company has to be registered with U.S.D.O.T. and must have a registration number. One company was not a registered company and Judge Gramling had to release the citation because he could not impose the penalty on the driver. I was told that the Sheriff, who of course writes every citation circuit court, files a court ordered Execution of Property if a company is convicted and doesn't pay the fine. This entitles the sheriff to take possession of the load and hold it until the fine is paid. The officers don't believe the city has had a problem with companies paying the fines. But as a precaution we probably should make sure that the other credit report company dealing with corporation are contacted if fines are not paid. If anyone needs clarification, I'd be happy to get more. Thanks, Anna



# APPENDIX J





**Office of the City Clerk  
City of Milwaukee  
Outstanding Debt Task Force**

Ald. Terry Witkowski, Chair  
Martin Collins, Vice Chair  
Kristine Hinrichs, Anna Ruzinski, Robert Juhay,  
Michael Daun, Wayne Whittow, Linda Burke,  
Dorinda Floyd, Dennis Yaccarino, Don Weihs and Rep. Leon Young

*Terry J. MacDonald, Staff Assistant  
414-286-2233, Fax: 286-3456  
E-mail: tmacdo@milwaukee.gov*

November 22, 2005

You are hereby notified that the meeting of the **OUTSTANDING DEBT TASK FORCE** has been scheduled for **WEDNESDAY, NOVEMBER 30, 2005, at 2:00 P.M., in Room 301-B, City Hall, 200 East Wells Street, regarding:**

1. Review and approval of minutes of the November 16, 2005 meeting
2. Comments from the Public
3. Approval of final report

Respectfully,

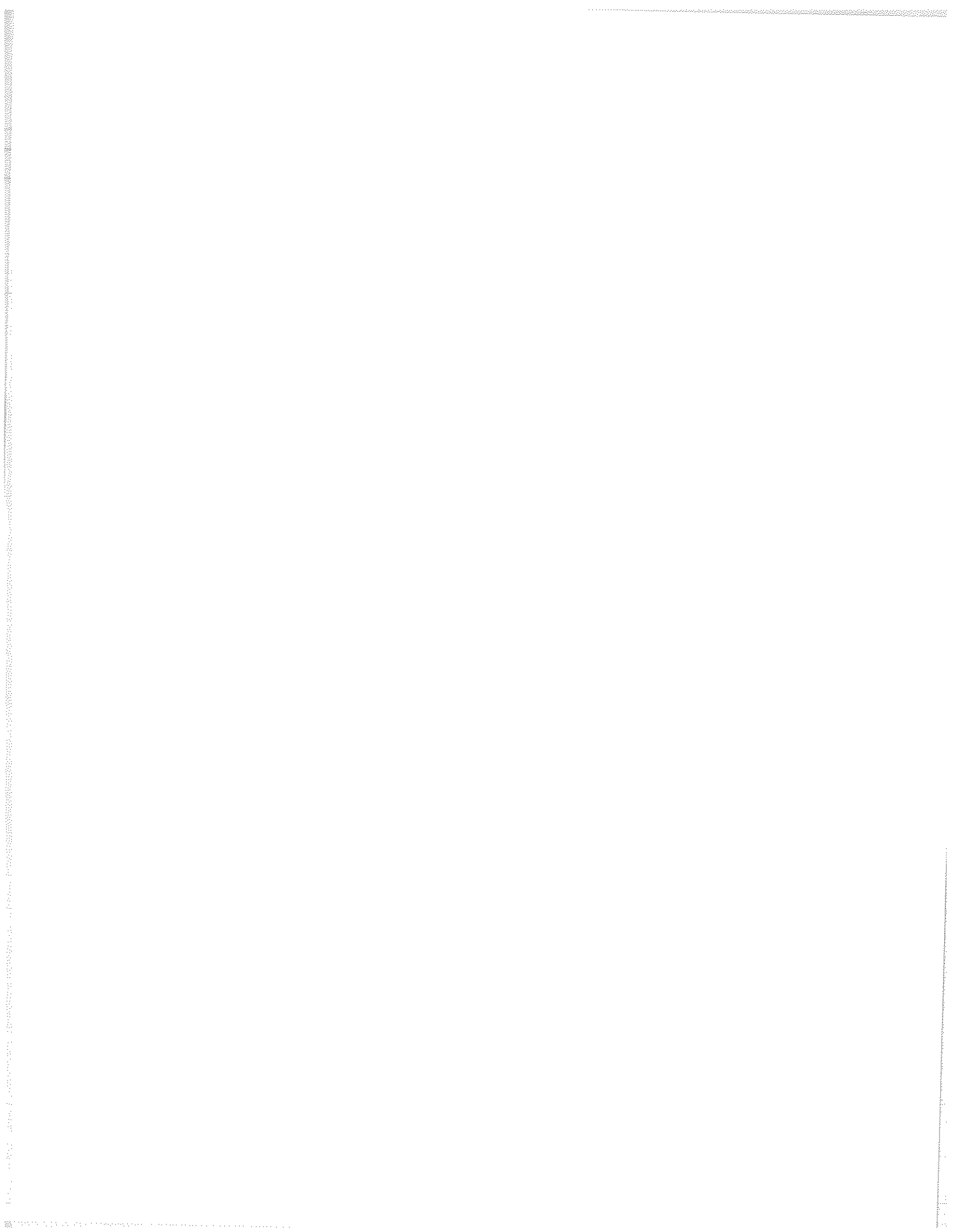


RONALD D. LEONHARDT  
City Clerk

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**MINUTES OF THE  
OUTSTANDING DEBT TASK FORCE**

**November 30, 2005**

Meeting Commenced: 2:07 P.M.

Present: Ald. Terry Witkowski, Chair, Martin Collins, Vice Chair, Kristine Hinrichs, Anna Ruzinski Robert Juhay, Michael Daun, Jim Klajbor (Special Deputy City Treasurer), Linda Burke and Dennis Yaccarino

Excused: Representative Leon Young, Don Weihs and Dorinda Floyd

Also present: Mr. Jim Carroll-LRB; Mr. Craig Johnson and Mr. Dan Shepherd with Professional Placement Services (PPS), Mr. Robert Potrzebowski with Kohn Law Firm

**1. Review and approval of minutes of the November 16, 2005 meeting**

City Attorney Burke moved approval of the minutes, seconded by Mr. Klajbor. There were no objections.

**2. Comments from the Public**

Ms. Hinrichs advised that she contacted Ms. Rhonda Snow of the City of Phoenix Municipal Court and submitted (Exhibit 1) her notes from the conversation regarding collection strategies. She then elaborated on the information she received.

Mr. Potrzebowski appeared and advised that before any of the recommendations are put into a contract, the city may want to inform the current contracted collection agencies of those being included in a contract.

**3. Approval of final report**

Mr. Klajbor moved to revised recommendation #8 as follows:

- a. Continue to explore ways to reduce collection costs.*
- b. Continue including performance measures in Requests for Proposals (RFP's).*
- c. Continue to issue RFP's before current contracts expire to assure that the latest in collection techniques and rates are offered for consideration by the City.*
- d. Explore and consider the use of multiple collection agencies in future RFP's if economically feasible and administratively practicable.*
- e. Explore and consider including a pre-collection call campaign on delinquent*

*accounts in future RFP's if economically feasible and administratively practicable.*

*f. Explore ways to enhance contract specifications to improve collections efforts.*

City Attorney Burke moved to approve as amended, seconded by Deputy Inspector Ruzinski. There were no objections.

Mr. Daun moved to revise recommendation #4 by adding the following sentence:

*These reports will be based upon information provided by city departments performing the billing and collection function.*

City Attorney Burke moved to approve as amended, seconded by Deputy Inspector Ruzinski. There were no objections.

Chairman Witkowski moved to add the following recommendation:

*1. That the Common Council considers enacting an ordinance that would allow or require the withholding of licenses, permits and certificates on the grounds of failure to pay taxes, fees or forfeitures owned the City.*

*To pass legal scrutiny, such legislation will, at a minimum, need to meet the following standards:*

*a. The withholding or denial of permission must apply to all City licenses, permits and certificates, not just to certain types.*

*b. The ordinance must clearly specify a procedure to allow an applicant to appeal, in a hearing-type format, they withholding or denial of the license, permit or certificate.*

Deputy City Attorney Burke moved to not consider this as a recommendation at this time, seconded by Ms. Hinrichs. There were no objections.

Ms. Hinrichs moved to revise recommendation 1B and 1C. by adding parking before the word citations in both recommendations (*Changes are underlined*):

*1B. Establish a time frame to adjudicate parking citations for cities of the first class (Appendix B-Exhibit 1). The language is permissive whereby the city may adopt by ordinance an alternative method for enforcement of parking violations. In addition, this ordinance would allow the Municipal Court to enter a default judgment without requiring signed acceptance of responsibility by the vehicle owner or violator.*

Mr. Klajbor moved to approve, seconded by Mr. Collins. There were no objections.

*1C. Allow for the towing/booting and impounding of vehicles for unpaid parking citations and refusal to release the vehicles until all outstanding citations are paid or adjudicated. This language is permissive whereby a city may tow or boot a legally parked or illegally parked vehicle for unpaid parking citations and hold the vehicle until citations are paid.*

Mr. Klajbor moved to approve, seconded by Mr. Collins. There were no objections.

Chairman Witkowski noted that the following recommendation be amended to include the department(s) that will implement the them (*Changes are underlined*):

*2. That the City Comptroller and City Treasurer develop a citywide revenue collection policy for miscellaneous account receivables. The revenue collection policy would exclude property taxes, municipal court revenues, and parking fines.*

City Atty. Burke moved to approve as amended, seconded by Deputy Inspector Ruzinski. There were no objections.

*3. That the City Comptroller and City Treasurer work to implement late payment fines, if appropriate.*

Deputy Inspector Ruzinski moved to approve as amended, seconded by Ms. Hinrichs. There were no objections.

*6. That the City Comptroller will work with departments to investigate the increase use of standard costs.*

Deputy Inspector Ruzinski moved to approve as amended, seconded by Mr. Collins. There were no objections.

Mr. Klajbor moved to further amend recommendation #6 to read as follows:

*6. That the Comptroller's Office work with departments to investigate the increased use of standard costs.*

Mr. Klajbor moved to approve as amended, seconded by Ms. Hinrichs. There were no objections.

Mr. Daun moved to amend recommendation #5 as follows:

*5. That the Comptroller's Office and the City Attorney work together to develop a policy in regards to writing off ~~the~~ debt that does not fall fit within the statute of limitations. and that those exemptions These write-offs should be disclosed included in the report cited in recommendation #4 once that is this policy is ratified by the Common Council.*

Mr. Daun moved to approve as amended, seconded by Mr. Klajbor. There were no objections.

Ms. Hinrichs moved that her objection be removed from recommendation #1C in the report. There were no objections.

Chairman Witkowski asked if any of recommendations should have a paragraph describing the intent of the recommendation.

Deputy Inspector suggested that a time limit could be noted on the recommendations. Mr. Collins advised that one mechanism they could use would be to recommend that the Finance and Personnel Committee have an agenda item on a Finance & Personnel Committee meeting in say 6 months after the report is heard, to see what the status is on the implementation of the recommendations. Deputy City Attorney Burke noted that once the report is submitted it would be up to the Council to deal with each of the recommendations. Mr. Carroll advised that a separate file for each of the recommendations would be needed to direct the department(s) to implementing the recommendations. Chairman Witkowski advised that a time frame could be put into those individual files.

Deputy City Attorney Burke moved to have a couple members of this task force to put together cover letter to submit along with the report that would explain the report.

Ms. Hinrichs moved to amend and revise 1E to read as follows:

*A Municipal Court judgment is comprised of a municipal forfeiture and a variety of fees and surcharges that go to other governmental agencies. Work to achieve a more equitable distribution of Municipal Court collection costs.*

Mr. Klajbor moved to amend and revise 1D.

Deputy City Attorney Burke moved to approve the final report as amended and that it is subject to clarification of recommendations 1D and 1E, which will be accomplished by Deputy City Attorney Burke and Ms. Hinrichs, and seconded by Deputy Inspector Ruzinski. There were no objections.

*Meeting Adjourned: 3:15 P.M.*

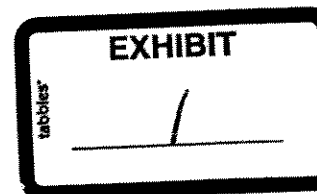
*Terry J. MacDonald  
Staff Assistant*

## Phoenix Municipal Court – Collection Strategies

- Used a RFQ rather than RFP process to identify all qualified agencies. Narrowed to five agencies for initial contract – have four others in reserve. They have now dropped one of the five agencies.
- Agencies were directed to name a commission based upon the account category:
  - Less than 1 year old with good contact information
  - Less than 1 year old with poor contact information
  - More than 1 year old with good contact information
  - More than 1 year old with poor contact information
- Commission ranges from 16% to 30% with an additional 5% added to fund the incentive program.
- All commissions are paid by the defendant in addition to the base judgment - no cost or risk to the City of Phoenix for this program.
- The 5% for the incentive program goes into a pool – allocated among the account categories.
- Quarterly the top two “producers” in each category split the incentive “pot” – 66% to one/33% to the other.
- The tax intercept program is handled by their office of state courts so is not part of this collection process.

### Miscellaneous Information

- All fines/judgments are due immediately upon sentencing. An additional fee is imposed if a default judgment is rendered as they don't get payment immediately.



11/29/2005

- Payment plans are allowed in VERY limited circumstances. There is an additional fee to be on the plan AND the defendant must present evidence of three commercial loan denials for the judgment.
- Their gross receipts were in the range of \$40 million in their last fiscal year – more than three times those of our court.
- Apparently someone has also suggested that Milwaukee County look into this strategy as they were recently contacted by Milwaukee County.
- Contact information: Rhonda Snow, Financial Enforcement Supervisor/602-495-0552.



**From:** Linda Burke  
**To:** Terry MacDonald  
**Date:** 12/2/2005 11:55:10 AM  
**Subject:** Re: Another revision to task force report

Terry, Here is the other requested revision:

"D. Expand existing statutory language to allow municipalities to use income assignment orders, which are more favorable to judgment creditors than conventional wage garnishments, to collect both forfeiture and non-forfeiture debts."

>>> Terry MacDonald 12/1/2005 4:03:21 PM >>>  
To All Members,

I have attached a draft copy of the minutes from the November 30, 2005 Outstanding Debt Task Force meeting. Could you all review them and let me know if there needs to be any corrections, etc. Thanks.

Terry J. MacDonald, Staff Assistant  
City of Milwaukee  
City Clerk's Office  
200 E. Wells St., Room 205  
Milwaukee, WI 53202  
414-286-2233  
Fax: 414-286-3456

**CC:** RobP@kohnlaw.com



**From:** Linda Burke  
**To:** Terry MacDonald  
**Date:** 12/2/2005 9:45:25 AM  
**Subject:** Re: revision to task force report

Here is one of the revisions for the task force report.

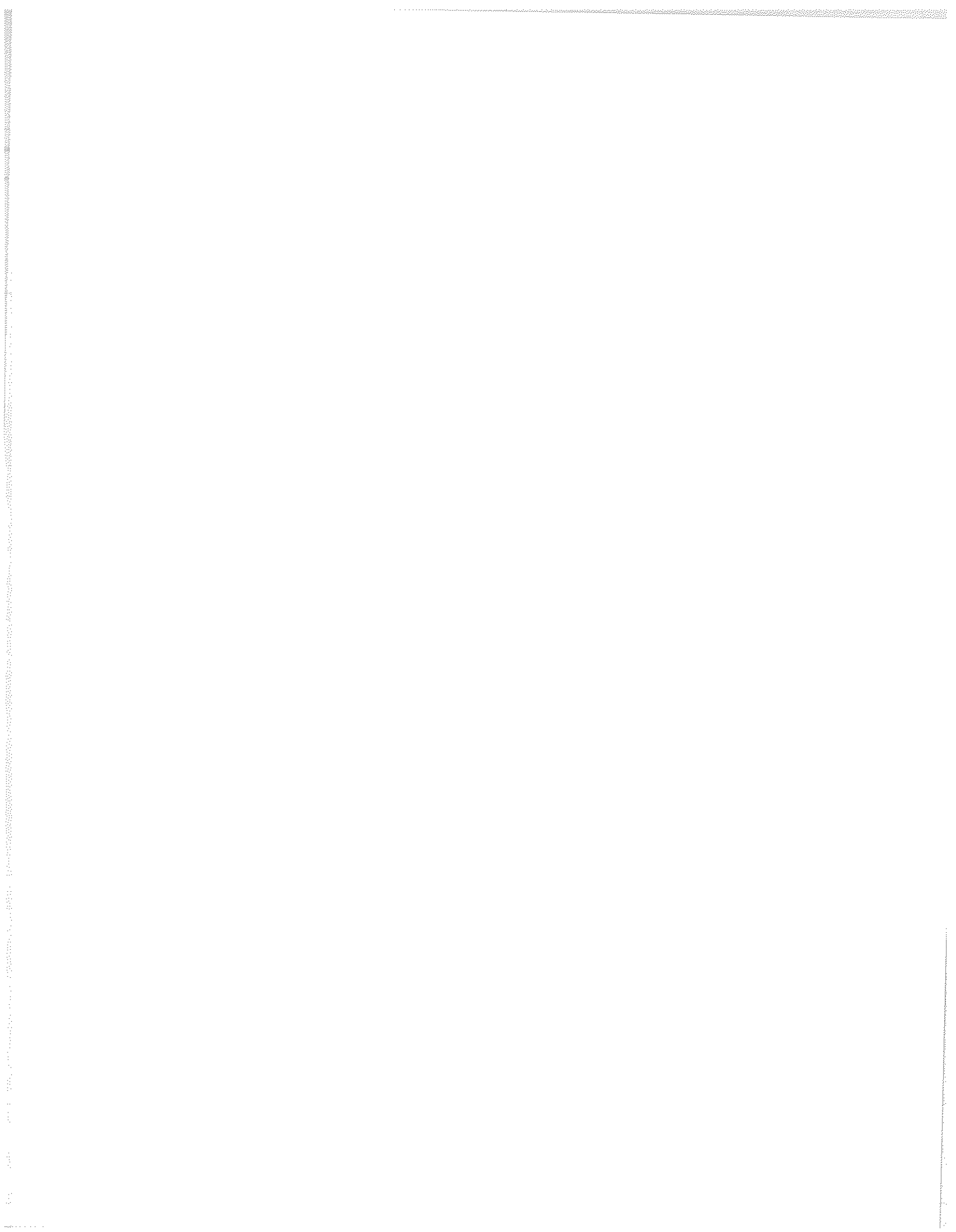
E. Municipal Court judgments include fees and surcharges that must be distributed to various governmental agencies. Work to achieve a more equitable distribution of Municipal Court collection costs through statutory revisions.

>>> Terry MacDonald 12/1/2005 4:03:21 PM >>>  
To All Members,

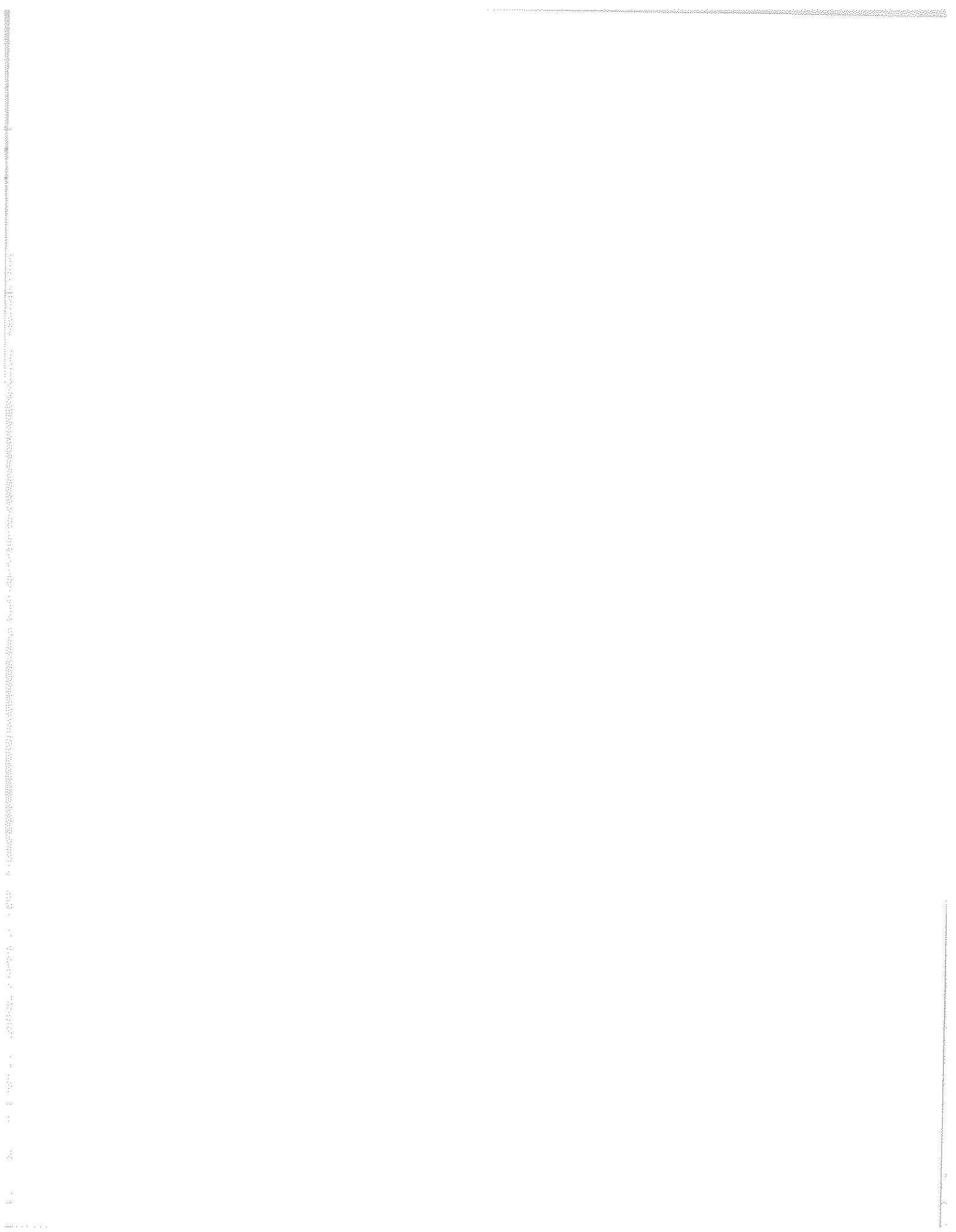
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Terry J. MacDonald, Staff Assistant  
City of Milwaukee  
City Clerk's Office  
200 E. Wells St., Room 205  
Milwaukee, WI 53202  
414-286-2233  
Fax: 414-286-3456

**CC:** Kristine Hinrichs



# APPENDIX K



WAYNE F. WHITTOW  
CITY TREASURER



OFFICE OF THE CITY TREASURER  
MILWAUKEE, WISCONSIN

August 12, 2005

Ald. Terry Witkowski, Chair  
Outstanding Debt Task Force  
City Hall, Room 205

Dear Ald. Witkowski:

This is written in response to your request for information on the status of delinquent tax collections at the end of the scheduled enforcement cycle.

Since the 2001 tax levy is the last levy that has been through the scheduled enforcement cycle, it will be used for the purpose of this response. The 2001 net City taxes (City, MPS, and MATC net levies) totaled just under \$408.98 million. 2001 City delinquent taxes totaled just over \$35.24 million at their peak. Only \$1.079 million remains outstanding, which represents just 0.26% of the total 2001 net City taxes. \$770,246 is delinquent real estate and \$309,174 is delinquent personal property.

Of the \$770,246 in delinquent real estate taxes, \$231,632 or 30% is on the Do Not Acquire (DNA) list. Another \$343,958 or 45% is in bankruptcy. \$148,191 or 19% is in foreclosure and \$40,226 or 5% remains in collection. The remaining 1% is small balance accounts.

Of the \$309,174 in delinquent personal property taxes, \$152,019 or 49% is in bankruptcy and \$26,508 or 8.5% remains in collection. The remaining amount is a combination of small balance and uncollectible accounts.

While the 2001 tax levy has been through the scheduled enforcement cycle, as accounts come out of bankruptcy, are removed from the DNA list, or subsequent levy years become delinquent, these accounts are actively pursued until the statute of limitations runs.

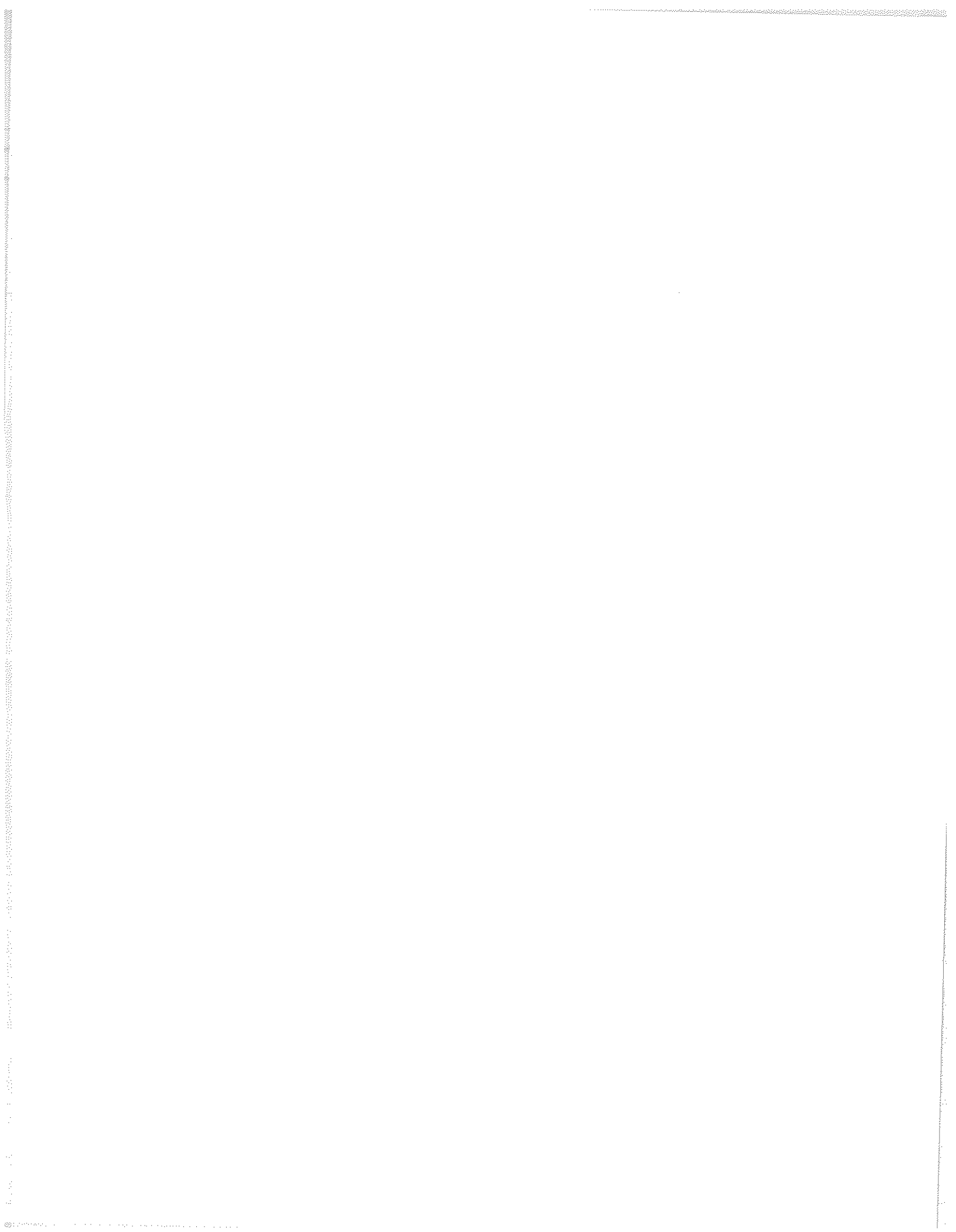
The delinquent tax collection process has proven most effective as demonstrated by this office's 99.83% collection average for the 1998 - 2001 City tax levies.

Sincerely,

A handwritten signature in cursive script that reads 'Wayne F. Whittow'.

WAYNE F. WHITTOW  
City Treasurer

Ref: G:\ASIS\TAXEN\F\AldWitkowskiResponse.doc





Dorinda

Please respond to the attached e-mail with a copy to me.

Also dont forget to forward final task force recommendations to Terry MacDonald.  
Ald. Terry Witkowski

>>> "Scott Snyder" <scott@classic.net> 08/15/05 9:16 AM >>>  
Alderman Witkowski

As we were analyzing the numbers presented to the task force regarding the amount of parking tickets collected and the amount not collected, we noticed what appear to be some discrepancies.

1. The percentages on page 15 don't add up to 100% and we would like to know what the remaining 27% consists of.
2. The figure on page 4 stating the "Total Revenue Collected" for 2004 is \$21.7 million.
  - a. They go on to say on page 15 that the total collected after 81 days (secondary collection effort) is 14.1%.
  - b. On page 16 they state that "Approximately 1/3 collected annually in secondary collections (\$7 million)".
  - c. 14.1% (from page 15) of the \$21.7 million total collected from page 4 is \$2.9 million not \$7 million.

These are a few of the questions we have regarding the collections and outstanding debt.

Attached please find a worksheet template we would like DPW to fill out breaking down the amounts collected from parking tickets in CY 2004 and CY2003 so we can get a better understanding of the numbers presented to the task force.

Thank you

Donald A. Weihs

PVA Cost Containment Services

414-258-1910

\*\*This is a transmission from the firm of PVA Cost Containment Services working under contract and may contain information which is privileged, confidential, or protected by law as a work product. If you are not the addressee, note that any disclosure, copying, distribution, or use of the contents of this message is prohibited. If you have received this transmission in error, please destroy it and notify us immediately at our telephone number (414) 258-0258.\*\*

----- End forwarded message -----

----- End forwarded message -----

**From:** <dfloyd@mpw.net>  
**To:** Cooper Catherine <ccooper@milwaukee.gov>  
**Date:** 9/9/2005 2:53:43 PM  
**Subject:** Fwd: Parking Citation Breakdown Request

Catherine,  
Here is a copy of the email you requested. Any questions, let me know. Thanks.

----- Forwarded message from dfloyd@mpw.net -----  
Date: Mon, 29 Aug 2005 12:46:50 -0500  
From: dfloyd@mpw.net  
Reply-To: dfloyd@mpw.net  
Subject: Fwd: Parking Citation Breakdown Request  
To: scott@classic.net

Mr. Weihs:

We are in receipt of your email to Alderman Witkowski, which he forwarded to me dated August 24. I will attempt to answer your questions.

1. These percentages do not represent revenue collected but percent of citations collected. The percentages provided total 73% because they represent 2004 citations collected at a point in time. Our clearance rate typically totals 80% over time, which has been adjusted to reflect voids, bankruptcies, dismissals, etc. The remaining 20% are not collectable due to a number of reasons including bad license plate or registered owner information, data base errors, out of state plates, etc. As our presentation indicated, the collection rate is quite good as compared to the IPI (International Parking Institute) benchmark of 72% for municipal parking citations.

2. Secondary collections in 2004 did in fact total nearly \$7 million, which does represent nearly 1/3 of our collections. We track primary and secondary revenue only. Because of the variance in citation costs and the imposition of late fees, it is not as meaningful for us to track revenue by payment period. This is why in #1 above we track data on the percentage of citations paid. In addition, the contract is based on primary and secondary collections only.

3. You requested that we fill out the attached table. We do not track revenue by these payment periods, only primary collections (before 80 days) and secondary collections (after 80 days). As stated previously, this data can be misleading because of the variance in citation costs, imposition of late fees, etc. If you still request this information, I would request you file an open records request. Since we do not currently track this information, there may be a cost implication to produce this data.

I hope this information fulfills your request. If you have additional questions, please let me know. Thanks.

----- Forwarded message from TWITKO@milwaukee.gov -----  
Date: Wed, 24 Aug 2005 10:44:34 -0500  
From: Terry Witkowski <TWITKO@milwaukee.gov>  
Reply-To: Terry Witkowski <TWITKO@milwaukee.gov>  
Subject: Fwd: Parking Citation Breakdown Request  
To: dfloyd@mpw.net

City of Milwaukee Parking Tickets		
Outstanding Debt Collected		
For Year 2004		
	Percentage	Revenue
0 to 10 days old	29.40%	
11 to 28 days old	15.70%	
29 to 58 days old	10.70%	
59 to 81 days old	3.10%	
82 to 365 days old		
1 to 2 years old		
2 to 3 years old		
3 to 4 years old		
4 to 5 years old		
5 to 6 years old		
6 to 7 years old		
7 to 8 years old		
8 to 9 years old		
9 to 10 years old		
For Year 2003		
	Percentage	Revenue
0 to 10 days old		
11 to 28 days old		
29 to 58 days old		
59 to 81 days old		
82 to 365 days old		
1 to 2 years old		
2 to 3 years old		
3 to 4 years old		
4 to 5 years old		
5 to 6 years old		
6 to 7 years old		
7 to 8 years old		
8 to 9 years old		
9 to 10 years old		



6 Devine Street  
Second Floor  
North Haven, CT 06473  
tel 203.503.6200  
fax 203.503.6300

October 21, 2005

Alderman Terry Witkowski  
City of Milwaukee  
200 East Wells St., rm. 205  
Milwaukee, WI 53202-3570

Dear Alderman Witkowski:

It was a pleasure meeting with you on Thursday. In response to our meeting, I am pleased to submit for you and your colleagues on the Task Force additional information on JER Revenue Services, LLC (JERRS).

JERRS proposes working with the City of Milwaukee (City) to deliver a customized tax lien collection program for the City that will maximize revenue, keep control with the City, assist taxpayers and avoid the time delay and expense of a computer system conversion.

Our program is very easy to implement, requires no up-front transactional costs or discounts, and is customized to meet your particular needs. Most importantly, our program has proven itself to be effective in diverse communities and with even the most challenging portfolios.

We will assist the City in addressing environmental and other risks; conduct extensive research to locate absentee landlords; identify and address documentation deficiencies; and assist in planning and development strategies. JERRS has the resources and the proven track record to plan and execute effective collection strategies for even for the most troubled assets.

Our team of collections and real estate professionals works directly with your collection staff, supplementing your internal resources. JERRS will mirror the City's tax records on its systems and will interface directly with taxpayers. All payments, however, will be directed through the City per normal operating procedure. This combined initiative gives the City access to very effective collection tools and technology while it remains the official book of record and avoids any third-party fiduciary risk. In addition, JERRS is compensated strictly on performance, earning a contingency fee as collections occur, and the City may cancel the program at any time without penalty. Simply put, if we don't add value, we don't get paid. These control features indicate how strongly JERRS believes in its ability to perform for its clients.

Unlike other firms, JERRS does not acquire tax liens, but rather focuses exclusively on providing servicing programs for governments or their special purpose entities. Through our servicing programs, we align our interests with those of our clients in order to develop a solution for the entire delinquent portfolio, not just those liens that are an attractive economic investment.

JERRS' strong performance has earned the company highest grades from the major rating agencies and the positive results of JER Direct have been heralded in many trade publications including *U.S. Mayor*, the full text of which is included as an attachment. Our diverse client base includes the communities of New Haven, CT; West Haven, CT; New York, NY; Syracuse, NY; Buffalo, NY; Nassau County, NY, Shreveport, LA. JERRS was recently awarded a transaction with Springfield, MA. In the first six months of the contract, JERRS collected approximately \$4.7 million; 20% of the accounts have paid in full. According to a statement in a recent news article, Treasurer-Collector, Salvatore Calvanese was quoted as saying "JER has been doing a "phenomenal job" collecting taxes owed for many years..."

In addition to the *U.S. Mayor* article, I have attached the following detailed information about JERRS:


- History and background
- Qualifications and experience, including major client contact information
- Comprehensive servicing process
- Litigation management

I also urge you to visit our web site at [www.jer.com](http://www.jer.com).

Again, I very much appreciate your time on Thursday. I would welcome the opportunity to meet with you again, and with other members of your Task Force as well, to discuss further how a collaborative effort between JERRS and the City can increase collections, result in fewer properties going to foreclosure and contribute to the long-term economic revitalization of the City.

I look forward to hearing from you soon.

Sincerely,



Joe Rayome  
Vice President

Att.

## A. Executive Summary

### HIGHLIGHTS

- One of nation's leading tax lien servicing firms with over \$1.5 billion in delinquent taxes managed on nearly 152,000 properties.
- Division of a prominent real estate investment management firm with a longstanding successful track record providing high quality real estate asset management services to governments and institutions.
- Comprehensive tax lien collection and real estate services program.
- High degree of customer service and client satisfaction.
- Highest Tax Lien Servicer rating that has been issued by Standard & Poor's, a national statistical rating agency.

### History of Outstanding Results

JER Revenue Services, LLC (JERRS) provides, to governments, property tax outsourcing services that enhance revenues and improve operational cost efficiencies. JERRS has grown to be one of the nation's leading tax lien servicing firms with over \$1.5 billion in liens serviced. JERRS is a business group of the J.E. Robert Companies (JER), an acknowledged leader in real estate investment and asset management with operations in the United States, Mexico and Europe. Since 1991, JER has invested in or managed over 160 transactions with a gross purchase price of \$11 billion. Through its private equity arm, JER Partners, the company has launched five private equity real estate investment funds with over \$2 billion in committed equity capital. These funds together with their financial partners have to date made gross investments of \$6 billion in real estate assets. Investors include: public and corporate pension funds, university and college endowments, and financial institutions.

JERRS builds upon the company's extensive experience in providing asset management, financial advisory and disposition services to government entities. Before 1996, JER managed the resolution of over \$5.5 billion in assets for the Federal Savings and Loan Insurance Corporation (FSLIC), the Resolution Trust Corporation (RTC) and the Federal Deposit Insurance Corporation (FDIC). Many JERRS managers held similar management positions under JER's asset management contract with the FDIC, for which the company managed the liquidation of a \$1.7 billion portfolio of real estate loans and assets acquired by the FDIC from four failed banks in the Northeast. JER completed its assignment in May 1996, one year earlier than scheduled.

As the FDIC contract was nearing its conclusion, and the demand for asset management services at the Federal level was declining, the company recognized the need for similar expertise at the local level where governments had pools of delinquent taxes and distressed real estate portfolios. The company began servicing delinquent tax liens in May 1996, when it was hired as the primary servicer under the first tax lien securitization consummated by the City of New York. The transaction has become the model for all subsequent tax lien securitizations.

In 1997, JERRS introduced its newly developed direct servicing program (JER Direct) to communities in the northeast. Since that time, JERRS has worked with clients in the mid-west, the south and California as well. As an active participant in many finance officers' and county

associations at the state and local level, JERRS has invested considerable time and resources in understanding many of the issues impacting local communities.

**Comprehensive Service Offering with Customized Solutions**

JERRS provides a comprehensive tax lien collection and real estate services program that may include the following features:

City Requirements	JERRS Service Offering	Key Features of JERRS Program
✓	Portfolio Takedown	<ul style="list-style-type: none"> <li>• Data Conversion and Reconciliation</li> <li>• Portfolio Recovery Strategy Plans &amp; Budgets</li> </ul>
✓	Collections	<ul style="list-style-type: none"> <li>• Letter Campaigns</li> <li>• Telephone Campaigns</li> <li>• Forbearance Agreements</li> <li>• Skip-tracing Services</li> <li>• Pre-foreclosure Analysis</li> </ul>
✓	Taxpayer Relations	<ul style="list-style-type: none"> <li>• Ombudsman Program (for taxpayer issue resolution and hardship concerns)</li> <li>• Credit Outreach Program</li> </ul>
✓	Litigation Management	<ul style="list-style-type: none"> <li>• Outside Counsel Liaison &amp; Web-based Performance Monitoring</li> <li>• In-House Legal Department to Support Operations</li> <li>• Real Estate Issues Management</li> <li>• Special Purpose Entity Management</li> </ul>
✓	Asset Resolution	<ul style="list-style-type: none"> <li>• Property Valuations &amp; Site-Visits</li> <li>• Environmental Assessments</li> <li>• Portfolio Mapping</li> <li>• Auction Management</li> <li>• Advertising Campaigns</li> <li>• Proprietary Investor Following</li> <li>• Web-site Listings of Upcoming Auctions</li> <li>• Real Estate Sales &amp; Closings</li> </ul>
✓	Lien Servicing	<ul style="list-style-type: none"> <li>• Tax Record Maintenance</li> <li>• Penalty &amp; Interest Calculations</li> <li>• Pay-off Quotes</li> <li>• Payment Applications &amp; Histories</li> <li>• Defective Lien Processing</li> <li>• Lien Releases</li> <li>• Administering Forbearance Agreements</li> </ul>
✓	Financial Accounting	<ul style="list-style-type: none"> <li>• Financial Records Maintenance</li> <li>• Client Fee &amp; Expense Reimbursements</li> <li>• General Ledger Maintenance</li> <li>• Banking &amp; Cash Management</li> <li>• Accounts Payable</li> </ul>
✓	Reporting	<ul style="list-style-type: none"> <li>• Portfolio Reporting</li> <li>• Financial Reporting</li> <li>• Progress Meetings with Client</li> </ul>
✓	Consulting Services	<ul style="list-style-type: none"> <li>• Client Specific</li> </ul>



### Successfully Serving Public Sector Clients for Over 20 Years

Having served governments for two decades, JERRS and its affiliates understand the unique concerns of our clients and, working in partnership with them, has developed a comprehensive servicing program that addresses these concerns while assisting them to resolve problem delinquent tax and real estate portfolios. Under each of our programs:

- All taxpayers are treated consistently, fairly and respectfully.
- Clients remain in control of all aspects of the program including portfolio recovery strategies, use of third party service providers, out-of-pocket expenses, and collection/processing of tax payments.
- JERRS' compensation is performance based; our financial interests are aligned with our clients' interests to ensure the achievement of collection and other program objectives.

Customer satisfaction is a top priority for JERRS. According to the following 2004 client survey, JERRS received high marks from its clients in all key categories.

2004 JER Revenue Services Client Survey	Average Score of Respondents* 5 = ALWAYS; 1 = NEVER
<b>Collections</b>	
Our partnership with JER Revenue Services is an important contributing factor in the increase in the collection rate for our municipality.	4.2
JER Revenue Services' collection letters (i.e. Goodbye Letter, Hello Letter, etc.), skip-tracing efforts and targeted telephone calling campaigns helped our program get off to a strong start.	4.3
By closely managing the foreclosure litigation process, JER Revenue Services ensures that each matter goes to judgment expeditiously.	4.6
<b>Overall, I am satisfied with the collections effort demonstrated/put forth by JER Revenue Services.</b>	<b>4.6</b>
<b>Taxpayer Relations</b>	
JER Revenue Services addresses taxpayer issues promptly and thoroughly.	4.8
JER Revenue Services' Credit Outreach Program, which refers residential taxpayers to non-profit debt counseling agencies and local lenders, has proven to be a useful resource.	4.3
The representatives at JER Revenue Services are professional, knowledgeable and courteous.	4.9
<b>Overall, I am satisfied with the relationship between our taxpayers and JER Revenue Services.</b>	<b>4.6</b>
<b>Reporting</b>	
JER Revenue Services provides reports that are easy to understand/user-friendly.	4.8
The information and data in JER's reports provides a broad status overview of the assigned portfolio as well as detailed lien analyses.	4.7
JER Revenue Services responds promptly to requests for taxpayer information, portfolio statistics and ad hoc reports.	4.8
<b>Overall, I am satisfied with the reports provided by JER Revenue Services.</b>	<b>5.0</b>
<b>Overall Performance</b>	
JER's services and performance compare favorably to other third party providers retained by our municipality.	5.0
<b>Overall, I am satisfied with the services provided by JER Revenue Services and should the occasion arise, would be willing to refer their services to other government entities/municipalities.</b>	<b>4.7</b>

\* Excludes answers classified as Not Applicable

**Highest National Statistical Rating of any Tax Lien Servicer**

JERRS has achieved a Tax Lien Servicer rating of "*Above Average with Positive Outlook*", which is the highest Tax Lien Servicer rating that was awarded to any firm by Standard & Poor's. JERRS is also listed as one of only two Tax Lien Servicers on Standard and Poor's Select Servicer List. In addition, the JERRS affiliates that manage the company's real estate investment funds and commercial mortgage backed securities operations maintain the highest Special Servicer ratings from Standard & Poor's and Fitch. These outstanding ratings reflect the firm's longstanding track record of achieving outstanding recovery results, excellent professional depth, financial capacity, strong information systems, and a twenty-three year history as a highly proficient manager of complex real estate oriented assets. Copies of the company's ratings reports are available upon request.

**JERRS Team**

Led by a talented and dynamic management team, the company is both experienced and successful in developing and implementing creative, comprehensive solutions that maximize the value of problematic government assets. JERRS is staffed with professionals skilled in tax collections; asset workout and restructure; litigation management; asset valuation; environmental assessment; property management and disposition; and financial accounting and reporting. Our team is a valuable and cost-effective resource to its government clientele.

## B. Qualifications and Experience

### HIGHLIGHTS

- Provided tax lien collection and real estate services to government clients in six states, including Wisconsin, plus the Commonwealth of Puerto Rico.
- Collected over \$1.5 billion in delinquent real estate taxes.
- Managed over 407,000 real estate tax liens on nearly 152,000 properties.
- Managed over 17,000 property tax foreclosures.
- Managed the preparation/filing of 2,700 property tax attachments required to maintain property tax liens and initiate foreclosures in Puerto Rico.
- Conducted 2,800 property tax auctions recovering nearly \$140 million, including post auction sales.
- Assisted clients resolve taxpayer disputes on over \$228 million in delinquent taxes on 16,000 accounts, resulting in collections or corrections to taxpayer balances and other records.

### Trusted with the Industry's Most Difficult Portfolio Assignments

JERRS has successfully managed the industry's largest and most complex delinquent property tax collection assignments. JERRS' clients during the last three years include the following:

CLIENT	DATES OF ENGAGEMENT	ASSIGNMENTS TO DATE (\$000)
Caddo Parrish, LA	7/2002 - Present	\$9,649
City of Shreveport, LA	9/2002 - Present	\$11,903
Government Development Bank Puerto Rico Public Finance Company	2/1999 - 7/2002	\$438,233
Massachusetts (Everett, Marlborough, Pittsfield, Weymouth)	10/1997 - 10/2004	\$8,981
Milwaukee County, WI	7/2001 - 6/2003	\$1,772
Nassau County, NY	10/2002 - Present	\$9,246
New Haven, CT	1/1999 - Present	\$60,541
New York City	5/1996 - Present	\$976,611
New York State Municipal Bond Bank Agency	9/2003 - Present	\$22,483
Sonoma County, CA	5/2002 - 12/2002	\$1,419
Springfield, MA	3/2005 - Present	\$40,920
West Haven, CT	7/2002 - Present	\$13,148

## Experience with Major Clients

<b>Client Name</b>	<b>New York City Tax Lien Trusts</b>
<b>Nature of Work and Performance Period</b>	Since June 1996, New York City has conducted eleven transactions securitizing over \$1.6 billion in delinquent taxes, raising \$1.1 billion in cash advances through the sale of bonds plus residual payments. JERRS was hired as the primary servicer to collect the delinquent taxes; the collections are used to re-pay the bonds with residual amounts going to NYC. Contracts terminate when all assets assigned are resolved or collected.
<b>Size/Complexity of Contract</b>	JERRS has been assigned to date 11 portfolios with an aggregate \$976.6 million in delinquent real property taxes and related charges on 19,629 properties and 30,423 liens. The portfolios included liens on all property types, including bankruptcies, high lien-to-value properties and properties with significant environmental concerns.
<b>Summary of Relevant Experience</b>	<p>The scope of JERRS' activities includes preparing portfolio and asset disposition plans, tax collection; skip tracing to locate taxpayers; property assessments; telephone and letter campaigns; customer service; negotiating payment plans; dispute resolution; engaging outside counsel and managing foreclosure litigation; engaging subcontractors for title, appraisals, broker's opinions, environmental site assessments; scheduling and marketing auctions; managing, marketing and selling all properties taken in foreclosure; developing/maintaining investor database; negotiating sales contracts; performing closing activities; maintaining tax lien and payment records on behalf of the Trust; financial accounting and reporting; and management reporting.</p> <p>JERRS has collected over \$1 billion in taxes and 16,958 properties have been returned to the performing levy.</p>
<b>Client Contact Information</b>	<p>Mr. Daniel Poinson          Senior Advisor to the Commissioner of Finance          City of New York          1 Centre Street, Suite 500          New York, NY 10007          Telephone: (212) 669-4162          Facsimile: (212) 669-2275          E-mail: PoinsonD@Finance.NYC.gov</p>

<b>Client Name</b>	<b>New York State Municipal Bond Bank Agency Tax Lien Trust</b>
<b>Nature of Work and Performance Period</b>	Modeled after the New York City Program, the State of New York developed the first statewide tax securitization. The initial transaction closed in September 2003 with 6 taxing jurisdictions in the State participating, including the cities of Syracuse, Binghamton, Buffalo, and Plattsburgh, and the Buffalo Sewer Authority and Onondaga County. JERRS was hired as the sole servicer to collect the delinquent taxes; the collections are used to re-pay the bonds with residual amounts going to participating taxing jurisdictions. The contract terminates when all assets assigned are resolved or collected. A second transaction is under development.
<b>Size/Complexity of Contract</b>	JERRS has been assigned to date \$22.5 million in delinquent real property taxes and related charges on 3,534 properties and 18,827 liens of 6 taxing jurisdictions. The portfolios included liens on all property types, including bankruptcies, high lien-to-value properties and properties with significant environmental concerns.
<b>Summary of Relevant Experience</b>	<p>The scope of JERRS' activities includes assisting the MBBA market the program to taxing jurisdictions throughout NY; preparing portfolio and asset disposition plans; tax collection; skip tracing to locate taxpayers; property assessments; telephone and letter campaigns; customer service; negotiating payment plans; dispute resolution; engaging outside counsel and managing foreclosure litigation; engaging subcontractors for title, appraisals, broker's opinions, environmental site assessments; scheduling and marketing auctions; managing, marketing and selling all properties taken in foreclosure; maintaining investor database; negotiating sales contracts; performing closing activities; maintaining tax lien and payment records on behalf of the Trust; financial accounting and reporting; and management reporting.</p> <p>JERRS has collected over \$4.6 million on 2,499 liens. Over 630 properties have been returned to the performing levy.</p>
<b>Client Contact Information</b>	<p>The State of New York Municipal Bond Bank Agency 641 Lexington Avenue New York, NY 10022 Telephone (212) 688-4000 Facsimile: (212) 872-0678</p>
	<p>The State of New York requests individual names not be published. When calling, please inquire about the MBBA Tax Lien Program.</p>

Client Name

City of West Haven, CT

**Nature of Work and Performance Period**

The City of West Haven entered into a direct servicing contract with JERRS in July 2002 to collect delinquent real estate taxes. The contract has been renewed annually since.

**Size/Complexity of Contract**

JERRS has been assigned to date \$13 million in delinquent real property taxes on 3,417 properties and 3,417 liens. The portfolios included liens on all property types, including bankruptcies, and high lien-to-value properties.

**Summary of Relevant Experience**

The scope of JERRS activities includes tax collection; taxpayer and property investigations; implementing telephone and letter campaigns; providing customer service; processing correspondence; negotiating payment plans; resolving disputes and responding to inquiries; engaging outside counsel and managing foreclosure litigation; engaging subcontractors for title, appraisals, broker's opinions, environmental site assessments; scheduling and marketing auctions; managing, marketing and selling all properties taken in foreclosure; maintaining investor database; negotiating sales contracts; performing closing activities; and management reporting.

JERRS has collected over \$7.5million and returned 1,434 properties to the performing tax levy. Standard & Poor's and Moody's Investors Service gave a high rating to West Haven's January 2004 note sale. They also reaffirmed the City's overall bond rating which, prior to hiring JERRS, was in danger of being downgraded. West Haven, in addition to JERRS' other clients, has also benefited from JERRS' technological support and reporting systems. Thorough management reporting has provided West Haven with important information not accessible internally and has allowed the City to monitor collection performance, update taxpayer records and oversee program strategies and results.

**Client Contact Information**

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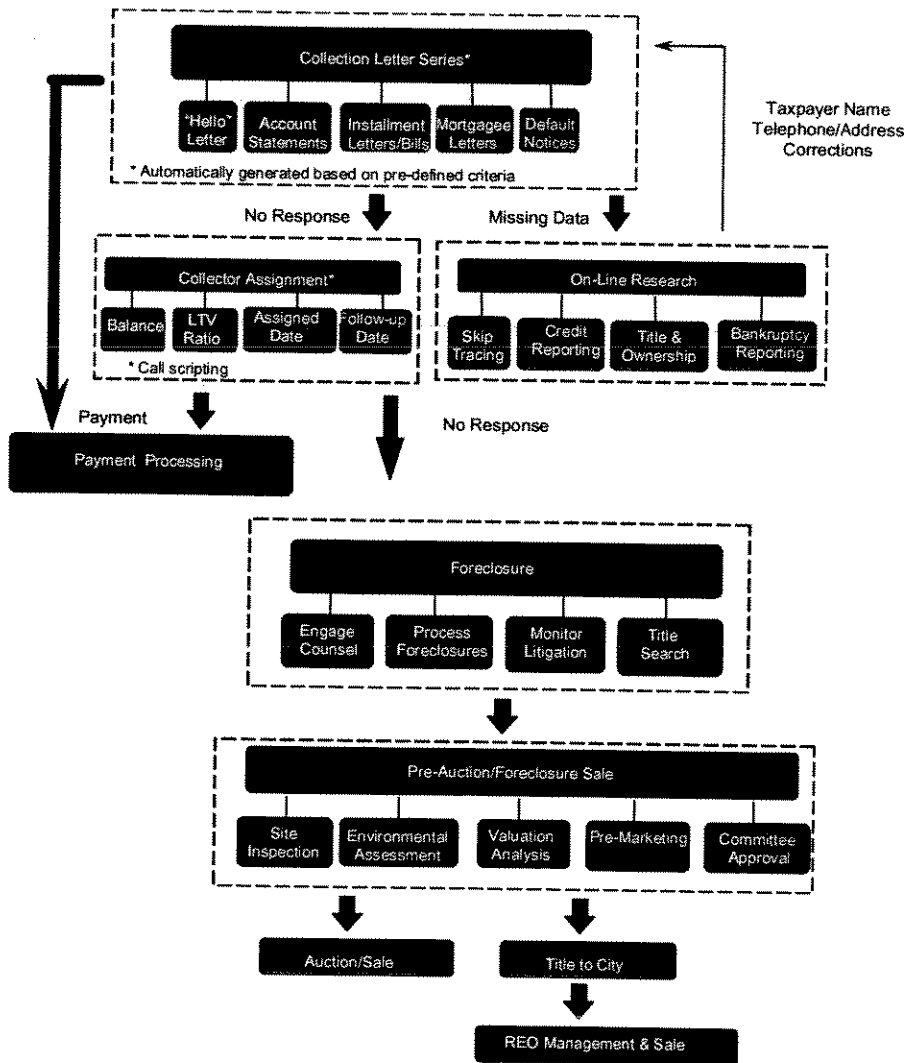
Client Name

City of New Haven, CT

<b>Nature of Work and Performance Period</b>	JERRS has been collecting delinquent real estate taxes on behalf of the City of New Haven since January 1999.
<b>Size/Complexity of Contract</b>	JERRS has been assigned to date \$ 60.5 million in delinquent real property taxes on 6,835 properties and 11,482 liens. The portfolios included liens on all property types, including bankruptcies, and high lien-to-value properties.
<b>Summary of Relevant Experience</b>	<p>The scope of JERRS' activities includes tax collection; skip tracing to locate taxpayers; property assessments; telephone and letter campaigns; customer service; negotiating payment plans; dispute resolution; engaging outside counsel and managing foreclosure litigation; engaging subcontractors for title, appraisals, broker's opinions, environmental site assessments; scheduling and marketing auctions; referring property bids to the City; and management reporting. JERRS developed a <i>Credit Outreach Program</i> designed to put New Haven's residential taxpayers in touch with local lenders and non-profit agencies who provide credit counseling and lending programs to assist taxpayers in satisfying their obligations and keeping their homes. JERRS also assisted the City in the development of a common database of City-owned properties acquired through tax foreclosure proceedings, which was used by the City to better manage its inventory of City-owned assets and develop more effective disposition strategies. JERRS brought into the community new development firms who have acquired and rehabilitated foreclosed properties.</p> <p>JERRS has generated over \$63 million in recoveries and returned 5,981 properties to the performing tax levy. New Haven's real estate collection rate has increased six percentage points from 92% to 98% and the City's bond rating has been upgraded twice. The U.S. Conference of Mayors cited the program as a "Best Practice" in a 2001 publication of U.S. Mayor.</p>
<b>Client Contact Information</b>	<p>Mr. Frank Altieri, Acting Budget Director City of New Haven 165 Church Street New Haven, CT 06512 Telephone: (203) 946-7921 Facsimile: (203) 946-7924 E-mail: <a href="mailto:faltieri@newhavenct.net">faltieri@newhavenct.net</a></p>

**C. Comprehensive Servicing Process**

The following flow chart illustrates the general course of action typically taken by JERRS from the early stages of collection through the sale of foreclosed property. The process can be customized as required for the City of Milwaukee.





## **D. Litigation Management**

### **Tax Foreclosure**

JERRS is very experienced managing the foreclosure process, having managed over 17,000 tax foreclosure actions. Our litigation management strategy minimizes legal costs and other related expenses incurred by our client, while ensuring cases move expeditiously through the system. In addition to our in-house legal operations team, professionals involved in the process generally include outside counsel, our client's in-house counsel, property inspectors, brokers, appraisers and environmental firms.

JERRS hires outside counsel through a competitive bid process. Our selection process considers a firm's ability to move cases quickly, the cost effectiveness of the firm, the accuracy of the work produced, and the responsiveness of the firm. We also consider the competence and experience of each firm's staff, competing workloads, and recommendations of the City as well as other third parties. The legal fee schedule is structured to provide incentive for each firm to complete the process as quickly as possible. The competition among firms for JERRS' volume of work and the constant evaluation of these firms by JERRS results in high quality legal services at reasonable rates. Our legal operations team monitors the status and progress of each litigation action. All invoices are audited prior to being processed for payment. JERRS' new web based litigation management system expands case tracking abilities, streamlines billing functions, allows for immediate status updates from outside counsel and increases reporting capabilities.

JERRS' outside counsel have developed unique expertise in tax lien foreclosures, and work with us to resolve many unique legal issues involving lien foreclosures, including questions of validity, lien priority, enforceability, payment and the recovery of counsel fees. Significant case law is shared among all outside counsel. JERRS will apprise the City's in-house counsel of all important legal objections as received and will work with the City to develop procedures for handling and resolving legal objections. In some cases the City's in-house counsel may wish to become directly involved and appear with outside counsel. In other cases, the City may limit its role to providing necessary affirmations supporting lien validity, lien priority, and amount of debt and/or payments.

### **Bankruptcies**

JERRS has considerable experience managing liens in bankruptcy, should the City desire to supplement its in-house resources. JERRS will work with the Law Department in coordinating bankruptcy filings. Bankruptcies are identified on JERRS' collection and web-based litigation management systems and are monitored by JERRS throughout the process. Appropriate parties involved in any litigation are notified, and the collection action is put in abeyance. Should the City so desire, JERRS or its assigned counsel can file the Proof of Claim and Request for Service with the bankruptcy court. Assigned counsel files the appropriate motions, pleadings and objections relative to each pending case. Both JERRS and assigned counsel maintain contact with pro se debtors, debtors' counsel and Trustees. Any payments approved under Chapter 11 and Chapter 13 plans are tracked to ensure timely receipt.

# Best Practices

## New Haven Builds Tax Revenues

By Public/Private Partnership

The City of New Haven is among the first in the nation to receive a financial boost from a sound new public/private partnership. With the assistance of JER Revenue Services (JER), the city has collected \$18.6 million in delinquent real estate taxes, improved its overall tax collection rate by 3 percent and avoided raising taxes. The city contracted with JER in 1999 to collect a portfolio of older, hard-to-collect liens. The program was such a success, that the city now uses JER as part of its continuing collection process and JER manages over 5,460 liens.

The city has always taken a progressive approach toward eliminating delinquencies in New Haven. Prior to signing on with JER's Direct Servicing program, we took advantage of other creative strategies including tax lien securitizations and bulk sales. Having experienced all of the available options, Direct Servicing is the best. In partnering with JER to collect delinquent real estate taxes, the city's internal resources can focus on current taxes, and past due motor vehicle and personal property taxes. The combined effort of the two teams has improved the city's collection rate, lowered delinquencies and increased the city's cash flow.

Increased cash flow is a plus for taxpayers because it means that more money is available to support local services without raising taxes. Non-paying citizens continue to benefit from government services and their failure to pay places an unfair burden on the taxpayers who do honor their tax obligations. Another factor is the issue of

property values. If people are not paying their taxes, they are probably not maintaining their property. Poorly maintained and abandoned properties deteriorate our neighborhoods and negatively impact the community as a whole. The end result is lower property values and higher taxes.

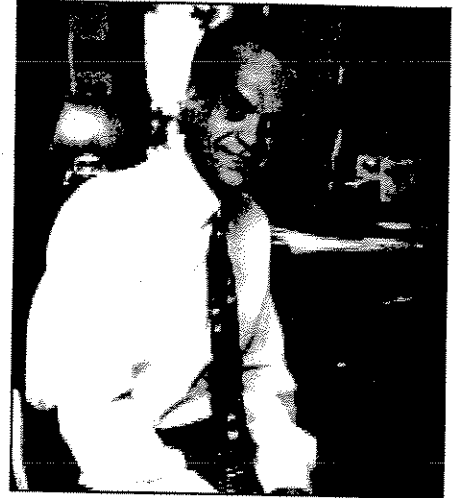
How has JER assisted the city to avoid the dilemma of mounting tax delinquencies and deterioration of their community? JER's Direct Servicing program combines assertive collection strategies along with sensitivity to taxpayer needs. The focus of the program is to pursue collections primarily through redemptions and payment plans. JER's program employs various methods for contacting taxpayers and educating them regarding their rights and responsibilities. Many taxpayers are not aware of the resources available to assist them with financial obligations. Speaking with JER's courteous professionals can put the taxpayer at ease by helping them understand and explore options to satisfy their tax obligations. JER offers a Credit Outreach Program designed to put residential taxpayers in touch with local lenders and non-profit agencies that can provide confidential credit counseling and explain financing alternatives. JER also has bilingual staff available to assist non-English speaking taxpayers.

At regularly sponsored city events, known as "Mayor's Night In", New Haven taxpayers having difficulty paying taxes are invited to city hall to meet representatives from JER and its Credit Outreach participating agencies. The forum provides a convenient opportunity for taxpayers to get financial assis-

tance, negotiate payment plans and file loan applications. The joint effort of the city and JER has proven to be a success for the city and New Haven taxpayers.

While JER's mission is to generate cash through redemptions, there are circumstances where taxpayers do not respond or remain unable to pay. Unfortunately, in these cases, the law provides local authorities with little option but to initiate foreclosure. JER can manage the process and provide both property management and disposition services. For example, JER conducts highly visible marketing campaigns that generate interest from adjacent property owners and community groups. Having these resources available allows local governments to confidently take title and get foreclosed real estate into the hands of new owners who can revitalize property and return it to the performing levy.

In addition to the collection and real estate services, there is also the benefit of JER's technological support and reporting systems. Thorough management reporting allows the city to monitor collection performance, update taxpayer records and direct the course of the program. State-of-the-art data processing, communication systems and a specialized collection program enable JER to manage large volumes of accounts and provide the city with important information not easily acces-



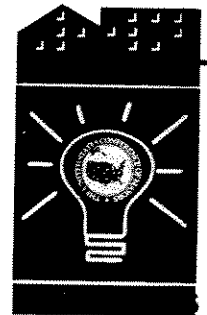
New Haven Mayor John DeStefano, Jr.

sible internally.

JER Revenue Services is one of the leading delinquent tax servicing firms in the nation serving diverse communities including New York City and the Government Bank of Puerto Rico, as well as communities such as New Haven. Since 1996, JER Revenue Services has managed over \$1 billion in delinquent taxes nationwide.

JER's Direct Servicing program is an innovative new concept that is setting the standard for tax lien collection. Improved collections and satisfied taxpayers go hand in hand with JER approach.

For more information call (203) 503-6280 or visit JER's web site @ [www.jer.com](http://www.jer.com).



Mayors are invited to submit the "Best Practices" of their cities to U.S. MAYOR. Contact Public Affairs at (202) 293-7330 or fax (202) 293-2352.