



# City of Milwaukee

200 E. Wells Street  
Milwaukee, Wisconsin  
53202

## Meeting Minutes

### OUTSTANDING DEBT WORK GROUP

*Ald. Terry Witkowski, Chair*

*Lt. Donald Baral, III, Mayor Tom Barrett, Linda Burke, Sheldyn Himle, James Klajbor, Ghassan Korban, Ald. Nik Kovac, Ald. Khalif Rainey, Mark Rohlfing, Sharon Robinson, Lynne Steffen, Rocky Wruck*

*Staff Assistant, Joanna Polanco, 286-2366, Fax: 286-3456,  
jpolan@milwaukee.gov  
Legislative Liaison, Aaron Cadle, 286-8666*

---

Thursday, June 16, 2016

2:00 PM

Room 301- A City Hall

---

#### 1. Call to Order 2:05 PM

**Present** 10 - Witkowski, Kovac, Baral III, Korban, Klajbor, Burke, Steffen, Barrett, Wruck and Riegg  
**Absent** 2 - Rainey and Robinson  
**Excused** 1 - Himle

#### 2. Introduction of members

*The following Individuals introduced themselves:  
Lt. Donald Baral, III - Milwaukee Police Dept.  
Ghassan Korban - Dept. of Public Works Commissioner  
Vincent Moschella - on behalf of Linda Burke - City Attorney's Office  
Jim Klajbor - Deputy City Treasurer  
Lynn Steffen - Dept. of Neighborhood Services  
Ald. Nik Kovac  
Jacque Carter - Budget Office  
Rocky Wruck - Comptroller  
Brian Smith and Steven Riegg - Milwaukee Fire Dept.  
Thomas Woznick - Dept. of Public Works Parking  
Ald. Terry Witkowski - Chair*

#### 3. Future meeting dates and time

*Future meetings will be scheduled at 2:00 PM as follows:  
June 30  
July 14  
July 28*

#### 4. Background on last Outstanding Debt Task Force

*Ald. Witkowski said that the purpose of this body is to improve collection of the amount of money that is owed to the City for various purposes. In 2005 there was an Outstanding Debt Task Force. At that time, there was not a standard report as to how*

*much was owed to the City for fines or assessments. The government accounting system, at that time, did not account for money owed for those purposes. This group will take a look at the final report. The Task Force unified what the City was doing. Departments did not necessarily know what other departments were doing. One of the Task Force duties was to look at writing off of debt. The City Attorney at the time, said that after seven years debt is not collectible. In fact, after seven years, there can't be any lawsuits, but debt can still be collected.*

*The Task Force recommended that the City sell its debt. Debt does get sold on a regular basis these days and is something this group should consider. Along the way the Fire Department wound up collecting ambulance fees. In 2009, the state passed a law that it collect debt if the municipality so desired.*

*Recommendations of the 2005 Outstanding Debt Task Force were adopted by the Common Council. Departments were instructed to report back every six months. Ald. Witkowski directs all departments to take a look at those recommendations to assess if they were accomplished. For example, the recommendation to allow for the towing/booting and impounding of vehicles for unpaid parking citations and refusal to release the vehicles until all outstanding citations are paid or adjudicated. He asked Tom Woznick if this was ever accomplished.*

*Mr. Woznick said that under state statute, the City is not allowed to boot vehicles.*

*Mr. Korban said that an attempt was made to amend this state law, but was not successful.*

*Ald. Witkowski has no objections to try this again. He asked each department to review all recommendations and report back at the next meeting with their departments' results.*

*Mr. Woznick said that vehicle registration holds are part of the compliance program; registration are held for non compliance. People must register a vehicle before is is returned from the tow lot.*

## **5. Resolution establishing the Outstanding Debt Work Group**

*Ald. Witkowski highlighted the following areas of resolution 151687 relating to establishing an Outstanding Debt Work Group:*

*The City has 4 separate contracts with third-party vendors to collect delinquent taxes, forfeitures, judgments and fees owed the City;*

*The City pays different fees for the same collection services under these vendor contracts; and recent changes in State statutes make it possible to contract with the Wisconsin Department of Revenue to collect delinquent taxes, forfeitures, judgments and fees owed to the City at no charge to the City;*

*A review and possible update of the City's current outstanding debt collection practices may result in more effective debt collection at a lower cost, and benefit City residents by making more non-property-tax revenue available to fund City services. The Work Group is directed to evaluate and make recommendations for improving the City's policies and practices for collecting delinquent taxes, forfeitures, judgments and fees owed the City;*

*All City departments are authorized and directed to cooperate with and assist the*

*Work Group in carrying out its mission. The Work Group may request assistance from non-City entities in carrying out its mission as it sees fit and shall report its findings and recommendations to the Common Council by July 31.*

*Ald. Witkowski said that he has made arrangements to have the State appear at the next meeting. His intent for this meeting was to give members a starting point to become familiar with the department's practices for collecting debt. He encourages representatives to invite anyone they consider would be helpful to have at the table for future meetings. Good idea would be to invite City contractors along the way.*

*Ald. Witkowski passed around a chart highlighting the different fees the City pays for someone to process information for Tax Refund Intercept Program (TRIP).*

*Ald. Kovac asked if the Municipal Court revenue is more collectible somehow. Mr. Korban, although not sure, agrees with Ald. Kovac's statement, that it is.*

*Ald. Witkowski said that Harris and Harris has met with him twice and has agreed to make a change in the fees it is charging for TRIP.*

## **6. Review of last Outstanding Receivables Report by Comptroller or representative**

*One recommendation from the 2005 Task Force was that the Comptroller's Office provide reports analyzing delinquent outstanding debt annually to the Common Council.*

*Mr. Wruck went over a report submitted to the Council in June of 2015, based on 2014 data. The department is currently working on the 2016 report using 2015 data and that report should be available within the next couple of weeks. Mr. Wruck referred to page 2 of the report to show a description of the total Accounts Receivables as of December 31, 2014 (\$147.3 million of which the largest amount is delinquent taxes). Page 3 shows a five year trend of receivables by department.*

*Mr. Woznick said that Duncan Solutions is the provider the Dept. of Public Works uses, expiring December 31, 2018. They have acknowledged that many millions fall off the books every year because of the seven-year debt cycle. After six years, debt is considered uncollectible.*

*Ald. Witkowski asked how much do they actually collect.*

*Mr. Woznick said, also reflected on the resolution creating this work group, as of November 2015, the City has \$34.6 million in unpaid parking citations. They are at about a 50% collection rate as of the past year. They expect to collect only \$16.3 million of this amount.*

*Mr. Wruck said that current year balance (reflected on the next report) decreased by \$34 million. Page four reflects how old the parking fund receivables are. Largest percentage in any one year are over three years.*

*Ald. Kovac asked about the Fire Department balances prior to 2013. Mr. Wruck said that it was not reported prior to 2013. Mr. Riegg said the Fire Department has had a billing company in place since 2006, then there was a period of time when there was no contract in place. Harris and Harris came in effect at the end of 2014. Mr. Riegg said he has numbers for Intermedix Corporation for ambulance services for billing. However, there was no collection in place for those years.*

*Ald. Kovac said that there should be a standard procedure to determine how departments write-off their debts.*

*Ms. Steffen asked what happened to delinquent taxes when city property goes in foreclosure. Mr Klajbor responded that it goes through the delinquent tax refund.*

**7. Communication from City Departments on outstanding debt owed by City and non City residents; description of current collection practices.**

**DPW Parking  
DPW General  
Municipal Court  
Fire Department  
Treasurer's Office**

*For next meeting, Ald. Witkowski asked all members to report back at the next meeting statistics on what each department's outstanding debt is owed by City and Non-City residents.*

*Parking Department - Thomas Woznick*

*A parking citation is handled by a secondary collection provider; After 80 days of the citation being issued, Duncan Solutions, the current provider, attempts to collect the debt and succeeds at a 27% rate. After six months, the uncollected debt triggers the TRIP program and an additional 20% is recovered. For the next meeting, Mr. Woznick will bring more detailed information regarding the collecting process Duncan Solutions utilizes.*

*Ghassan Korban - DPW Commissioner*

*There are several occasions where, for example, Special Events Permits go unpaid. The first attempt to collect debt is submitting the organizer's name as part of a report submitted to the Public Works committee. Kohn Law firm is the vendor DPW uses for debt collection purposes with typically \$400,000 to \$500,000 budgeted for uncollected debt.*

*Municipal court submitted a written report to the work group, but was not present.*

*Lynn Steffen - Department of Neighborhood Services (DNS)*

*Department generates fees that either end up in taxes or municipal court.*

*Battalion Chief, Steven Riegg - MFD*

*Billing company, Intermedix Corporation works the accounts for approximately 180 days before turning them over to the collection agency, Harris & Harris, Ltd. In 2015 a total of 11,814 accounts were delinquent with a net amount collected of \$6.3 million. Overall collection between TRIP and normal collection was \$545,000. The contract with Harris & Harris, Ltd expires November 2016 with an option to extend one additional year.*

*Deputy City Treasurer - Jim Klajbor*

*The tax collection process utilized by the Milwaukee City Treasurer has proven very effective. The City Treasurer collects 99 cents of each city property tax dollar levied. This is one of the best tax collection rates in the country.*

*Outstanding delinquent taxes do not adversely affect citizens and business through cuts in service or increased taxes.*

*The City of Milwaukee borrows funds annually in the amount of the delinquent property taxes outstanding as of December 31st for the past levy year, allowing the Delinquent Tax Fund to purchase the tax receivables, making the General Fund whole, which precludes any adverse effect on City services or the ensuing tax levy.*

*The tax principal, interest, and penalty charges collected on the delinquent tax account are sufficient to cover both the debt service on the funds borrowed and the costs of collection.*

*Under Wisconsin State Statutes, the Milwaukee City Charter, and the City of Milwaukee Code of Ordinances, the City Treasurer is responsible for tax collection and enforcement. The Wisconsin State Constitution mandates uniform taxation and tax enforcement. The City Treasurer has no authority to compromise the tax principal due or waive interest and penalty charges.*

*As the City of Milwaukee is the only city of the first class within the State of Wisconsin, it operates differently than other municipalities relative to tax collection. The City of Milwaukee can pursue both in personam judgments by civil suit and in rem foreclosure judgments to enforce property tax collection. Delinquent tax parcels first become eligible for an in rem foreclosure one year after going tax delinquent, while an in personam action can be pursued once a delinquent tax certificate is issued.*

*Under the terms of a 1987 intergovernmental service agreement, the city of Milwaukee purchases the delinquent tax receivables of Milwaukee County within the city on an annual basis and keeps the interest and penalty collected on these receivables. This consolidates tax collection with the City Treasurer and provides for a more efficient and convenient process for City of Milwaukee taxpayers.*

*As the goal of the City Treasurer is to collect the property taxes levied and not acquire tax delinquent parcels, the City Treasurer utilizes a three phase tax enforcement process that maximizes tax collections, while minimizing delinquent tax parcel acquisition.*

*The first phase of the tax enforcement process is in-house collection. This phase includes a series of four collection letters from City Treasurer and one collection letter under the signature of an Assistant City Attorney.*

*In the second phase, tax accounts that remain unpaid are referred to the City of Milwaukee collection law firm, the Kohn Law Firm, for a period of twelve months where the collection law firm works the accounts, make payments arrangements, pursues in personam judgments where deemed advisable under the established City guidelines, and pursues post judgment remedies, such as wage garnishments and rent attachments, where deemed advisable.*

*In the third and final phase, as a last resort, the City Treasurer pursues in rem foreclosure against those tax parcels that remain delinquent. The affected tax delinquent property owners and all other interested parties, such as mortgagees and other lien holders, are notified by certified mail of the in rem tax foreclosure action being filed in Milwaukee County Circuit Court.*

*The three phase tax collection and enforcement process utilized by the City Treasurer since 2000 has proven very effective. The City Treasurer collects 99 cents of each city property tax dollar levied and near 90% of City property tax delinquencies. This is one of the best tax collection rates in the country.*

**8. Future topic for discussion**

*Gaming City Property system*

*Logistics of debt collection*

*Demographics of debt*

*Water Department - Carrie Lewis*

**9. Meeting adjourned at 3:40 PM**