Memorandum

MIAMI-DADE COUNTY

Date:	June 15, 2026	Agenda Item No. 2(B)(8) July 21, 2026
To:	Honorable Chairman Anthony Rodriguez and Members, Board of County Commissioners	
From:	Daniella Levine Cava *Daniella Levine Cava* Mayor	
Subject:	Report on the Feasibility of Outsourcing or Selling County Debt – Directive No. 251385	

This report is in response to Resolution R-785-25 (Resolution), sponsored by Commissioner Danielle Cohen Higgins, and adopted by the Board of County Commissioners (Board) on July 16, 2025. The Resolution directs the County Mayor or County Mayor designee to prepare a report for presentation to the Board on the feasibility of outsourcing the collection of outstanding County debt/receivables including selling outstanding receivables or debt owed the County. The report shall include an analysis of (1) the types and amounts of debt that could be considered for sale or otherwise outsourced, (2) potential buyers and the market for such debt, and (3) the estimated recovery rates and financial implications of selling debt or outsourcing its collection compared to other collections methods.

Executive Summary

The Internal Compliance Department's Credit and Collection Section (CCS) analyzed the outstanding debt for the County as of July 29, 2025, considering debt with compliance requirements in addition to payment due, and other debts, such as unpaid fees, which do not include further action to absolve the account. In consultation with the sponsoring Commissioner, CCS performed an internal analysis. We recommend the Board consider the sale of a portion, not its totality, of the outstanding debt portfolio to generate cash flow. Balances should be limited based on specific criteria to minimize risk of legal action, as seen in other municipalities and even with Jackson Health in prior years, as well as minimizing additional costs in validating the contact data and status of the current portfolio and its recoverability.

As of July 29, 2025, the outstanding debt for County Departments was about $525 million, which includes non-citation debts, such as Miami-Dade Fire Rescue (MDFR) emergency medical services and Water and Sewer (WASD) utility billing, and citation-related debt, primarily from the Regulatory and Economic Resources (RER) Department and Animal Services Department (ASD), with an additional portion from the Miami-Dade Sheriff's Office. The outstanding balance fluctuates as new accounts are referred to CCS and existing portfolio outstanding balances are collected. For this Resolution, the outstanding balance of Jackson Health System was not included and thus is not reflected in this Report.

Of the $525 million balance, we have identified almost $41 million gross (8%) that could be considered for sale to third-party collection agencies or receivables buyers, with the caveat that the County is not liable for data validation and collectability of the balances sold, and that the third-party do their due diligence in negotiating this transaction**.** Even though it is legal to sell citations, as a practical matter, it is not for our constituents' or County's best interest.

Therefore, the other 92% is not recommended. The majority of the balances due have a compliance component, which must be met even if payment is recovered, to fully eliminate the citation. Additionally, there are other considerations such as the protection of data under the Health Insurance Portability and Accountability Act (HIPAA). The personal level of internal assistance provided to County residents relying on second mortgages provided through County programs may not be handled similarly by external debt collectors. Additionally, outsourcing collections could expose the County to additional legal risks under the Fair Debt Collection Practices Act (FDCPA), which requires third-party collectors to provide a 30-day debt validation notice. If an external debt collector would need the County to provide such verification, additional personnel would be needed to comply with this requirement. In selling of receivables, we lose the ability to personally assist our constituents.

CCS will continue to refine its internal collection process, including additional improvement of contact data, automated resources and process improvements, to maximize efforts to continuously increase collection of aged debt, as well as minimize aging of receivables.

Background

Debt Summary

CCS manages the collection of outstanding debt for Jackson Health System and certain County Departments, the latter as per Administrative Order 03-09, which indicates that "Department directors shall forward "delinquent" accounts receivable" to CCS, where collection efforts continue. CCS plays a vital and adaptable role in advancing departmental goals and serving the community. The team brings deep knowledge of County debt types, departmental processes, and settlement authorities. CCS evaluates hardship cases, manages lien placement and releases, and processes estate, foreclosure, and tax surplus claims to recover funds owed to the County.

The County's Collection efforts support economically sensitive programs such as low-income housing assistance, second and low-interest mortgage relief, and the County's Infill program—where debt may be fully forgiven. CCS staff are well-versed in department-specific forgiveness and settlement programs and proactively identify residents who may qualify for hardship assistance.

CCS also handles billing and rebilling for insurance claims, on behalf of constituents, and works closely with the Clerk of Courts and Comptroller on hearing scheduling, use of hearing officers, and reimbursement of hearing-related expenses. Additionally, CCS provides data analysis and trend reporting to departments and policymakers to support informed decisions. Because CCS possesses extensive institutional knowledge, it helps minimize legal risk while maximizing collection effectiveness. This internal infrastructure provides a strategic advantage in achieving both revenue recovery and compliance outcomes.

CCS's access and knowledge to multiple internal systems allows for accurate validation and tailored support for constituents, such as contacting the constituent for all debts owed to the County, in lieu of multiple points of contact. At times, while reviewing debt(s) owed, we must close it due to untimely billing, incorrect information, new property owners, verification of compliance prior to the violation, etc. This allows for companion citations to be closed when constituent has complied and paid the citation as accounts are linked by the same customer, or property, thereby streamlining attempts to collect County debts.

CCS analyzed the balance of outstanding debt, classifying by product type (citation, non-citation, etc.), as well as other considerations for the balances by Department. As such, as requested, we identified 8% of the County's outstanding balance (which will change upon an effective date of sale due to constant variations in balance as accounts are added and balances are collected periodically) could be considered for sale to a third-party (Table I). Although this outstanding debt is referred to and collected by CSS, the originating Departments must also agree on the salability of the account balance.

Table I
Summary of Outstanding Debt
(exclusive of Jackson Health Systems)
As of July 29, 2025

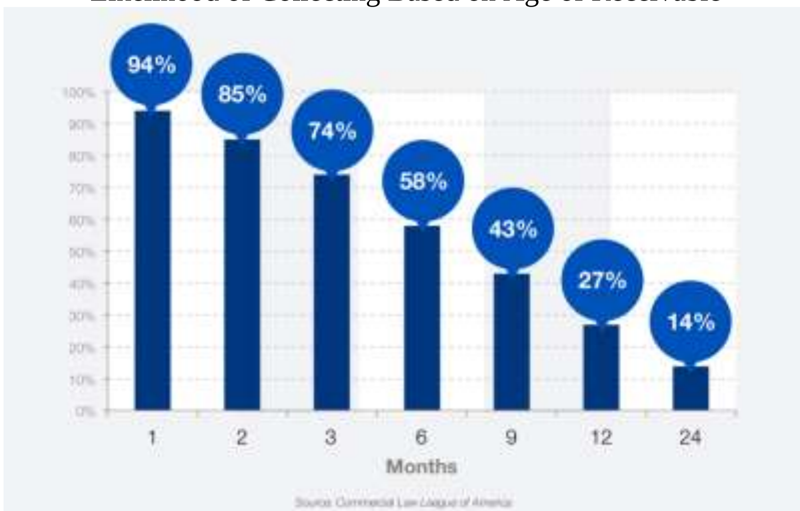
Department	Total Accounts	Active Balance	Average Aging (Years)	Description
To be Considered for Sale:				
Animal Services Department	296	27,516	14	Bad checks, Payment plan, Redemption
Aviation Department	557	143,177	4	Parking invoices
Community Action & Human Services	144	445,068	10	Delinquent business loans for learning center
County Attorney Office	8	328,659	11	Collection on Judgments
Cultural Affairs	2	7,469	6	Rent Fees
Internal Services	191	307,855	6	Leases, Inspection Service Fee, Delinquent Accts
Information Technology	34	2,341	16	Public Access
Miami-Dade Transportation and Public Works	177	311,054	8	Outlets, Bad Checks, Advertising, Spotters
Parks, Recreation and Open Spaces	308	329,338	9	Park Rentals
People and Internal Operations - Payroll	1,032	1,007,511	5	Employee overpayments
Port of Miami	4,365	192,837	8	Tours, Parking fees, Bad checks
Water & Sewer Department	80,286	37,415,167	7	Retail water bills
	87,400	40,517,992		
Not Recommended for Sale:				
Animal Services Department	419,683	46,529,816	7	Compliance in addition to amount due
Aviation Department	294	67,066	5	Compliance in addition to amount due
Fire Rescue	325,706	213,452,418	8	Insurance billing/rebilling (HIPAA), compliance
Housing Agency	2,214	5,956,354	8	Low income housing program, second mortgage
Internal Services	240	179,330	11	Compliance in addition to amount due
Public Works	10	63,977	30	Compliance in addition to amount due
Regulatory and Economic Resources (RER)	30,743	201,759,940	9	Compliance in addition to amount due
RER - Consumer Services	60	14,989	21	Compliance in addition to amount due
Solid Waste Management	3,047	7,732,707	10	Compliance in addition to amount due
SHERIFF of Miami Dade County (Constitutional)	53,708	8,418,963	9	Non County
	835,705	484,175,560		
Total	**923,105**	**524,693,552**		

Source: Credit and Collections Business Intelligence aging and heatmap report

Market for Debt

While there may be a market for outstanding debt, considerations such as aging of receivables, as well as the success rate of collection should be considered. The likelihood of collecting decreases as the receivables age (Figure 1). As noted in Table I, the average age of the receivables in the active inventory managed by CCS ranges from 4 years to 30 years.

Figure 1
Likelihood of Collecting Based on Age of Receivable



Source: The Kaplan Group

Third-party agencies may work on a contingency basis, based on size and/or age of the amounts, while others may provide a flat contingency for all debt purchased. Herein, the rates may increase based on smaller amount accounts, as well as accounts that have aged (Figure 2).

Figure 2
Sample Tiered Contingency Rates

Based on Size	
Under $1,000	50%
$1,000 - $5,000	25%
$5,000 - $50,000	20%
$50,000 - $500,000	15%
Over $500,000	10%

Based on Age	
Under 90 days	20%
90 - 180 days	25%
6 - 12 months	33%
1 - 2 years	40%
Over 2 years	50%

Source: The Kaplan Group

The County has previous experience with awarding contracts to Outside Collections Agencies. In 2003, there was a Request for Approval to Award County-wide Debt Collection Services. The pool of contractors included Linebarger Goggan Blair & Sampson LLP (Linebarger Attorneys at Law, LLP), Alliance One Receivables Management, Inc., Professional Bureau of Collections of Maryland, Inc., Collectco, Inc. and Penn Credit Corp, among others. Currently, some of the same providers are still in the market, along with others (Table II).

Table II
Sample of Outside Collection Agencies

Outside Collection Agency (OCA)	Principal Office
Linebarger Attorneys at Law	8100 Oak Lane, Suite 307, Miami Lakes, FL 33016*
Municipal Services Bureau (Gila Corporation)	325 Daniel Zenker Dr, Horseheads, NY 14845
Penn Credit Corporation	2800 Commerce Drive Harrisburg, PA 17110
Transworld Systems Inc. (TSI)	3450 Lakeside Dr Ste 304, Miramar, FL 33027
ConServe	200 Cross Keys Office Park, Fairport, NY 14450-3510
Nexum Group Receivable Mgmt	3700 34th Street Suite 204 Orlando FL, 32805
Resurgent Capital Services (Sherman Financial Group)	PO BOX 10466 Greenville, SC 29603

Source: Internet
*Headquarters in Austin, TX

Implications of Selling Debt

Legal

Under Florida law, Section 8CC-7(c) of the Code provides, in pertinent part that "Any person, firm, corporation or legal entity, other than the present owner of the property involved, who pays any such unsatisfied [code enforcement] lien shall be entitled to receive an assignment of the lien held by the County and shall be subrogated to the rights of the County in respect to the enforcement of such lien, as permitted by law". A review of chapter 162, Florida Statute (Fla. Stat.) also reveals no prohibition on the sale of the liens.

In addition, the Fourth District Court of Appeal, in *Cnty. Collection Services, Inc. v. Charnock*, 789 So. 2d 1109, 1110 (Fla. 4th DCA 2001), held that "Palm Beach County does have the power to assign such [lot clearing and code enforcement] liens and that, under the terms of the contract at issue, there has been no improper delegation of Palm Beach County's police powers." In the *Charnock* case, the Court observed that the "parties have not cited and we have not found any statutory authority which precludes a county from assigning code enforcement and lot clearing liens. Consequently, we must conclude that the County has the power to assign these liens." *Id.* at 1112. However, it should be noted that the County's ability to retain control and claw back some of these assignments was a reason the Court found that this was not an improper delegation of authority.

Thus, the County Attorney's Office recommends, if the County intends to assign or sell code enforcement liens, the County should retain the ability to recall an assignment (and/or cancel the assigned lien), including the cancelation or voiding of the underlying citations, and likewise, to prohibit or condition the foreclosure of assigned liens. Also, Section 8CC-7(d) provides, in pertinent part, that "After one (1) year from the filing of any such lien which remains unpaid, Miami-Dade County may foreclose or otherwise execute on the lien." Thus, foreclosures cannot occur before the expiration of the one-year deadline.

The FDCPA, 15 U.S.C. § 1692 and Florida Consumer Collection Practices Act, Chapter 559, Part VI of the Florida Statutes (FCCPA) do not normally apply to governmental entities based on explicit provisions in the respective Acts. Per 15 U.S.C. § 1692(c), the term "Debt Collector" is defined to exclude "any officer or employee of the United States or any State to the extent that collecting or attempting to collect any debt is in the performance of his official duties", and as per Fla. Stat. § 559.55(7), excluding from the definition of "Debt Collector", "[a]ny officer or employee of any federal, state, or local governmental body to the extent that collecting or attempting to collect any debt is in the performance of her or his official duties".

However, the Acts do not contemplate the government's assignment of debt to a private debt collector. Thus, if the code enforcement liens are assigned to a third-party debt collector, it is unknown whether a court would find that the government is, when using a private debt collector, still exempt from the Acts (particularly since the definition language above refer to any officer or employee, but not "agents"). Therefore, the use of a third-party (private) debt collector may subject the County to regulation by the aforementioned Acts and all the regulations contained therein.

County Impact
CCS has almost $17 million average annual collections on recurring balance, to include surcharges on citations, such as the $10 Technology Fund fee, which contributes to essential County programs. The sale of these receivables will also affect the departments that include these collections in their Budget, specifically but not limited to code enforcement departments. The County currently reimburses the Clerk of the Court and Comptroller for hearing officers and their staff for the code enforcement appeal process. The sale of these receivables could jeopardize these funding streams.

The sale of the debt may provide short term cash flow, but would sever access to historical and real-time data, undermining the County's ability to support constituents directly and provide settlement authority and increase compliance. Internal flexibility in managing hearings, late appeals, hardship relief, and settlements would be lost. Additionally, HIPAA compliance is also a concern for ambulance-related billing. Historically, prior attempts to use outside collection agencies resulted in limited success due to their inability to match in-house capabilities, which prioritizes the County residents.

This report will be placed on the next available Board agenda pursuant to rule 5.06 (j) of the Board's Rules of Procedure. Should you need further information, please contact Ofelia Tamayo, Director, Internal Compliance Department, at (786) 469-5922.

c: Geri Bonzon-Keenan, County Attorney
Jess M. McCarty, First Assistant County Attorney
Office of the Mayor Senior Staff
Department Directors
Christina M. Cecilia, Director, Office of Policy and Budgetary Affairs
Yinka Majekodunmi, Commission Auditor
Basia Pruna, Director, Clerk of the Board
Eugene Love, Agenda Coordinator