



Recycling, Salvage and Metal Scrapping Task Force

Prepared by the Legislative Reference Bureau

**Findings & Recommendations
Final Report**

January, 2015

Report by the Legislative Reference Bureau conveying the findings and recommendations of the Recycling, Salvage and Metal Scrapping Task force, including the identification of issues and concerns, a review of current law and a description of recommended local and state actions.

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RECYCLING, SALVAGE AND METAL SCRAPPING TASK FORCE FINAL REPORT

City of Milwaukee, Wisconsin
January 2015

Prepared by:
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Room 307, City Hall
200 E. Wells Street
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TASK FORCE MEMBERS

Representing the City of Milwaukee

Ald. Joseph A. Dudzik, Chair

Common Council, 11th District

Appointed by the Chair of the Public Safety Committee

Ald. José G. Pérez

Common Council, 12th District

Appointed by the Chair of the Zoning, Neighborhood and Development Committee

Jeff Thiele

Milwaukee Police Department

Designated by the Chief of Police

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Milwaukee Department of Administration, Intergovernmental Relations Division

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Art Dahlberg

Department of Neighborhood Services

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Milwaukee Common Council / City Clerk's Office

Designated by the City Clerk

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Darren Engbring

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Jim Tolkan

Automotive Dealers Association of Mega Milwaukee

Appointed by the Common Council President

Tony Teich

Mill Valley Recycling

Appointed by the Common Council President

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I. EXECUTIVE SUMMARY

The City of Milwaukee Recycling, Salvage and Metal Scrapping Task Force (“Task Force”) was established by the Common Council on May 5, 2014 (Resolution File Number 131798) to *“review and make recommendations relating to City licensing and regulation of recycling, including junk collections and junk dealing, second-hand vehicle dealing, salvage and wrecking, and metal recycling and scrapping.”*

The resolution provided that the Task Force complete a report and recommendations to the Common Council within 120 days of the adoption of the resolution. Following submission of the report and recommendations, the resolution provides that the task force is dissolved. The original reporting deadline of the Task Force was September 10, 2014. This deadline has subsequently been extended to January 21, 2014.

The Task Force met on 6 separate occasions between August 14, 2014 and January 15, 2015 (the minutes from these meetings are provided in the attachments). Specifically, the Task Force convened on the following dates:

- August 14, 2014.
- September 18, 2014.
- October 16, 2014.
- November 19, 2014.
- December 9, 2014.
- January 15, 2014.

The information provided to the Task Force over these meetings demonstrates that the regulation of activities relating to scrap metal – both legal and illegal – is a complex topic. There is clearly no single action agreeable to both the public and private sectors, and a variety of approaches need to be examined.

Notwithstanding this complexity, the Task Force finds that solutions do exist for minimizing the harm caused by illegal scrap metal activity and increasing the efficiency of government regulation. Through a comprehensive study of local issues and a thorough review of existing best practices, the City of Milwaukee Recycling, Salvage and Metal Scrapping Task Force

forwards the following recommendations to the Common Council:

The Recycling, Salvage and Metal Scrapping Task Force recommends that the City of Milwaukee:

- Create an “umbrella” license for all scrap metal-related businesses.
- Create a licensing and regulatory structure for tow trucks operating in Milwaukee.
- Mandate holding periods for certain items purchased by scrap dealers.
- Develop educational and information materials for distribution to the public.
- Require cashless payment of certain metal transactions.
- Develop a system for categorizing metal transactions.
- Communicate with neighboring communities.
- Support scrap metal businesses in the implementation of these recommendations.

The Recycling Salvage and Metal Scrapping Task Force also recommends that the City’s Intergovernmental Relations Division lobby on behalf of the City for state government to:

- Implement a single, consistent statewide scrap metal reporting system.
- Modify state auto salvage laws.
- Better cooperate in the identification and prosecution of scrap metal thieves.

II. INTRODUCTION

A. Issues and Concerns

Increases in scrap metal prices over the past decade – particularly the steep price increases of copper in the mid-2000s – have increased the value of metal items and, subsequently, the number of related thefts. According to a 2009 Electrical Safety Foundation International (ESFI) report,¹ *“prior to the recent major economic downturn, worldwide economic growth over the last few years has sent the demand, and consequentially the price, of copper skyrocketing. This, in turn, seemed to ignite a problem that had been simmering for decades – utility copper theft.”*

Some researchers have also noted other factors putting items at higher risk for theft. For instance, Ronald Clarke coined the acronym CRAVED² (concealable, removable, available, valuable, enjoyable and disposable) to describe product attributes which increase the risk of theft. Researchers at the University of Indianapolis, however, have also noted that:

A buyer of these stolen metal goods...is necessary for the disposal of the items, which, unlike other stolen items like electronics and clothes, are not usually enjoyable themselves. Also unlike electronic goods and other items, the resale of metal items, such as catalytic converters, copper plumbing and wires, and aluminum siding requires a rather specialized second-hand market.³

A 2010 Office of Community Oriented Policing Services (COPS) report⁴ further elaborates on the problem of scrap metal theft, noting that – unlike gold or silver, which tends to have intrinsic value in its original shape – metals such as copper, aluminum, brass, zinc, nickel, platinum and bronze *“have value only when sold to a scrap metal dealer who arranges for the metal to be melted and reshaped for other uses.”* The report further notes that *“the scrap metal theft problem is driven entirely by the ability to sell stolen goods to recyclers, and often these recyclers facilitate crime.”*

¹ Electrical Safety Foundation International. 2009. *Copper Theft Baseline Survey of Utilities in the United States*.

² Clarke, R.V. 1999. *Hot products: Understanding anticipating and reducing demand for stolen goods*. Police Research Series Paper 112. London, England: Home Office Policing and Reducing Crime Unit.

³ Whiteacre, Kevin W. November 5, 2009. *Scrap Yards and Metal Theft Insurance Claims in 51 U.S. Cities*. University of Indianapolis Community Research Center, Research Brief #2.

⁴ Kooi, Brandon R. 2010. *Theft of Scrap Metal: Problem-Oriented Guides for Police, Problem-Specific Guides Series No. 58*. U.S. Department of Justice, Office of Community Oriented Policing Services.

The ESFI report (derived from a survey of 3,100 utilities, 618 of which responded) showed that in 2008, there were 18,400 individual copper theft incidents at United States utilities. The cumulative repair costs for these thefts were over \$22 million. ESFI further estimated that more than 90% of the nation's utilities experienced copper theft in 2008.

The U.S. Department of Energy (DOE), Office of Electricity Delivery and Energy Reliability, which “*monitors changes, threats, and risks to the energy infrastructure in the United States*,” has also been cited in several recent news sources as estimating that metal theft (particularly copper) costs U.S. businesses approximately \$1 billion annually as a result of power outages, revenue losses, and repair costs.⁵

Interestingly, although the collective impact of metal theft appears to be significant, scrap metal theft is typically an opportunistic crime of smaller individual proportions. Although rates of theft vary across the United States, metal thieves typically target vacant or foreclosed homes, construction sites and other relatively accessible and unsupervised areas. Generally, thieves sell these metals for a small amount of cash (relative to the damage caused) at scrap metal yards, where the products are melted and reshaped for other uses. According to a 2010 report from the DOE,⁶ “*the vast majority of [copper] thefts result in very minor monetary costs [to utilities].*”

The National Insurance Crime Bureau (NICB) has further identified trends among states. According to a May 2014 news release,⁷ “*the NICB sees hopeful evidence that the national problem of metal theft might be decreasing.*” According to the NICB, which reviewed data from January 1, 2011, to December 31, 2013, metal theft insurance claims⁸ have declined 26% since 2011 (see Figure 1, page 9).

⁵ This figure could not be substantiated by the LRB, although it is widely referenced in news and other sources.

⁶ U.S. Department of Energy, Office of Electricity Delivery and Energy Reliability. October 2010. *An Updated Assessment of Copper Wire Thefts from Electric Utilities*.

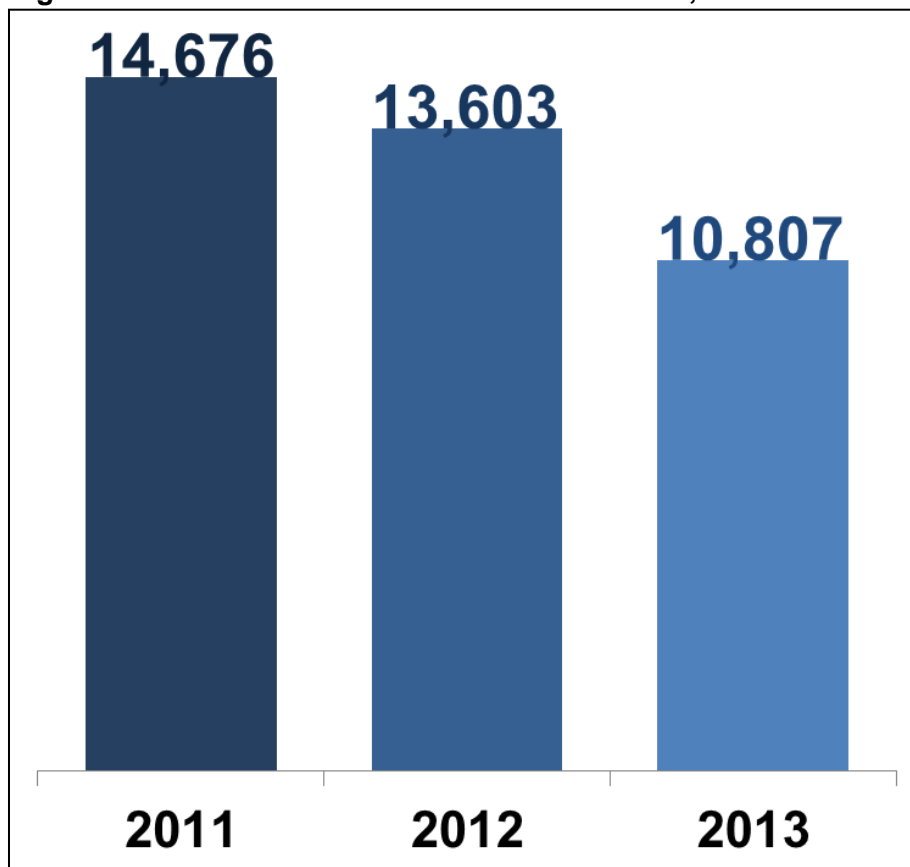
⁷ National Insurance Crime Bureau . May 8, 2014. *Insured Metal Theft Claims See Three-Year Decline*. NICB News Release.

⁸ Insurance claims were identified through a keyword search of data from the Insurance Services Office (ISO) ClaimSearch database using the terms “cop,” “brass,” “bronze” or “alum,” in addition to the terms “stole,” “theft,” “thieves,” “took,” “steal” or “missing.” The NICB notes that “there is no exact method for extracting metal theft claims from ISO ClaimSearch.”

Between 2011 and 2013, Ohio (4,144 claims), Texas (2,827), California (2,489), Pennsylvania (2,345) and Georgia (2,067) topped the list of claims per state from homes and businesses. Wisconsin ranked 28th, with 373 metal theft insurance claims. Expressed in terms of claims per capita, Wisconsin ranks 39th, with approximately 2.17 claims per 100,000 residents.⁹ See Figure 2, page 11. The report also notes that 97% of claims were for copper and that “*the number of claims filed is found to have a statistically significant correlation with the price of copper.*”

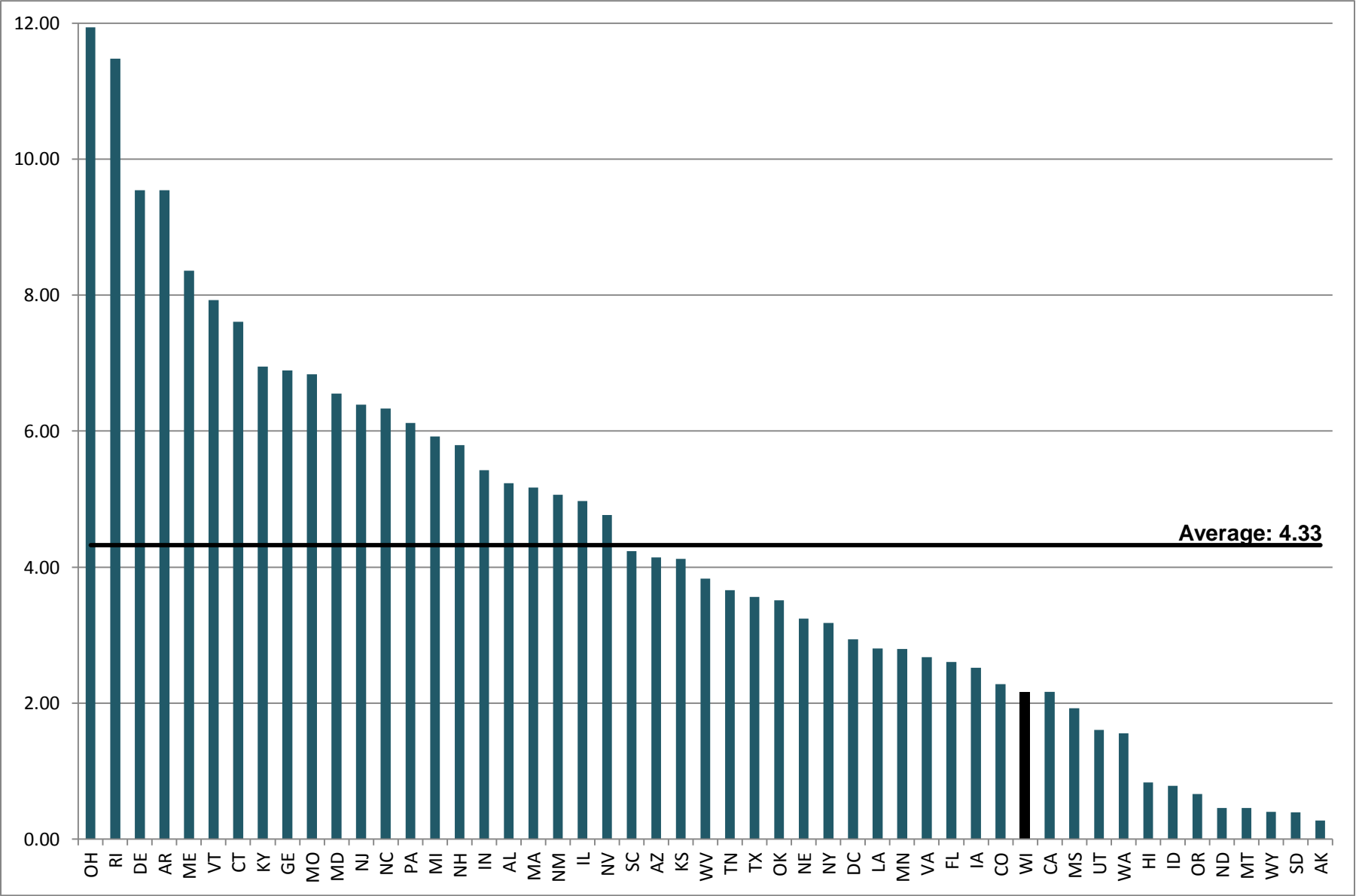
The risk in relying on insurance claims as an indicator of metal theft rates is that the theft of metal may be underreported. For instance, the value of a damaged property may not be sufficient to warrant an insurance claim or the property or equipment may not be insured at all. Regardless, these data do appear to show trends in metal theft within and across the United States, including Milwaukee.

Figure 1. Total U.S. Metal Theft Insurance Claims, 2011 to 2013.



⁹ Claims per capita were derived by dividing the average number of claims per year between 2011 and 2013 for each state by its 2013 population, then multiplying by 100,000.

Figure 2. Metal Theft Insurance Claims per 100,000 Residents, by U.S. State.



B. Current Regulations

City of Milwaukee

Numerous regulations relate to the buying and selling of scrap metal in the city of Milwaukee. Two chapters of the Milwaukee Code of Ordinances, in particular, deal directly with the commercial regulation of scrap metals: chs. 92 and 93, titled “Secondhand Dealers” and “Secondhand Motor Vehicle and Auto Wreckers,” respectively.

In general, ch. 92 regulates secondhand dealers, junk collectors and junk dealers. Any of these 3 types of licensed businesses may engage in scrap metal purchasing. Specifically, this chapter of the code deals with the regulation of pawnbrokers (s. 92-1), secondhand dealer licensing (s. 92-2), junk collector and dealer regulation (s. 92-3), aluminum can recycling (s. 92-4), bicycle sale and resale records (s. 92-6) and precious metal and gem transactions (s. 92-10).

Chapter 93 of the code regulates metal scrapping activities not addressed in ch. 92, namely: secondhand motor vehicle buying, selling, exchanging or dealing and auto wrecking. Chapter 93 also regulates transactions involving bicycles, “used or secondhand parts of motor vehicles and bicycles, and used or secondhand tires and batteries.”

Various additional provisions deal with issues relating to metal scrapping, such as various zoning regulations, parking and towing regulations, fire prevention and the unauthorized removal of recyclables from recycling containers.

More detailed information concerning City regulations are provided in the LRB’s August, 2014, report reviewing licensing and regulation, including historical changes to the above provisions and more details concerning licensing requirements.

State of Wisconsin

Wisconsin statutory regulations dealing with metal theft cover a variety of topics, from licensing to theft to the regulation of certain materials and businesses. In addition, state administrative regulations and rules (Wis. Admin. Code) include recordkeeping, taxation, transport and other requirements. These regulations are provided in the LRB’s August, 2014, report.

Notably, the State of Wisconsin has recently made changes to scrap-metal-related regulations. These include:

- *2003 Wisconsin Act 142.*

According to a 2004 Wisconsin Legislative Reference Bureau (WLRB) research bulletin,¹⁰ *“Act 142 (AB-758) generally requires a law enforcement officer who causes the removal of an unregistered, abandoned, or illegally parked vehicle by a towing service to, within 24 hours of ordering the removal, notify the towing service of the name and last-known address of the registered owner and all lienholders of record of the vehicle.”*

- *2007 Wisconsin Act 64.*

Wisconsin strengthened its requirements regarding sale and purchase of recyclable materials in 2007 with Act 64. According to a WLRB,¹¹ the bill (SB-473) *“requires a scrap metal dealer purchasing nonferrous scrap metal to record and make available to law enforcement agencies information identifying the seller and the items sold. Before purchasing certain proprietary articles, a scrap metal dealer must establish the seller’s ownership of the proprietary article.”* The bill also established that scrap metal dealers could bring civil action to recover damages caused by theft.

- *2009 Wisconsin Act 201.*

The WLRB notes¹² that *“Act 201 (SB-506) makes various changes relating to motor vehicle towing and storage liens, including expanding the availability of these liens to the towing and storing of any vehicle, not just a motor vehicle; clarifying the towing service provider’s lien rights and obligations and a vehicle owner’s or secured party’s obligations; and modifying the priority given towing and storage liens over other security interests.”*

- *2013 Wisconsin Act 76.*

According to the WLRB’s summary of the 2013-2014 legislative session,¹³ *“Act 76 (SB-179) allows for the immediate towing of a vehicle parked without authorization on private property, at the vehicle owner’s expense and without the issuance of an illegal parking*

¹⁰ Wisconsin Legislative Reference Bureau. September 2004. *Summary of the 2003-2004 Wisconsin Legislative Session*. Research Bulletin 2004-2.

¹¹ Wisconsin Legislative Reference Bureau. June 2008. *Summary of the 2007-2008 Wisconsin Legislative Session*. Research Bulletin 2008-1.

¹² Wisconsin Legislative Reference Bureau. July 2010. *Summary of the 2009-2010 Wisconsin Legislative Session*. Research Bulletin 2010-1.

¹³ Wisconsin Legislative Reference Bureau. May 2014. *Summary of the 2013-2014 Wisconsin Legislative Session*. Research Bulletin 2014-1.

citation, if the private property is posted with a notice. Certain requirements apply with respect to the towing, and the towing service may impound the towed vehicle until applicable charges are paid.”

Act 76 also requires the DOT to “*promulgate rules establishing...reasonable charges for removal and storage of vehicles*” and “*the form and manner of display of notice necessary to quality as ‘properly posted.’*” Act 76 almost entirely went into effect on March 1, 2014, but the effective date for the provisions dealing with towing and parking was postponed to July 1, 2014. As of August 7, 2014, it appears that the DOT has yet to establish rules for reasonable removal and storage fee and the definition of “properly posted.”

- *RR-988: Model Ordinance for Removal of Non-Structural Materials from Vacant Buildings.*

According to a June 9 update from the Wisconsin DNR,¹⁴ this model ordinance was drafted to address “*salvaging of non-structural materials from abandoned/vacant buildings. The purpose of this ordinance is to ensure that the municipality has approved the salvage activities and that the contractors’ operations are safe, environmentally responsible, and not a detriment to the community.*”

Other States

A recent report by the Council of State Governments (CSG) notes that:¹⁵

Insurance companies, law enforcement officials and industry watchdogs have called scrap metal theft – including copper, aluminum, nickel, stainless steel and scrap iron – one of the fastest-growing crimes in the United States. State leaders have taken notice, passing a flurry of legislation meant to curb metal theft and help law enforcement find and prosecute criminals.

The report also notes that all 50 states have passed legislation to curtail metal theft through the regulation of scrap metal recycling facilities, and it appears that states are continuing to promote innovative and comprehensive regulation of scrap metal. For instance, according to the CSG, during the 2013 and 2014 sessions, “*legislators introduced more than 220 bills aimed at stopping metal theft and passed 51 of them.*” Frequently-adopted laws include:

¹⁴ DNR Remediation and Redevelopment Program. June 9, 2014. *RR Report*

¹⁵ Burnett, Kussainov and Hull. May 2014. *Scrap Metal Theft: If Legislation Working for States?* The Council of State Governments.

- *Records on Transactions:* These regulations typically involve the creation and maintenance of records on transactions, including reporting to an electronic database; minimum record holding periods; material description, photo and/or video evidence requirements; and seller or vehicle identification requirements.
- *Identification:* Including license or photo identification requirements, fingerprinting and establishing proof of ownership.
- *Payment Restrictions:* Including restrictions on the form of payment (i.e. cash), mandatory waiting periods for payment and the maximum number or size of transactions in a specified time period.
- *Holding Provisions:* Including requirements that scrap metal recyclers or dealers hold all or certain types of purchases for a certain period, either continually or at the request of law enforcement.
- *Criminal Penalties:* Including enhanced penalties for metal theft offenses.

In addition to legislation, a number of states have created task forces designed to study metal theft trends and possible legislative solutions.

III. RECOMMENDATIONS

The Recycling, Salvage and Metal Scrapping Task Force was created “to address current challenges to public safety and lawful commerce presented by increased theft and unlawful conversion of property, particularly metal materials used in building construction and found in municipal infrastructure, heating, ventilation and air conditioning systems, motor vehicles and automotive parts.” Provided below are the Task Force’s recommendations concerning these challenges.

A. City Regulations

The Recycling, Salvage and Metal Scrapping Task Force recommends that the City of Milwaukee:

1. Create an “umbrella” license for all scrap metal-related businesses.

The City licenses all of the following separately: junk collectors; junk dealers; junkers; waste tire transporters and generators; private waste collectors; used bicycle, tire or battery dealers; secondhand motor vehicle dealers; and auto wreckers.

Although not all of these businesses deal in the sale of scrap metal, it is conceivable that a business could fall under several of these license requirements at one time. In fact, according to a recent LRB memo, other than “state requirements that secondhand auto sales and salvage operations be separated, a City of Milwaukee junk dealer may be required to be licensed under any or all of the above licensing and permit provisions.”

Consolidation of license types for scrap, secondhand motor vehicle dealers, junk dealers and other scrap metal-related businesses should streamline license issuance, eliminate license redundancies or ambiguities concerning applicability, and improve enforcement of scrap metal regulations. The Task Force recommends the creation of an “umbrella” license for all scrap metal business activities which would:

- Include vehicles as well as premises.
- Include tow truck operators handling scrap vehicles (see recommendation A2).
- Require Plans of Operations from all licensees, similar to how taverns are licensed.
- Provide a checklist for applicants to select the operations for which they will be licensed.

2. Create a licensing and regulatory structure for tow trucks operating in Milwaukee.

The City currently does not require tow trucks operating in the city to be licensed, and City regulations governing the operation of tow trucks appear to be limited. State regulations are similarly limited when it comes to the licensing of tow trucks.

Since 2003, state regulations governing tow trucks have been amended at least 3 times. None of these changes, however, have made tow truck licensing mandatory. The October 24, 2014, memo provided in Appendix B further elaborates on current tow truck regulations.

Because tow trucks are not licensed by either the City or the state (except those tow trucks operating under other licenses, such as a motor vehicle salvage dealer license obtained from the DOT), it is difficult for the Milwaukee Police Department (MPD) to monitor and enforce towing activity.

The Task Force recommends the development of a licensing and regulatory system for towing services, including:

- Tow trucks, tow operators and premises.
- The periodic inspection of tow truck by MPD.
- The requirement that towing services notify the MPD of any vehicle being towed, including the make, model, vehicle identification number and registration plate number of the vehicle; a digital photo of the vehicle; a form stating who authorized the tow and why; and the location to which the vehicle will be removed.

3. Mandate holding periods for certain items purchased by scrap dealers.

The Task Force recommends mandatory holding periods for specific regulated items, such as certain metal materials used in building construction and found in municipal infrastructure, heating, ventilation and air conditioning systems. The Task force also recommends that all vehicles salvaged without titles or DOT-approved confirmation numbers be held for a period of 2-3 working days and be entered within 2 hours of purchase into an electronic reporting system.

4. Develop educational and information materials for distribution to the public.

Especially as it pertains to unlicensed salvage businesses, the Task Force recommends the City produce fliers, brochures, pamphlets or other educational materials:

- Within 6 months of the presentation of these recommendations.

- After any future ordinance changes relating to scrap metal dealers.

The Task Force recommends these educational materials be distributed by the industry to unlicensed salvage businesses and that the industry provide the City with a list of these dealers.

5. Require cashless payment of certain metal transactions.

The Task Force recommends the City, within 6 months of the presentation of these recommendations, work with the industry to develop a policy requiring cashless payments for certain metal transactions.

6. Develop a system for categorizing metal transactions.

The Task Force recommends the City work with the industry to develop categories or classes of metal which would be conducive to the identification of stolen materials.

7. Communicate with neighboring communities.

The Task Force recommends the City communicate with neighboring communities regarding the establishment of these and similar policies. The Task Force also recommends the City work with these communities, when feasible, to establish policies or programs which are both conducive to the well-being of the industry and effective at deterring, prosecuting or otherwise eliminating scrap metal-related crime.

8. Support scrap metal-related businesses in the implementation of these recommendations.

The Task Force recommends that a system or program be established for supporting scrap metal-related businesses in complying with these and other recommendations. The Task Force recommends that this be accomplished through collaboration with local, regional and state organizations and agencies.

B. State Regulations

It is the recommendation of the Recycling, Salvage and Metal Scrapping Task Force that the Intergovernmental Relations Division lobby on behalf of the City for state government to:

1. Implement a single, consistent statewide scrap metal reporting system.

According to the Council of State Governments (CGS), *“while some jurisdictions are tracking metal theft – usually on an ad hoc basis – their methodologies vary significantly. That variance makes aggregation to achieve state-level data, cross-jurisdictional comparison or tracking*

trends over time difficult and likely unreliable.” These differences in tracking, recording and combating metal theft are also detrimental to those scrap metal businesses on the right side of the law. According to a May 2014 report by the Institute of Scrap Recycling Industries, Inc.:¹⁶

Unfortunately from a compliance standpoint, there is no uniformity between state laws. In addition, many of the states are frequently “updating” their laws – to date there have been over 50 bills passed in the 2013-2014 session. All of these changes make it increasingly challenging for recyclers to stay on top of current requirements.

The need for state-level intervention, then, becomes even more evident and necessary, especially in regard to the tracking and reporting of metal theft. The CSG appears to concur, noting in its 2014 report that:

After an evaluation of the existing research and interviews with state and local officials and law enforcement personnel across all 50 states, CSG researchers concluded that metal theft data for states are not available for analysis. Because metal theft is such a significant and widespread problem, and because accurately tracking metal theft is key to establishing evidence-based practices designed to both deter theft and to assist in the investigation and prosecution of theft, it is imperative that states evaluate ways to begin collecting these data. Moving forward, it is unlikely data will be available on a scale necessary to perform meaningful analysis unless a widespread effort is launched to create systems to document, track and report metal theft crime uniformly and consistently.

Several states have already implemented legislation creating statewide reporting systems, including:

- *Arizona*: Requires all law enforcement in the state to register on a metal theft notification website which allows law enforcement to send theft alerts to scrap metal facilities and other law enforcement within a 100-mile radius of a theft, among other provisions. This active alert system will also allow scrap metal dealers to alert law enforcement when dealers are offered suspicious materials.
- *Minnesota*: Requires daily reporting to an automated property system beginning in 2015, among other provisions. The bill requires scrap metal processors to prominently display

¹⁶ Institute of Scrap Recycling Industries, Inc. May 2014. *State Metal Theft Statutes: Compiled as of May 20, 2014*.

a written notice of reporting requirements and required local law enforcement to participate in the automated property system.

- *Nevada*: Establishes protocol for a statewide database, requiring scrap metal dealers and local law enforcement to use an electronic reporting system where scrap metal processors must submit records daily detailing each transaction; forthcoming regulations must address privacy and legal concerns. The bill requires scrap metal processors to prominently display a written notice of the information they must submit to local law enforcement.
- *New Hampshire*: Creates a commission to study the current system of reporting by scrap metal dealers to evaluate the need a statewide database. The commission will examine the current system, the frequency of metal theft and arrests in the state, existing tools for deterring theft and models in other states to provide recommendations to the legislature on the necessity of creating a statewide database.

The Task Force recommends that the City of Milwaukee Intergovernmental Relations Division lobby for the implementation of a single, statewide reporting system administered by the Wisconsin Department of Justice. The Task Force recommends that this system accept the automatic or “batch” upload of high-quality photos from relevant scrap metal-related businesses. The Task Force recommends either a modified Northeastern Wisconsin Property Reporting System (NEWPRS) or the Business Watch International system.

2. Modify state auto salvage laws.

The Task Force recommends that the Intergovernmental Relations Division lobby for the following modifications to state auto salvage laws:

- Require DOT/DMV-issued confirmation numbers if a salvage dealer is using a junk vehicle bills of sale. Confirmation number is contingent upon confirming:
 - Ownership of vehicle.
 - That the vehicle is not encumbered with liens.
- Junk vehicle bills of sale may be used only by State-licensed salvage dealers.
- Increased bond requirements for state-issued salvage licenses.
- If confirmation numbers are issued, require reporting of a vehicle’s title to the National Motor Vehicle Title Information System.

3. Better cooperate in the identification and prosecution of scrap metal thieves.

The Task Force recommends that the Intergovernmental Relations Division lobby for a change in state law to permit information on cars to be distributed outside of the criminal justice system.

The Task Force also recommends that the City regularly communicate with state and county prosecutors regarding the prosecution of scrap metal-related crimes, especially those involving vacant, bank-owned buildings. The Task Force recommends the City work with banks and the municipal court system to develop a process for facilitating bank action against scrap metal crimes.

Prepared by: Andrew VanNatta, Legislative Fiscal Analyst - Lead

Edited by: Ted Medhin, Legislative Research Supervisor

LRB 156283

Last Updated: January 15, 2015

IV. ATTACHMENTS

Appendix A:

Minutes of the meetings of the Recycling, Salvage and Metal Scrapping Task Force.

Appendix B:

LRB-issued memos relating to the Recycling, Salvage and Metal Scrapping Task Force.

APPENDIX A



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes RECYCLING, SALVAGE, AND METAL SCRAPPING TASK FORCE

JEFF THIELE, CHAIR

Jim Tolkan, Vice Chair

**Ald. Joe Dudzik, Ald. Jose Perez, Art Arnstein, Art Dahlberg,
Paulina de Haan, Darren Engbring, Rebecca Grill, and Sarah
Zarate**

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Thursday, August 14, 2014

9:00 AM

City Hall, Room 301-B

Meeting convened: 9:03 A.M.

Member excused: Sarah Zarate

1. Introduction of members and staff and role of staff.

Members introduced themselves and gave their backgrounds.

2. Overview of the purview of the task force.

Mr. VanNatta from the Legislative Reference Bureau provided a review of the creating legislation, file 131798.

3. Discussion relating to chs. 92 and 93, Milw. Code of Ordinances

Mr. VanNatta prepared a report, contained in file 140642, which summarized chapters 92 and 93 of the Code, which this body will be reviewing. The task force may wish to streamline or create more general regulations rather than specific regulations for each type of secondhand dealer. Wisconsin Act 76 removed the state provision requiring that a vehicle be cited prior to be towing. A business, per Mr. VanNatta, may fall under multiple licenses.

4. Discussion relating to electronic reporting.

Officer Thiele said that NEWPRS (Northeastern Wisconsin Property Recording System) is a free program designed by the Green Bay police department which is used statewide for secondhand dealers to log in items that they accept. Mr. Engbring said that he needs one reporting system that is accepted statewide, so he doesn't have to deal with multiple reporting systems as he has multiple operations throughout Wisconsin. The City of Madison has a system in which a third party actually owns the data reported, rather than a public entity, and that data can be breached or sold. The City of Milwaukee is looking at using a different system than NEWPRS, BWI, which would have an annual fee for users, but the data would be owned by the city. Each customer could only search its own data while the city could search all data. People will steal items in Milwaukee and then sell those items out of this jurisdiction

or state. A mandate to have one system that is used statewide would be beneficial in finding stolen property - this will be the biggest hurdle. Currently NEWPRS has no function to put in vehicle VINs to locate stolen vehicles. The National Motor Vehicle Information System (NMVIS) would allow operators to enter a VIN only once and it would be accessible nationwide.

Ms. de Haan said that it's also the timing of reporting in terms of having salvage dealers wanting to crush cars quickly when metal prices are high - the reporting needs to be simple and quick and also with quick, enforceable penalties for those operators who do not report into the system. Ms. de Haan is hopeful that something can be done this legislative session as they are still reaching out to dealers in an attempt to build a consensus. Green Bay is getting overwhelmed with departments using this statewide and they would be amenable to having the state Dept. of Justice take over NEWPRS and handle training and questions relating to it. Officer Thiele supports going to BWI, rather than NEWPRS, as BWI will do the training and it will cost at least \$70,000 to switch to BWI. NEWPRS is free, but there is a cost to set it up by the operator, Mr. Arnstein noted it cost a couple hundred thousand to get his software to work with NEWPRS.

Mr. Arnstein said that a couple years ago someone hacked into his system and a truckload of brass worth \$65,000 was stolen. This has happened in the past with other companies and still continues. Mr. Arnstein said that his software is very complex and needs to be complex. Officer Thiele said that BWI is compatible with 40 other software programs used in the salvage arena. Ald. Dudzik noted that NEWPRS was not originally set up for bulk metal, but was more for precious metal and gems. Officer Thiele said it was set up for precious metals and gems, secondhand dealers and scrap, but not for vehicles.

Salvage operators get 300-500 members of the public each day and that data transfers automatically to NEWPRS at the end of each day. There is a lot of theft by employees; it's not just members of the public stealing from each other. Mr. Engbring said that 4-5 of facilities in the state handle 60% of scrap and there are approximately 40-50 mom and pop scrap dealers that might be dealing with paper, rather than electronic. Every point of purchase at his company has cameras, which costs \$20,000 to \$25,000 to install. Mr. Arnstein was surprised by how many mom and pop operations there are in small towns with those dealers bringing their products to bigger cities. Mr. Arnstein wants to make sure that those small operations are not shut down by any regulations since processing scrap from those areas provide jobs for his staff. Milwaukee salvage operators do sell their scrap globally, which is a huge part of their business and global sales are the growing market.

Members of the public came to the table:

Mickey Gilbarovich from Seven Stars Auto Salvage and he would like to have the state issue a title for \$10-\$15 just so it can be salvaged. He has people who wish to sell him a car for salvage, but they don't have a title and he never hears from them again.

Joseph Odwazny said that he thinks the task force is a good idea and Tony Teich is looking forward to joining this body.

5. Extension of deadline to submit report of the body.

Mr. Tolkan said that even the issue of tow truck operators towing private vehicles in terms of who calls in that a vehicle is being towed - the property owner or the tow truck operator, is still an issue. At times it seems like tow truck operators are stealing cars and Mr. Tolkan is also concerned with individuals who steal numerous catalytic converters from cars on a lot. Ms. Grill would prefer a shorter extension so the work can then be done as needed by staff to act on the recommendations.

Ms. de Haan would like someone from the Dept. of Transportation or Dept. of Justice attend to speak on where they are.

Officer Thiele recommended having members reviewing ch. 92 and 93 with their

specific concerns.

Preliminary report completed by December 16th.

6. Items for future agendas.

In-depth discussion of ch. 92 and 93 and specific items which will be discussed within those chapters.

7. Set next meeting date(s) and agenda(s)

Timeline for attempts to change state laws and ch. 92 and 93 in-depth discussion.

Officer Thiele recommended 92-3 (junk collectors and dealers) and 92-13 (electronic reporting) and 93-1 (definitions) and 93-5 (license required) as particular sections of the code for the task force to review.

Next meeting date and time: Sept. 18th at 9:00

Meeting adjourned: 10:20 A.M.

Linda M. Elmer

Staff Assistant

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City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes RECYCLING, SALVAGE, AND METAL SCRAPPING TASK FORCE

ALD. JOSEPH DUDZIK, CHAIR

Jim Tolkan, Vice Chair

**Ald. Jose Perez, Art Arnstein, Art Dahlberg, Paulina de Haan,
Darren Enbring, Rebecca Grill, Jeff Thiele, and Sarah Zarate**

Staff Assistant: Linda Elmer, 286-2231

**Fax: 286-3456, lelmer@milwaukee.gov Legislative Liaison,
Andrew VanNatta, 286-2253, avanat@milwaukee.gov**

Thursday, September 18, 2014

9:00 AM

City Hall, Room 301-A

Meeting convened: 9:06 A.M.

*Members present: Ald. Dudzik, Jim Tolkan, Jeff Thiele, Sarah Zarate, Rebecca Grill,
Art Arnstein, Darren Enbring, Paulina De Haan, Art Dahlberg*

Members excused: Ald. Perez

Also present: Tony Teich, who will be appointed to this body.

1. Review and approval of the minutes of the August 14, 2014 meeting.

Moved by Mr. Tolkan for approval of the minutes. There were no objections.

2. Appearances by the Wisconsin Dept. of Transportation and Wisconsin Dept. of Justice relating to electronic reporting capabilities and policies.

Individuals present:

*John Fandrich --- DOT Program Chief -- Dept. of Motor Vehicles Dealer & Agent
Section*

Mark Sier -- Dept. of Motor Vehicles -- Dealer and Agent Section

Brian O'Keefe -- Dept. of Justice (DOJ)

Mr. O'Keefe said that the DOJ has no reporting requirement right now for a statewide system, although a proposed bill was drafted last session. Another push will be made in the coming session to get this matter approved. The text of the last bill had that the system will hook into the DOJ's system, which would involve a rebuild at a cost of a half-million to a million dollars. NUPRS is being used by a number of depts. around the state, which may or may not fit a business's scrap needs and there is also a limitation in that the information on scrap cars cannot be distributed outside of the criminal justice system, which is a federal law. The DOJ pulls in records from other agencies and provides that information to requesters and it is hoped that one statewide system can be created rather than multiple servers across multiple agencies. Mr. Enbring really would like one statewide system and is concerned that the data be owned and controlled solely by law enforcement due to the confidential nature of the data. NUPRS was not set up for scrap; per Mr. Arnstein it isn't perfect, but it does work, and the question is whether it can be expanded or not. The scrap dealers all have different software, which now does work with NUPRS, after a lot of work and money was spent to connect the two systems. Mr. Tolkan said that catalytic

converters are a popular target at dealerships. Officer Thiele said that the president of BWI is willing to fly down to give a presentation - the other vendors are LEEDS, AFIS and NUPRS. He would like to see that as an agenda item for next meeting. If the DOJ system, due to federal laws, can't tell if a vehicle is stolen, then it really adds no value. Mr. O'Keefe clarified that if a vehicle were stolen, that information could be provided to law enforcement, just not to a private entity, such as the scrap dealer. Mr. Engbring would like to have a mechanism to allow individuals to junk a vehicle without the title -- some confirmation from DOT that they are the owner and the vehicle wasn't stolen. There might be a fee for getting a confirmation number showing that this information was verified through DOT. The VINs need to be taken at the time the vehicle gets to a dealer, not when it gets to the scrap yard. Mr. Arnstein recommended having the state charged \$5, rather than \$25, for a replacement title.

Officer Thiele said that the department, if funded, would be willing to be the party that administers the database for the state. LEEDS has approached the police department about becoming a vendor for the city. The Tow Lot does have law enforcement officers checking VINS, so they can get the information back if a vehicle is stolen.

Mr. Sier said that he has 12 dealer investigators who investigate stolen vehicles, of which 2 are assigned to Milwaukee County. The law was changed in April to permit a \$768 citation plus court costs rather than a \$50 citation for operating a motor vehicle salvage operation without a license. Mr. Arnstein said that a statewide law is needed since bad operators are smart enough to go outside of a jurisdiction. Mr. Thiele recommended that we have these companies come and tell us what they do -- he'll reach out to the three companies that he knows and the companies would all meet separately so that their information is protected. He'll set it up and they can come and tell us what they do. Mr. Dahlberg thought we needed to have as much information as possible for state legislators so we can guide what we, as a city and as private businesses, want and need. Mr. Engbring also supported providing the state with a recommendation and as much information as possible. The proposed state legislation didn't advance as a consensus couldn't be built with the private sector. The legislation was not to rebuild NUPRS, but to create a new system to look for stolen vehicles. Ms. De Haan will provide members with a copy of last session's proposed bill. Officer Thiele said that a concern was who would pay for the new system. For every bill, a report must be done on the cost and this would be a cost to businesses, which legislators are always concerned about, per Mr. O'Keefe. The 4 vendors are NUPRS, Leads Online, BWI and AFIS. Officer Thiele would contact the last three vendors and have them come. Ald. Dudzik approved that for the next agenda.

3. Concerns with licensing and operations of junk collectors and dealers.

Officer Thiele said that one concern is that there are a lot of licenses and it's sometimes difficult to figure out which license is needed for what operation, even for dealers who have been in business for a long time. Ms. Grill said that her main concern is the overlapping of definitions and it's a burden for businesses to obtain multiple licenses - she would prefer a type of "umbrella" license, such as is done for public entertainment premises. Mr. Engbring said that the City of Chicago does have type 1, type 2, type 3, etc. licenses for secondhand dealers. He does find the current licensing confusing. Atty. Nick DeSiato said that his office is extremely supportive of merging licenses to eliminate confusion and duplicity. If this goes through, Officer Thiele would like to be able to see the plan of operations for businesses. Mr. Engbring will ask a representative of ISRI, Institute of Scrap Recycling Industries, to the next meeting. Mr. Engbring said a plan of operations and 3-4 types of licenses would be useful and adequate. Mr. Arnstein and Mr. Engbring will provide the ISRI recommendations to Ms. Grill for discussion at the next meeting.

4. Concerns with licensing and operations of secondhand motor vehicle dealers.

This was discussed as part of Item 3.

5. Concerns with licensing and operations of auto wreckers.

Atty. Michael Maistelman came to the table and said his clients are concerned with the definition of "auto wrecker", particularly those who solely buy cars to crush rather than to take off parts to sell. They remove the higher-value items to crush separately, which requires that they obtain an auto wrecker license.

6. Concerns with licensing and operations of towing services.

Officer Thiele said that we as a city do not regulate towing services at all and he would like to see tow trucks licensed. There are a lot of damaged tow trucks and also those that lack the proper safety equipment to tow vehicles. When tow trucks are towing on private property, that has been a concern with those companies who do not do things correctly. Officer Thiele would like to license these vehicles. Ms. Grill supported having the vehicles licensed as well as the premises. Officer Thiele supported having annual inspection of the vehicles by some entity and also, if they are licensed, the department has the ability to order inspections as needed. He's also concerned about who's towing what and what are they towing, if those vehicles are stolen or not. Ms. de Haan said that the DOT needs to create the rules for towing on private property, which might take years. Mr. Dave Lawrence from the Tow Lot also has a number of recommendations which Ms. Grill will forward to this body. Mike Tarantino - Always Towing -- he supports universal licensing for tow trucks as there are a number of companies that operate outside the normal scope of safety. He thinks the license should be a state license rather than a municipal license. There are operators that solely own a tow truck and don't have a business premises license. The storage facility is not adhered to despite the requirement that all operators have storage facilities for these vehicles.

7. Adequacy of definitions and licenses required (s. 93-1 and s. 93-5, Milw. Code of Ordinances).

This item was discussed as part of item 3.

8. Set next meeting agenda and date.

*Review by Ms. De Haan of state legislation that wasn't approved.
Officer Thiele will try to get representatives from the three businesses.
ISRI- Institute of Scrap Recycling Industries presentation
Theft of salvage materials from houses on a future agenda.
Maybe add tow trucks to the agenda if time.
October 16th at 9 a.m.*

*Meeting adjourned: 10:52 A.M.
Linda M. Elmer
Staff Assistant*



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Meeting Minutes RECYCLING, SALVAGE, AND METAL SCRAPPING TASK FORCE

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Sarah Zarate*

Staff Assistant: Linda Elmer, 286-2231

*Fax: 286-3456, lelmer@milwaukee.gov Legislative Liaison,
Andrew VanNatta, 286-2253, avanat@milwaukee.gov*

Thursday, October 16, 2014

9:00 AM

City Hall, Room 301-B

1. Review and approval of the minutes of the September 18, 2014 meeting.

Meeting convened: 9:07 A.M.

Also present: Tony Teich and Andrew VanNatta

Mr. Tolkan moved, seconded by Ms. Zarate, for approval of the minutes. There were no objections.

Present 9 - Grill, Dudzik, Dahlberg, Zarate, Tolkan, Engbring, De Haan, Thiele and Arnstein

Absent 1 - Perez

2. Presentation by software companies of scrap metal tracking (one or more presentations may be via teleconference).

LeadsOnline present. Officer Thiele provided a handout of what services LeadsOnline (LO) provides (contained in file 140642) . Dave Finley, CEO and Amberly Harbor, Account Representative both present. LeadsOnline is a nationwide criminal detection system and deals with pawnshops, scrap yards and e-bay, as well as pharmacies for sudafedrin. They also have ReportIt, which permits citizens to take photos, report serial numbers and provide other information on their valuables in case they're stolen. They accommodate existing systems as they can. Scans and images can be attached to records, as well as fingerprint images. 71 Wisconsin law agencies use this system, as well as other large cities, including Chicago, Indianapolis and Las Vegas. If there's not a hit on an item immediately it will continue to search the system. Can generally work with a company's existing software, or if a company doesn't use any software, LO can provide the company with software. LO also can flag data that seems as if it is not correct (i.e. odd birthdates). Each business can only see its own records and only law enforcement can see all the records. Searches will run for 60 days and then the searcher will be asked if he or she wishes to renew the search. LO will provide training for the operators who use the system and also train police officers in how to use the system. Under NUPRS, no need to report scrap gotten from corporations, as it is assumed that corporations are not stealing scrap. Members asked various questions relating to their specific concerns.

Business Watch International RAPID present. Jennifer Bramlett, Vice President and James Anderson both present. The company was founded in 1998 and became international in 2002. They also monitor pawnshops, secondhand dealers, scrap

dealers and precious metal and gem dealers. All data stays with law enforcement on law enforcement owned servers. Stores and law enforcement have complete control and ownership of their data. They will provide free software to shops or integrate with the software they are currently using. The business works on maximizing efficiency and has the ability to flag frequent sellers or track organized crime ring. The business also has electronic IDs and fingerprints and law enforcement can print off the records and go to court, rather than have the business operator having to go to court. The business also offers Home Watch (owners can document their property in case items are stolen in the future). They provide free, continuous training as well as monthly webinars to law enforcement and free training to business employees. CraigsList searches cost additional - captures historic data for ads and also shows the other ads of the person. For the Craigslist search, it links with RAPID, so that can find out the validated information on an individual seller. They also partner with LoJack for laptops which can then search for stolen electronic devices. Every field is searchable, searches can be saved and also combination searches can be created, as well as pulling similar matches, which calculates for human data entry errors. Combination searches can look for multiple items sold by multiple sellers who use the same address or same phone number. Can also attach images of the pawned item, ID, and seller. BWI RAPID would be the liaison if there are server issues, but the servers are located in government agencies. In some jurisdictions the government pays for it and in others the businesses pay for it. Server hosts do get a revenue stream from those whose servers are being hosted. Business Watch International is currently operating in 21 states.

3. ISRI- Institute of Scrap Recycling Industries presentation.

This item will be heard at the November meeting.

4. Failed and pending state legislation relating to recycling and scrap metal dealers.

Mr. VanNatta, from the Legislative Reference Bureau, went through his memo, which is attached to file 140642. The proposed changes were pretty straightforward and Ms. de Haan provided background in that this legislation was drafted with Miller Compressing. The challenge has been in that a new bill has not been re-drafted and so this language is currently outdated. The question was should the enforcement agency be the Dept. of Justice or the Dept. of Transportation. The confirmation number for a junk bill of sale was to ensure that the sale could move forward in that the vehicle wasn't reported stolen and didn't have any outstanding liens. This bill may be the basis for a new bill, but won't be moving forward in its present form. Ms. de Haan needs to get a base to work off from for the next session. They're in the process of creating the citywide legislative package and would like to have input from the body on this. There is a line item for vehicle salvage reform, so it doesn't need to be rushed, per Ms. de Haan. We want to make sure that city legislation complements state legislation. The industry members are not in support of a 24-48 hour holding period due to the size of vehicles and the size of their lots. There has been approximately a 300% increase in stolen cars this year due to higher prices for metals globally. Officer Thiele does feel that a 24-48 hour holding period isn't unreasonable as it gives victims the ability to recover their vehicles.

Carl Sinderbrandt, a member of the audience from Madison came to the table and said that he represents a number of businesses; he thinks that this body will set precedent for the rest of the state. He asks this body to be sensitive to what happens in smaller communities with smaller operations. There are also efficiencies in working with larger agencies that go across jurisdictions.

Mr. Engbring said that the mom and pop operations feed his operation, so he is

cognizant of how proposed legislation would affect smaller operations. He would like either a confirmation number for junk bill of sale or decrease its price for a replacement title. He would like a statewide system, which also then ties to vehicle VINS.

5. Discussion relating to theft of salvaged materials from houses.

Art Dahlberg, Commissioner of Neighborhood Services, said that the huge majority of demolitions by the city has to occur as the homes have been stripped of copper and like materials, and heavily damaging the buildings in the process. He sees this as causing the greatest degradation of our neighborhoods. He offered to be part of this task force because buildings cannot be secured enough to keep people out. This year the Dept. of Neighborhood Services did 72,000 inspections of vacant buildings and he thinks the solution has to be in preventing illegal sales of scavenged materials. Mr. Engbring said that he and ISRI will meet with other municipalities and see how other municipalities try to address this issue.

Officer Thiele recommended using hot pink spray paint on plumbing. Most of the properties are being stripped when they are being held by private individuals and are in the foreclosure process, but not yet owned by the city. Officer Thiele said that the police catch individuals in vacant houses and the bank owners aren't interested in prosecuting, even after 2-3 hours is spent researching who actually owns the property.

6. Set next meeting date and agenda items.

Nov. 19th at 9 a.m.

Meeting adjourned: 11:40 A.M.

Linda M. Elmer

Staff Assistant



City of Milwaukee

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Meeting Minutes RECYCLING, SALVAGE, AND METAL SCRAPPING TASK FORCE

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Wednesday, November 19, 2014

9:00 AM

City Hall, Room 301-B

Meeting convened: 9:04 A.M.

Present 11 - Grill, Dudzik, Dahlberg, Perez, Zarate, Tolkan, Engbring, De Haan, Thiele, Arnstein and Teich

1. Review and approval of the minutes of the October 16, 2014 meeting.

Mr. Tolkan moved for approval of the minutes. There were no objections.

2. Presentation by APRIS, a software company of scrap metal tracking.

James Acquisto from APRIS gave a PowerPoint on the company, which is 22 years old. They notify victims when their offender is released from jail with this information being updated every 15 minutes. This is their flagship data. They created JusticeXchange which law enforcement officers use to track arrests and jailing of individuals in other states and counties. They also have NPLeX, which tracks the sales and box sales of over-the-counter cold medicine in 30 states with about 60% of all pharmacies participating. They also track prescription drugs looking for potential abuse. Another program is REX, which allows recyclers to enter as much detail of a transaction as they wish, including photographs and law enforcement can access and search this data. There is no cost to law enforcement or the state. It is currently operating in 30 states. APRIS does provide free training and support. The information is put in by the recycler and each state can customize what information is required or requested. Each operator can only see its own operations and none of the data is marketed or sold. This service operates in 30 states currently. APRIS is the agent of the state and does not own the data, so if the city decides to go with APRIS, but then cancels it can get all the data at that time. Currently it is just recycling items, not pawn items. Mr. Engbring said that Michigan has worked closely with APRIS in getting it up on its feet and the Wisconsin association needs to talk about APRIS and its thoughts on it. Minnesota is working on rolling it out. Mr. Engbring thinks the integration is fairly simple. APRIS gets paid by the state associations, not the local yards (but the local yards pay the state associations). The recycling component was just created in 2014 and is not yet operational in any state.

3. Presentation by ISRI - Institute of Scrap Recycling Industries.

Danielle Waterfield, Director of Governmental Relations, for ISRI, based out of Washington, D.C., came to the table. All 50 states have specific metal theft laws and all states require that recordkeeping requirements of scrap dealers and having these records available to law enforcement. There is usually a provision that distinguishes between retail and commercial trade as often the retail customers is where the stolen materials enter the market stream. There is no perfect solution to eliminate these thefts and there is a database of all state laws with an analysis of each law and a way to search this database (www.isri.org/state-database) Sixteen states currently require electronic reporting of all scrap yards automatically while 12 states require that records be provided upon request by law enforcement. If a local jurisdiction has very strict laws relating to metal sales, then thieves will travel to less-restrictive areas, so a statewide solution needs to be looked at. ISRI does not support a vehicle hold as it ties up space in a scrap yard and prices also fluctuate widely so it costs the dealer money to hold a vehicle. ISRI also said that vehicles can be tracked through VINs and ownership information obtained. Some ways to limit illegal sales of stolen cars is to limit those businesses which can accept vehicles without titles, set a low value limit on vehicles which can be accepted or require that VINs of accepted vehicles be reported within 5 or fewer days and law enforcement can check this database.

Mr. Engbring said that when vehicles are towed they are often damaged during the tow and also not handled gently at the scrap yard. Mr. Engbring supports a way to pay restitution to victims and also being able to track that the dealer checked as he was supposed to and the seller can be tracked. There are tow truck drivers who steal vehicles and there is also the issue of not having a holding period at the scrap yard.

Ms. Waterfield sees a need for dealers to be able to sell vehicles without titles so they don't end up on the black market. One possibility is an affidavit signed at the police station. Mr. Arnstein suggested addressing the problem at the tow truck level.

Mr. Teich said that if a new tow truck driver comes in, the driver must provide a driver's license and also the vehicle title. Officer Thiele said that no-one is ever convicted for auto theft, but he will charge them with forgery or false uttering. Per Officer Thiele, the DA's office doesn't charge or prosecute for auto theft. Michael Maistelman suggested licensing tow truck drivers, having required signage on the vehicles and a required posting of a bond.

4. Discussion relating to theft of salvaged materials from vacant houses.

Ms. Waterfield said that there are also concerns relating to the stripping of vacant and abandoned buildings. She said that the materials are not marked in any way and are not able to be traced back to specific properties. Insurance companies are using penalties/incentives to have their customers take measures to prevent metal theft. For insured property claims, metal theft is down 26% from 2011 to 2013. The city has 3,500 vacant properties and about 2,500 properties being foreclosed on, with approximately 20% of those properties being vacant. Per Mr. Dahlberg it costs \$15,000 to demolish a single family home.

Mr. Dahlberg said that the city is actually a best practices model for upstream, but the issue remains as a constant problem. 95% of the razed buildings last year had been stripped and the stripping validated the raze order. Mr. Arnstein supports having noise/light alarm systems in vacant buildings. Mr. Dahlberg pointed out that buildings are being stripped in broad daylight on major streets. He also noted it's an exercise in futility to prosecute national banks. Ms. de Haan said that if it's a small population that is stealing from vacant buildings, then what are the common denominators? Mr. Arnstein said that they have turned over individuals to the police and then DA then

doesn't prosecute or the judge slaps the individual's hand and the individual walks out a free man.

5. Creation of recommendations and report of this body.

*The Chair would like to extend the life of this body for one more meeting beyond the original deadline.
This item will be scheduled for the next meeting.*

6. Set next meeting date and agenda items.

*Members please e-mail recommendations to the staff assistant Dec. 1-4, then she will cumulate them and send them out to members for their review.
Dec. 9 at 9 a.m.*

*Meeting adjourned: 11:05 A.M.
Linda M. Elmer
Staff Assistant*



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Meeting Minutes RECYCLING, SALVAGE, AND METAL SCRAPPING TASK FORCE

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Staff Assistant: Linda Elmer, 286-2231

**Fax: 286-3456, lelmer@milwaukee.gov Legislative Liaison,
Andrew VanNatta, 286-2253, avanat@milwaukee.gov**

Tuesday, December 9, 2014

9:00 AM

City Hall, Room 301-A

Meeting convened: 9:05 A.M.

Members present: Ald. Joe Dudzik, Tony Telch, Jeff Thiele, Sarah Zarate, Art Arnstein, Art Dahlberg, Paulina de Haan, Darren Engbring and Rebecca Grill

Excused: Ald. Jose Perez and Jim Tolkan

1. Review and approval of the minutes of the November 19, 2014 meeting.

The minutes were approved without objections.

2. Discussion and creation of recommendations and report format/style for this body.

Recommendations:

Statewide -

Lobby for a statewide system with the continued exemption for aluminum can recycling. Intergovernmental Relations has been lobbying on this since 2007.

Lobby for state licensing of tow trucks.

Increase the bonding requirement for tow trucks.

Citywide --

If buying from an unlicensed dealer, then a hold on the vehicle. If coming from a licensed dealer, then there is no hold. Recording vehicle transactions daily, rather than the current within 30 days.

Tow truck licenses

Creation of an umbrella type license and a required corresponding plan of operations - tell the License Division what you're going to do and staff will tell you what type of license is needed which would also include a tow truck component.

City creates a pamphlet relating to tow truck and junk collector licensing requirements as an education effort to be distributed by scrap yards who track how often people come to the yards. After the education date ends, the scrap yard will no longer accept materials from unlicensed dealers.

Scrap yards will report unlicensed tow truck operators and junk collectors after a specified amount of time or a specific date.

Hold vehicles for 48 hours if purchased for scrap and doesn't have a title (exempting a salvage to salvage dealer transfer as long as the initial dealer in the chain has

reported the vehicle through NMVTIS (the state) and was issued a confirmation number if using a junk vehicle bill of sale).
Punitive action by the Licensing Committee or designation as a chronic nuisance premises for those dealers found with stolen items.
Allocation of more police resources and staff to follow up on illegal tow truck operators and follow-up on leads from the scrap yards relating to potential theft.
Requirement that operations that have purchased stolen items in the past videotape incoming items.

Couldn't get consensus on:
Reporting of what larger items actually came in (such as boilers, furnaces, heat pumps), rather than reporting on what it was converted into (such as Zero G turn lawnmower versus 1500 lbs. sheet iron) and where those items came from.
More extensive reporting on the declaration of ownership saying that the materials are not stolen with a notation of where those items came from.
Having the scrap yard personnel come to the site where the items are being removed from and picked up at with records as to who the seller was. The scrap dealers felt that this wouldn't be financially feasible.

Michael Tarantino and Jason Pioske - Always Towing came to the table said one of the problems is unlicensed operators.

3. Set next meeting date and agenda items.

January 15th at 9 a.m

Meeting adjourned: 10:55 A.M.
Linda M. Elmer
Staff Assistant

APPENDIX B



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

WWW.MILWAUKEE.GOV/LRB

To: Ald. Joe Dudzik
From: Andrew VanNatta, Legislative Fiscal Analyst - Lead
Date: October 15, 2014
Subject: Draft Salvage Bill Analysis

You had requested that the LRB prepare an analysis of a draft state bill relating to the regulation of motor vehicle salvage dealers. Tables 1 and 2 on page 2 summarize various current and proposed provisions relating to ss. 218.205 and 134.405, Wis. Stats.

Background

According to state law, a salvage dealer is a person who purchases and resells motor vehicles for wrecking, processing, scrapping, recycling or dismantling purposes or who conducts the business of wrecking, processing, scrapping or dismantling motor vehicles or selling parts of those vehicles. Under current law, salvage dealers must be licensed by the Department of Transportation (DOT) and must maintain records for vehicles acquired and wrecked. Additional current regulations are provided in Table 1 on page 2.

A scrap dealer is defined by state law as a person engaged in the business of buying or selling certain kinds of scrap metal or plastic. Current state law regulates nonferrous scrap metal transactions, but these regulations generally do not apply to purchases of scrap metal consisting primarily of ferrous scrap (iron or steel).

Proposed Regulation

In the proposed bill, s. 134.405, Wis. Stats., remains relatively unchanged. The most significant proposed changes include the addition of ferrous scrap to existing scrap metal dealer regulations and the establishment of *"a program for the sharing of information among state and local law enforcement officers or agencies concerning the sale and purchase or other transfer of ferrous scrap, nonferrous scrap, metal articles, and proprietary articles,"* to be administered by the DOT.

Section 218.205, Wis. Stats, is amended in the proposed bill to change the penalties for various violations of state law, to establish thresholds for salvage dealer license suspension and revocation, and to require dealers to obtain and record a confirmation numbers from the DOT prior to purchasing vehicles for which no certificates of title are available.

The proposed bill specifies that the DOT or the participating political subdivision may refuse to provide a confirmation number if the seller of the vehicle is not the owner or other authorized person. The bill also prohibits any person from using a salvage dealer's license issued to or on behalf of the license holder, unless the person is an employee of the dealer.

Table 1. Current and Proposed Salvage Dealer Regulations (s. 218.205, Wis. Stats.).

Regulation	Current	Proposed
License Requirements	\$25,000 bond or documentation of financial solvency.	\$90,000 bond or documentation of financial solvency.
Penalty (License Violation)	\$500 - \$5,000, imprisonment for not more than 60 days, or both.	Unchanged.
Vehicle Title / Bill of Sale	Must deliver to DOT within 30 days of vehicle delivery to salvage yard.	Unchanged. Also: If the title is not available, a dealer must obtain / record a confirmation number from the DOT.
Record Maintenance / Reporting	Must maintain a record of all vehicles acquired and wrecked, in a form prescribed by DOT.	Unchanged.
Vehicle Identification	Must display license number on every vehicle operated for hauling, towing or pushing salvage vehicles.	Unchanged
Penalty (Record Maintenance & Vehicle Identification)	\$25 - \$200 or imprisonment for not more than 60 days, or both.	\$150 - \$1,500 or imprisonment for not more than 60 days, or both. 90-day suspension if 3 lifetime violations; license revocation if 4 lifetime violations.

Table 2. Current and Proposed Scrap Dealer Regulations (s. 134.405, Wis. Stats.).

Record Maintenance / Reporting	Must record seller's identification, license plate number & description of scrap purchased, including seller's signed declaration of ownership. Seller's photo ID required.	Unchanged. Proposed bill extends requirements to the purchase of ferrous scrap metal and requires DATCP to administer an information sharing program.
Civil Action Allowed?	Yes, nonferrous scrap metal only.	Allows owners of stolen ferrous scrap to recover costs of replacing stolen scrap.



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

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To: Pres. Michael Murphy
From: Andrew VanNatta, Legislative Fiscal Analyst - Lead
Date: October 24, 2014
Subject: Tow Truck Regulations

You had requested information on how Milwaukee tow trucks are regulated, both by the City and the state. You had also asked for information on the number of tow trucks operating in the city and their towing rates. This information is provided below.

City of Milwaukee Regulations

Milwaukee does not require tow trucks operating in the city to be licensed, and City regulations governing the operation of tow trucks appear to be limited. According to s. 295-201-664 of the code, a tow truck is defined as *"a motor vehicle that is equipped with mechanical or hydraulic lifting devices or winches capable of, and used for, the recovery and transport or both of wrecked, disabled, abandoned, used or replacement vehicles."* The following sections of code regulate tow trucks (including those under contract with the City) and towing services.

1. Section 101-25: Towing Away of Vehicles.

Section 101-25 authorizes police officers, the Commissioner of Public Works or any of the Commissioner's designees to remove vehicles in violation of certain provisions of the traffic code to a secure impound lot. This work may be performed under contract according to s. 101-25.5 of the code. If vehicles towed under s. 101-25 or s. 101-25.5 of the code remain unclaimed, they may be disposed of according to the provisions of s. 105-65. Notably, s. 101-23.5 of the code also notes that owners or lessees of private property may prohibit, restrict, limit or permit parking by certain persons.

2. Section 105-65: Control of Abandoned Motor Vehicles and Trailers.

Section 105-65 of the code allows for the removal, impoundment and disposal of abandoned vehicles by the Chief of Police, the Commissioner of Public Works or the Commissioner's designee. Section 105-65-2 of the code notes that, under certain circumstances, these persons may deem a vehicle parked on private property abandoned. Notably, s. 105-65-3 stipulates that removal of abandoned vehicles on public or private property, as defined in s. 105-65-1 of the code, *"may only be performed by or under the direction of a traffic officer or towing contractor under contract to the city."*

3. Section 295-201-243: Ground Transportation Services.

Establishments providing the storage, maintenance or dispatching of various ground transportation services, including tow trucks as defined in s. 340.01(67n), Wis. Stats., are

regulated under the City's zoning code. Ground transportation services are prohibited in all residential zoning districts.

The only other provisions of the code dealing with the towing of vehicles are found in Chapters 101 and 105, and these deal with the towing of vehicles by the City.

State Regulations

Since 2003, state regulations governing tow trucks have been amended at least 3 times. None of these changes, however, have made tow truck licensing mandatory. The following provisions of state code govern tow truck regulation:

1. Chapter 342: Vehicle Title and Anti-Theft Law.

Regarding the removal and disposal of abandoned vehicles, s. 342.40(1m), Wis. Stats., notes:

Whenever any vehicle has been left unattended [on any public highway or private or public property] without the permission of the property owner for more than 48 hours in cities of the 1st class...the vehicle is deemed abandoned and constitutes a public nuisance. A motor vehicle shall not be considered an abandoned motor vehicle when it is out of ordinary public view, or when designated as not abandoned by a duly authorized municipal or county official pursuant to municipal or county ordinance.

Section 342.40(3) of state statutes further notes that any municipality may enact ordinances governing the removal and disposal of abandoned vehicles and establishes requirements for towing service agreements and the impoundment, notice, reclamation and disposal of abandoned vehicles by municipalities. The removal of abandonment vehicles from private property is regulated in more detail in s. 349.13 of the statutes, as described below.

2. Section 346.55: Other Restrictions on Parking and Stopping.

In addition to the regulations described above, s. 346.55(3), Wis. Stats., provides that “*no person may leave or park any motor vehicle on private property without the consent of the owner or lessee of the property.*” Section 346.55(4), Wis. Stats., adds that owners or lessees of public or private property may post a sign on the property permitting, limiting, restricting or prohibiting parking, and that no person may park any motor vehicle contrary to that sign.

3. Section 349.13: Authority to Regulate the Stopping, Standing or Parking of Vehicles.

According to s. 349.13(3m)(c), Wis. Stats., if a vehicle is parked on properly posted private property and is not authorized to be parked there, “*the vehicle may be removed immediately, at the vehicle owner's expense, without the permission of the vehicle owner, regardless of whether a citation is issued for illegal parking.*” In cases where a vehicle is not authorized to be parked on private property, but that property is not properly posted, the vehicle may be removed immediately without the permission of the owner if there has been issued a repossession judgment or a citation for illegal parking.

Notably, section 346.13(3m), Wis. Stats., previously read that “*no vehicle involved in trespass parking on a private parking lot or facility shall be removed without the permission of the vehicle owner, except upon the issuance of a repossession judgment or upon formal complaint and a citation for illegal parking issued by a traffic or police officer.*” 2013 Wisconsin Act 76 (Act 76) changed this provision to only require citations for illegally parked cars on private property not properly posted.

Section 346.13(3m)(d), Wis. Stats., further establishes that only the property owner, the property owner’s agent, a traffic officer or a parking enforcer may request a vehicle be removed from private property, under the rules described above. This provision further provides that the towing services performing the removal must “*notify a local law enforcement agency of the make, model, vehicle identification number, and registration place number of the vehicle and the location to which the vehicle will be removed.*”.

Finally, if the vehicle owner does not pay the charges for removal and storage of his or her vehicle within 30 days of the vehicle’s removal, the vehicle is deemed abandoned and may be disposed of “*as are other abandoned vehicles.*” As a notable exception to the above regulations, towing services may not remove vehicles reported stolen. Act 76 established these requirements.

4. *Section 779.415: Liens on Vehicles for Towing and Storage.*

According to s. 779.415(1g)(a) of state statutes,

Every motor carrier holding a permit to perform vehicle towing service, every licensed motor vehicle salvage dealer, and every licensed motor vehicle dealer who performs vehicle towing services or stores a vehicle, when such towing or storage is performed at the direction of a traffic officer or the owner of the vehicle, shall...have a lien on the vehicle for reasonable towing and storage charges, and may retain possession of the vehicle until such charges are paid.

Section 779.415, Wis. Stats., further provides that within 30 days of taking possession of a vehicle, the entities described above must send written notice to the vehicle owner notifying them that they must pay all towing and storage charges to repossess the vehicle. This section of state statutes further provides that at least 20 days prior to the sale or junking of a towed vehicle, the owner of the vehicle must be again notified by certified mail of the requirement to pay charges before repossessing the vehicle.

Notable Recent Changes in State Regulation

1. *2003 Wisconsin Act 142.*

According to a 2004 Wisconsin Legislative Reference Bureau (WLRB) research bulletin,¹ “*Act 142 (AB-758) generally requires a law enforcement officer who causes the removal of an unregistered, abandoned, or illegally parked vehicle by a towing service to, within 24*

¹ Wisconsin Legislative Reference Bureau. September 2004. *Summary of the 2003-2004 Wisconsin Legislative Session*. Research Bulletin 2004-2.

hours of ordering the removal, notify the towing service of the name and last-known address of the registered owner and all lienholders of record of the vehicle.”

2. *2009 Wisconsin Act 201.*

The WLRB notes² that “*Act 201 (SB-506) makes various changes relating to motor vehicle towing and storage liens, including expanding the availability of these liens to the towing and storing of any vehicle, not just a motor vehicle; clarifying the towing service provider’s lien rights and obligations and a vehicle owner’s or secured party’s obligations; and modifying the priority given towing and storage liens over other security interests.*”

3. *2013 Wisconsin Act 76.*

According to the WLRB’s summary of the 2013-2014 legislative session,³ “*Act 76 (SB-179) allows for the immediate towing of a vehicle parked without authorization on private property, at the vehicle owner’s expense and without the issuance of an illegal parking citation, if the private property is posted with a notice. Certain requirements apply with respect to the towing, and the towing service may impound the towed vehicle until applicable charges are paid.*”

According to a 2013 Wisconsin Legislative Council memo, Act 76 also requires the DOT to “*promulgate rules establishing reasonable charges for removal and storage of vehicles; the form, and manner of display, of the notice necessary to qualify as ‘properly posted...; and guidelines for towing services to notify law enforcement of the removal of a vehicle.*” Act 76 almost entirely went into effect on March 1, 2014, but the effective date for the provisions dealing with towing and parking was postponed to July 1, 2014. As of August 14, 2014, it appears that the DOT has yet to establish these rules, calling into question the legality of towing performed under these changes.

For instance, if a property owner notifies a towing service of an illegally parked car, the towing service must establish – before the vehicle is removed – whether or not the parking space has a properly posted sign. They must also notify a local law enforcement agency of the make, model, vehicle identification number, and registration plate number of the vehicle and the location to which it will be removed.

If the towing service cannot legally establish that the parking space is properly posted, they cannot tow the vehicle without the issuance of an illegal parking citation, and, once a vehicle is towed, they cannot legally charge more than the rate the DOT establishes. Section 349.13(3m)(dr) of state statutes further specifies that towing services may not collect any charges for the removal or storage of an illegally parked vehicle unless a local law enforcement agency is properly notified. Local law enforcement agencies are required to

² Wisconsin Legislative Reference Bureau. July 2010. *Summary of the 2009-2010 Wisconsin Legislative Session.* Research Bulletin 2010-1.

³ Wisconsin Legislative Reference Bureau. May 2014. *Summary of the 2013-2014 Wisconsin Legislative Session.* Research Bulletin 2014-1.

maintain a record of each notice received, including the identification of the towing service removing the vehicle.

Towing Services in the City of Milwaukee

Because tow trucks are not licensed by either the City or the state (except those tow trucks operating under other licenses, such as a motor vehicle salvage dealer license obtained from the DOT), there is no complete record of the number of tow trucks performing towing services in the city of Milwaukee, nor the specific amounts charged for towing services.

A brief survey of local listings for towing and auto wrecking service providers shows that there are at least 32 separate service providers advertising in Milwaukee. At least 15 of these (46.9%) do not provide a company name – just a phone number.

Summary

In general, it appears the onus falls on the owners of towed vehicles to know state and local regulations and to act accordingly if they believe their vehicles were illegally towed. As a matter of public protection, it may be necessary for the City to:

1. Lobby the state (notably the DOT) to clarify towing regulations.
2. Establish a licensing regime for towing services operating in the city.
3. More thoroughly maintain towing records, in accordance with s. 349.13(3m)(dg), Wis. Stats.

The City's Recycling, Salvage and Metal Scrapping Task Force, created by Common Council File Number 131798 (adopted on May 13, 2014) is currently reviewing and will make recommendations relating to the licensing and regulation of recycling, junk collection, junk dealing, salvaging, wrecking, and other issues concerning metal and automobile transactions – including tow trucks. The Task Force has received recommendations from the City's Tow Lot and is slated to provide a report to the Common Council of its findings and recommendations relating to these and other issues on or before December 16, 2014.



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

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To: Ald. Joe Dudzik
From: Andrew VanNatta, Legislative Fiscal Analyst - Lead
Date: November 11, 2014
Subject: Illegal Stripping of Vacant Homes, Other U.S. Cities

You had requested that the LRB provide information relating to measures taken by other cities to prevent the illegal stripping and sale of materials from vacant homes. Included below is this information, including an overview of U.S. Department of Justice “best-practices” and a summary of a few of Milwaukee’s current efforts.

RESPONSE STRATEGIES

According to a July 2012 Office of Community Oriented Policing Services (COPS) report,¹ the following “response strategies” (summarized in the table on page 7) “*provide a foundation of ideas for addressing [the problem of abandoned buildings and lots]. These strategies are drawn from a variety of research studies and police reports.*”

A separate 2010 COPS report² further elaborates on the problem of scrap metal theft and provides additional strategies for its abatement. The 2010 report is discussed in greater detail in the LRB’s August report for the Recycling, Salvage, and Metal Scrapping Task Force. The 2012 COPS report provides the following potential solutions to the illegal stripping and sale of materials from vacant homes. Check marks indicate existing efforts in Milwaukee.

Increasing the Effort Required to Steal Metal

- ✓ *Physically securing abandoned properties.*

Strategies include mandating that property owners erect fencing or other barriers around abandoned properties and boarding up windows and doors. The COPS report notes that “*if property owners do not comply, the government may have to secure the property and recoup costs through litigation.*”

- *Altering environmental features.*

Strategies may include altering traffic patterns, landscaping, lighting, and neighborhood layout (including ingress and egress routes for vehicles and pedestrians). In addition to increasing the perceived risk of committing a crime, the COPS report notes that such efforts may “extend natural and formal surveillance” in the neighborhood.

¹ Shane, Jon M. 2012. *Abandoned Buildings and Lots: Problem-Oriented Guides for Police, Problem-Specific Guides Series No. 64*. U.S. Department of Justice, Office of Community Oriented Policing Services.

² Kooi, Brandon R. 2010. *Theft of Scrap Metal: Problem-Oriented Guides for Police, Problem-Specific Guides Series No. 58*. U.S. Department of Justice, Office of Community Oriented Policing Services.

Increasing the Risks of Theft

- *Initiating privatized public nuisance abatement lawsuits.*

According to the COPS report, “these are legal proceedings brought by private plaintiffs, such as community development corporations (CDCs) or neighborhood associations, not governments or individuals...Because the CDC is private and usually consists of area residents, there is a long-term interest in the outcome. The CDC must be vested with statutory authority to act on behalf of the government.”

Example: Detroit

According to the Michigan Municipal League, “in 2011–2012, Michigan Community Resources and the Michigan Municipal League developed a legal program to assist communities in Detroit to hold negligent property owners accountable by filing nuisance legal actions on behalf of community groups. This program was a collaborative model where private law firms, community groups and residents partnered to address pervasively problematic properties that decrease resident and business morale and erode property values. This unique approach to nuisance abatement combines a neighborhood’s knowledge of property conditions and nuisance activity with the strength of legal action.”

- *Aggressively enforcing building codes.*

The COPS report notes that “blight-prevention ordinances hold lenders (i.e., banks) responsible for property maintenance once a notice of mortgage default is filed against a vacant building. Code enforcement works best when coupled with an organized property-maintenance campaign and a system that allows other property owners to report abandoned buildings and nuisance properties...Code enforcement does not address properties that are abandoned and maintained with current property taxes and are outside the gambit of systematic economic redevelopment.”

Example: Baltimore

The City of Baltimore’s Targeted Enforcement Toward visible Outcomes (TEVO), created in 2005, targeted approximately 6,000 of the city’s 16,000 vacant properties for aggressive code enforcement. These actions, taking place within “transitional neighborhoods” that had market potential, were conducted by inspectors and prosecutors through an assortment of traditional enforcement actions.

- ✓ *Creating incentives for responsible ownership and occupancy of abandoned buildings.*

These programs attempt to improve disparities in distressed neighborhoods by offering housing incentives for residents in exchange for a promise of long-term owner-occupancy. In some instances, the government retains the title and has the first right to purchase the property at the cost/investment price instead of market value should the owner decide to sell.

Example: Milwaukee

Current City efforts include the Neighborhood Improvement Program, the pilot Re-Invest City Homes program, the Homebuyer Assistance Program and the STRONG Homes Loan Program.

Reducing the Rewards of Theft

- ✓ *Acquiring properties and establishing rehabilitation programs.*

In addition to City-managed housing security and refurbishment, the COPS report notes that government might work with nonprofit agencies to “*reconfigure vacant land for children’s playgrounds (KaBOOM!); refurbish abandoned buildings (Habitat for Humanity); create usable space (Center for Community Progress); and help build sustainable communities (Local Initiatives Support Corporation - LISC).*”

Example: Baltimore

In 1991, the City of Baltimore enacted an ordinance granting it authority to petition the courts for appointment of a receiver to raze, rehabilitate or sell a vacant or abandoned building. Through a partnership with the Community Law Center and various CDCs, the city has brought actions against owners of more than 300 properties. In approximately half of these cases, the owner took action to rehabilitate the property before going into receivership.

- ✓ *Razing buildings.*

Demolishing unsafe buildings, particularly those associated with criminal activity, may reduce or eliminate criminal behavior. Unfortunately, the looting of vacant buildings is often a precursor to razing, and demolition may do little to reduce it.

Example: Cleveland

Between 2006 and 2012, the City of Cleveland spent more than \$40 million in city and federal dollars to demolish 6,000 vacant homes.

Removing Offenders’ Excuses

- *Establishing a vacant or abandoned property early warning system.*

As an element of proactive code enforcement, an early warning system should capture “*indicators of future abandonment, which are collected during periodic inspection.*” These may include decreasing utility usage, unpaid fees or taxes or unabated code violations.

Example: San Diego

According to its website, in 1996 the City of San Diego implemented the Vacant Properties Program “*to improve the social and economic health of the City of San Diego by returning vacant boarded properties to productive use in the economy.*” The City created a Vacant Property Coordinator to administer the program by:

1. Identifying vacant properties throughout the city.
2. Maintaining a database of these properties.
3. Administering the city’s abatement ordinance to clean and secure vacant properties.
4. Coordinating efforts among city departments.
5. Communicating regularly with community groups, the real estate industry, financial institutions and the City’s vacant property task force.

- *Conducting public education campaigns.*

The COPS report notes that *“the public should be informed about three critical issues: prevention, management and reuse. The message should be: 1) how and where to report abandoned properties and suspicious activity (many calls go to the police who do not have the means to address them); 2) what properties are currently for sale and detailed procedures to acquire them; and 3) the risks and consequences for abandoning a property and how to prevent it.”*

Example: Honolulu

To help combat the vandalism and theft of tsunami sirens in Honolulu, public officials partnered with the non-profit organization Code for America to develop an app for residents to “adopt” a siren. The app was repurposed from a similar program in Boston – created in January 2011 after a massive snowstorm – where residents could adopt fire hydrants buried in snow.

In the fire hydrant example, once residents downloaded the app, they could pledge responsibility for making it accessible to firefighters during the winter. According to a March 2, 2014 article at AccuWeather.com, *“by integrating game dynamics, such as being able to name your hydrant and the ability for users to ‘steal’ ownership if it is not done in a timely manner, the app went viral.”*

According to a recent NPR article, Honolulu’s version of the app has an “adoption rate” of 75%. The original app was created in a single weekend and has been used in Seattle (clogged storm drains) and Chicago (sidewalk shoveling). According to a 2013 TED talk by Code For America’s founder, at least 9 additional cities are planning to use the app.

- ✓ *Maintaining a vacant or abandoned property registry/master list.*

According to the COPS report, *“local ordinances can require trustees and beneficiaries (i.e., lending institutions) who have a legal interest in a foreclosed property to register the property...and assume responsibility for maintenance...Registration allows the government to quickly remediate problems and mobilize responsible parties through current contact information, instead of having to track down seemingly ‘anonymous’ owners...”*

Example: Milwaukee

In 2010, the City’s Vacant Building Registration ordinance took effect. According to s. 200-51.7-1 of the code, *“a significant relationship exists between vacant buildings and increased calls for service for police services, higher incidence of fires...and decline and disinvestment in neighborhoods...Registration, inspection and aggressive monitoring of vacant properties helps stabilize and improve impacted neighborhoods and helps in the development of code enforcement efforts as well as public safety.”*

Responses with Limited Effectiveness

- *Conducting cosmetic improvement and cleanup campaigns.*

According to the COPS report, *“cosmetic improvements and cleanup efforts can be a costly and time-consuming short-term intervention. The government should be willing to place a lien on the property and initiate legal proceedings to recover expenses.”*

- *Conducting additional police patrols and enforcement efforts.*

The COPS report notes that *“additional directed patrols and crackdown operations may provide temporary relief from crime and disorder conditions, which lowers the crime and victimization rate, but the effect may not be long lasting...[and] may compete with other police priorities.”*

Example: Tucson

The City of Tucson established the SABER (Slum Abatement and Blight Enforcement Response) Team to institutionalize interdepartmental cooperation and coordination among 9 different City departments. For example, where vacant structures are identified by police as areas of criminal activity, the information is shared with property inspectors, who respond accordingly.

- *Increasing formal surveillance through closed circuit television.*

According to the COPS report, *“supplementing a CCTV program with a publicity campaign and signage may increase the deterrent effect; however, it is difficult to reach the majority of the public to create such a heightened perception of risk...CCTV works best with other strategies.”*

- ✓ Charging service fees for police, fire, health and code enforcement responses.

As a stand-alone strategy to prevent the illegal stripping and sale of materials from vacant homes, charging service fees may have limited effectiveness, but the COPS report notes that *“charging fees should be part of a comprehensive strategy...as adding fees on top of an existing financial burden may be ignored. Legal language should be clear and definitive to avoid problems with civil or criminal proceedings.”*

ADDITIONAL MEASURES IN OTHER U.S. CITIES

Dallas – Cashless Transactions

In 2008, the City of Dallas passed an ordinance which, among other things, established a non-transferable cash transaction card system and requiring check or debit card credit as payment for transactions. The Dallas City code also contains a 5-day holding period for regulated metal property and contains a list of items for which a seller must prove ownership. Other jurisdictions which require cashless transactions include:

- City of Orlando – adopted 2010.
- Phoenix – for transactions over \$25, excluding aluminum cans, and with a limit of one cash transaction per day.
- State of California – for all transactions over \$20 and payment cannot be made until at least 3 days after receipt of material.

Indianapolis – Data Analysis

In 2008, the Indianapolis Metropolitan Police Department and the University of Indianapolis Community Research Center began the Indianapolis Metal Theft Project, an effort to collect and analyze data on metal thefts, including incidence, types, costs and impacts. For instance, preliminary analysis of 2012 data (approximately 2,471 metal thefts) found that victimization was a good predictor of future victimization. As a result, Indianapolis is working to identify ways to

focus its limited resources on a small group of repeat victims, such as providing properties with UV-responsive pens to mark metal or distributing educational material.

Memphis – Tag and Hold Legislation

After being sued by scrap metal dealers over its tag-and-hold rules, the City of Memphis changed its ordinance to require the tagging and holding of only certain items – such as air conditioning parts, new copper tubing and aluminum siding. The ordinance change also requires scrap metal buyers to issue vouchers at least 5 business days after the transaction, instead of paying cash.

Mesa – Metal Marking

Due to a high rate of construction metal theft, the City of Mesa began having companies spray paint their property at jobsites. The City also provided construction companies with laminated signs to be put on their properties saying that copper and wire on the site is marked.

CONCLUSION

According to the 2010 COPS report, *“tackling the problem of scrap metal theft requires understanding the organizational arrangements between sellers and buyers, in addition to understanding the features of specific theft locations and knowing about individual offenders.”* The report further notes that *“prohibiting anonymous cash purchases of scrap metal is likely a viable and cost-effective way of achieving significant reductions in scrap metal thefts in markets where the bulk of thefts occur in residential settings.”*

Although the problem of metal theft is not likely to completely cease as long as scrap metal prices remain attractive to would-be thieves, through the combined efforts of lawmakers, metal dealers, local law enforcement and other community stakeholders, the City might succeed in reducing the problem, while maintaining the viability of the industry.

Response	How It Works	Works Best If...	Considerations
<i>Increasing Effort</i>			
Physically securing abandoned properties	Makes it harder for people to access the property & engage in criminal behavior.	....crime, disorder conditions or injuries are reported at the abandoned property.	Government may have to bear the costs to secure the property & may not recoup costs.
Altering environmental features	Makes it harder for people to approach the property; sends the visual message that the area is properly governed.	....the changes are part of a master plan for redevelopment so the changes are systematic & permanent.	The costs of the intervention are not likely to be recouped from the property owner.
<i>Increasing Risks</i>			
Initiating privatized public nuisance abatement lawsuits	Increases the risk that the property owner will forfeit the property & be subject to fines if conditions are not corrected.	....acquiring a vacant property is part of a strategic development plan involving residents & a community development corporation (CDC).	Must legally establish a CDC with statutory authority to act on behalf of the government.
Aggressively enforcing building codes	Delivers the ultimatum that property owners must correct all code violations or their interest in the property may be lost.	....coupled with an organized enhancement program; citizens are involved & able to easily report abandoned buildings; private & nonprofit resources can be leveraged; proactive rather than reactive.	Government must be willing to initiate legal proceedings & seek enforcement for failing to pay fines or address deficiencies.
Creating incentives for responsible ownership & occupancy of abandoned buildings	The presence of responsible owners in an area is intended to reduce certain crimes & conditions.	....the available housing units are densely concentrated.	Smaller & more compact zones are likely to have the greatest impact on crime.
<i>Reducing Rewards</i>			
Acquiring properties & establishing rehabilitation programs.	Acts as a disincentive for an owner to allow the property to decline; government takes ownership & works with developers to sell or rehabilitate it, restoring it to the tax rolls.	....the market value of the property does not exceed the cost to acquire, maintain, rehabilitate, etc.; the government partners with nonprofit & civic associations.	Government must be willing to absorb property tax losses until it can sell the property.
Razing abandoned buildings	Removes unsightly & dangerous structures & clears the way for redevelopment.	....the government is relatively certain it will not recapture its previous population level & the property can be put to better use.	Typically a last resort effort after a building has been declared a dangerous nuisance.

Response	How It Works	Works Best If...	Considerations
<i>Removing Excuses</i>			
Establishing an abandoned property early warning system	Gives the government an advantage of confronting a problem & a property owner before adverse conditions escalate.	....resources permit keeping the data current & taking action before the property is abandoned.	Keeping current data is labor intensive; cost of creating a system where none exists.
Conducting public education campaigns	Informs residents & other about how to report problems & issues with abandoned properties & potential hazards for children & adults.	....it is part of a comprehensive strategy to prevent abandonment, correct conditions, & reuse the property.	The messages: 1) how to report suspicious activity; 2) abandoned properties for sale; & 3) risks & consequences for abandoning a property.
Maintaining an abandoned property master list	Facilitates certain legal actions to take control of vacant properties; makes reaching responsible parties easier.	....doing so enhances the government's power over vacant properties & is authorized by law; police & code enforcement work cooperatively.	Creating & maintaining lists is time consuming; requires authorizing legislation.
<i>Responses With Limited Effectiveness</i>			
Conducting government-initiated cosmetic improvement & cleanup campaigns	Improves safety & signals the government is serious about maintaining neighborhood aesthetics & character.	....the government is able to fund the initial maintenance effort & recoup associated expenses for improvements.	Temporary, time consuming & costly; does not address the underlying problem; government should be willing to lien the property to recover expenses.
Conducting additional police patrols & enforcement efforts	Provides short-term relief from crime & disorder conditions & reduces victimization.	....enforcement is coupled with other long-term strategies designed to abate the source of the problem.	Compared to other police priorities, how much harm is caused by forgoing enforcement efforts elsewhere.
Increasing formal surveillance through closed circuit television (CCTV)	Extends formal area surveillance into areas where police may not be able to go.	....the field of vision is clear & it is coupled with other intervention strategies.	Costly to purchase, install & maintain; requires 24-hour staffing for maximum benefit; privacy issues.
Charging service fees for police response	Gives the government a small measure to recoup expenditures associated with problem properties.	....coupled with other strategies to abate the problem & reuse the property.	Requires enabling legislation; may exacerbate the owners' financial problems; clear & definitive legal language needed.