



# City of Seattle

Office of City Auditor  
Susan Cohen, City Auditor

## MEMORANDUM

**DATE:** June 21, 2006

**TO:** Gayle Tajima, Director of Finance and Administrative Services  
Seattle Municipal Court (SMC)

**FROM:** Susan Cohen, City Auditor *Susan Cohen*

**RE:** Benchmarking Revenue Recovery Operations

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The following is a summary of our revenue recovery benchmarking study. We hope that this information will help you evaluate options for improving the efficiency of SMC's revenue recovery operations. Please contact me or Claudia Gross Shader to discuss our findings and any potential follow-up.

### Scope

The scope of study included benchmarking Seattle with other large municipal courts (or jurisdictions) to help evaluate the effectiveness and efficiency of the SMC's revenue recovery functions, and to examine alternative options (e.g., outsourcing versus handling in-house). To help gather the information from other jurisdictions, we developed a web survey tool that contained 13 questions. The web survey can be viewed at:  
<http://www.zoomerang.com/recipient/survey-intro.zgi?p=WEB224VU7NST33>

### Organizations Surveyed

10 organizations responded to our survey; however, the respondents did not always answer all 13 questions. The respondents included:

- City of Boston, Transportation Department
- City of Chicago, Revenue Department
- City of Cleveland, Municipal Clerk of Courts
- City and County of Denver, Parking Management
- Maricopa County, General Jurisdiction Courts (included Phoenix tickets)
- Miami Dade County, Clerk of Courts
- Oregon Judicial Department (included Portland tickets)

- City of Sacramento, Revenue Division
- San Diego Superior Court
- Vancouver, British Columbia (BC), Revenue Services and Provincial Traffic Courts

## Finding Areas

**Fees for Time Payments:** Nine out of the ten organizations surveyed offer time payments before collections, and six of those nine organizations charge a fee for time payments. The fees for time payments range from \$20 – \$50. Fees from time payments generate revenue that can help support the revenue recovery function. Four of the organizations reported their 2004 revenue from fees for time payments:

Jurisdiction:	2004 Revenue from Fees for Time Payments:
Maricopa County	\$ 620,000
Oregon Judicial Department	\$ 2,900,000
Sacramento	\$ 18,000
San Diego	\$ 1,522,095

Two of the four respondents that do not charge a fee for their time payments indicated that they considered their default rate on time payments to be high (Cleveland 90%; Chicago 40%).

**Organizational Structure:** Six of the ten respondents indicated that the revenue recovery function was housed in Court Finance. The remaining respondents had unique organizational structures including those within transportation or revenue departments. However, none of the respondents indicated that their revenue recovery function is housed in court probation, as is the case with the SMC.

**Collections Contracts:** Nine of the ten respondents indicated that they outsource collections processing. The exception is Vancouver, B.C. which handles collections in-house. Six of the nine outsource collections to multiple vendors, as many as eight (Chicago). Some of the respondents indicated that they have seen a benefit to using at least two vendors, because the vendors have to stay competitive. Maricopa County, for example, compiles regular comparisons of the performance on collections which are then distributed to all their vendors. In addition, both Maricopa County and Chicago contract with law firms specializing in legal pursuit of collections (e.g., placing liens on property).

**Other Outsourcing:** Four of the ten respondents use an outsourcing vendor for elements of the pre-collections phase of revenue recovery. Boston, Cleveland, and Denver use the vendor, Affiliated Computer Services, Inc (ACS). The degree to which ACS is used in the pre-collections phase varies by jurisdiction. In Boston, ACS provides computers and parking management systems (including booting systems and meter management) and performs cashing and collections activities. In Cleveland, ACS provides and supports the parking ticket management system only.

Chicago uses IBM to run its parking ticket system, and they contract with the vendor, Keane, for some of their customer help desk functionality. City employees perform cashing. Also, in Chicago, if a citizen with parking, traffic, or criminal fines is in bankruptcy, their case is

turned over to one of the contract law firms to begin pursuing payment immediately after adjudication.

### **IT Systems**

Nine respondents provided information about the information technology (IT) system that supports their revenue recovery functions. Seven of the nine use a system provided by a vendor: Boston, Cleveland, and Denver use the ACS system; Maricopa County and San Diego use a system provided by Alliance One, Chicago uses a system developed for them by IBM, and Sacramento uses a system provided by the City of Inglewood. Vancouver, B.C. is transitioning from a mainframe system to a new system purchased from the vendor Tempest. Of those jurisdictions surveyed, only the State of Oregon is using an internally-developed IT system.

### **Issues to Consider**

Based on our findings from these other jurisdictions, we would like to pose the following questions for your consideration. We would be happy to discuss these issues with you if you have questions or would like more information.

1. Given that six of the jurisdictions surveyed charge some fee for time payments, has SMC considered charging a fee for time payments? If time payments without a fee are reasonable for criminal violations, has SMC considered charging a fee for time payments related to parking and/or traffic fines?
2. What is SMC's default rate on its time payments? How many of these default without making a single payment – and extend the City's credit up to two additional months?
3. Has SMC considered strategies to prevent potential abuse of the time payment system? Has SMC considered a more rigorous screening and income verification process for time payments related to parking and/or traffic fines?
4. Given that in six of the jurisdictions surveyed revenue recovery reports to Court Finance, has SMC considered that organizational structure?
5. Six of the jurisdictions use multiple collections vendors to maximize their collections rate. Has SMC considered this strategy? Has SMC considered using multiple vendors for its parking ticket collections?
6. Four of the jurisdictions outsource elements of the pre-collection phase. Has SMC considered the costs and benefits of outsourcing elements of the pre-collections phase?
7. Seven of the jurisdictions use a vendor-provided system to support revenue recovery. Given that SMC is currently investigating options for replacing MCIS, has SMC considered a strategy using a vendor-provided financial/receivables system that interfaces with the case management system? Has SMC explored opportunities to purchase a receivables system in conjunction with the Seattle Police Department's upcoming acquisition of a new parking ticket system?

cc: Sue White  
Barbara Brown