

Memorandum



CITY OF DALLAS

DATE: May 17, 2013

TO: Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT: Delinquent Citation Collection Contract Supplemental Agreement No. 3

The June 12th City Council agenda includes an item to authorize Supplemental Agreement Number 3 to the City's contract with Linebarger Goggan Blair & Sampson (LGBS) to collect unresolved, delinquent fines on the City's behalf. Exercising the second one year renewal option of this service contract will enable Court and Detention Services to continue collection of delinquent fines and fees for City ordinance, traffic and state law violations. Collection of delinquent parking citations is not included in this contract.

There is no cost to the City for this contract. State law allows collection agencies, including LGBS, to collect a 30% commission from the defendant for unresolved, delinquent cases with offenses occurring on or after June 18, 2003. LGBS receives a 0% commission rate on cases with offenses occurring prior to June 18, 2003.

The contract established a minimum annual guarantee (MAG) for each year of the contract and provided for a reduction in the MAG should the net placement of cases by the City be less than the base year (April 1, 2006 through March 31, 2007.) The reduction in the MAG was necessary in Years 2-5 due to the reduced case placement with LGBS by the City. Year 6 of the contract ends on July 31, 2013. The MAG calculation for year 6 will be determined after the year closes; however, it is very likely that a reduction will be appropriate.

Collections associated with this contract for years 1-6 are as follows:

| Contract Year | Year Ending July 31 | Original MAG | Percent Reduction in Net Placements | Revised MAG | Actual Collections |
|---------------|---------------------|--------------|-------------------------------------|-------------|-------------------------|
| Year 1 | 2008 | \$7,309,978 | | | \$7,889,974 |
| Year 2 | 2009 | \$8,455,181 | 61% | \$3,297,521 | \$6,179,712 |
| Year 3 | 2010 | \$9,600,385 | 51% | \$4,684,988 | \$6,670,698 |
| Year 4 | 2011 | \$10,745,589 | 79% | \$2,256,574 | \$6,823,863 |
| Year 5 | 2012 | \$11,890,793 | 84% | \$1,926,308 | \$7,096,140 |
| Year 6 | 2013 | \$6,400,000 | | | \$6,400,000 (estimated) |

The minimum annual guarantee for year 7 of the contract will be \$5,800,000.

LGB&S collection efforts target defendants via mail and phone and include actions such as:

- Send progressively stronger demand letters, in English and Spanish
- Monthly targeted "sweep" letters by offense type
- Telephone call center staffed by professional collectors (bi-lingual assistance available)
- Skip-tracing utilized to identify current phone/address information
- Participate in special initiatives such as "Pay Up or Get Locked Up", "Operation Pay or Stay" and statewide warrant round ups

Please contact me if you need additional information.



Jeanne Chipperfield
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, City Secretary
Thomas P. Perkins, Jr., City Attorney
Daniel F. Solis, Administrative Judge Municipal Court
Craig D. Kinton, City Auditor

A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Stephanie Pegues-Cooper, Assistant to the City Manager