

1.17

DEPARTMENT OF
ADMINISTRATIVE SERVICES

ACCOUNTING DIVISION

SUSAN G. MAYER
ACCOUNTING MANAGER

CITY OF SACRAMENTO
CALIFORNIA

April 6, 2000

CITY HALL
ROOM 12
915 I STREET
SACRAMENTO, CA
95814

PH 916-264-5676
FAX 916-264-5444

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Collection Actions for Delinquent Assessment and Special Tax Levies

LOCATION AND COUNCIL DISTRICT: All Districts

RECOMMENDATION: Adopt resolution ratifying and ordering the removal of delinquent 1915 Public Improvement Assessment levies and Mello-Roos Community Facility District Special Tax levies of \$1,000 or greater, either individually or in aggregate by property owner from the tax rolls and to pursue judicial foreclosure of delinquent assessments and special tax levies.

CONTACT PERSONS: Susan Mayer, Accounting Manager, 264-5058
Betty Renz, Revenue Supervisor, 264-7944

FOR COUNCIL MEETING OF: April 25, 2000

SUMMARY: The City is required by covenant with bondholders to institute judicial foreclosure proceedings on delinquent assessments and special tax levies. This resolution orders the filing of judicial foreclosure lawsuits to collect delinquent assessment installments and special taxes; authorizes and directs the Administrative Services Director, and/or his/her designee, to pursue collection and to retain attorneys to file and prosecute foreclosure actions on delinquent installments and special taxes; and authorizes attorneys to require payment of all costs and attorneys fees prior to and in a judgement of foreclosure. This resolution provides the authority to the City of Sacramento to remove delinquent assessments and special tax levies from the tax rolls in order to pursue judicial foreclosure for this year and all future years.

BACKGROUND:

- The City has a long history of conducting special assessment proceedings resulting in the issuance and sale of improvement bonds pursuant to the provisions of the Improvement bond Act of 1915 (the 1915 Act). The City is now using the Mello-Roos Community Facilities Act of 1982 (the Mello-Roos Act) to finance a variety of projects.

- Both types of assessments are payable in the same manner and at the same time as secured property taxes and may be billed and collected on behalf of the City by the County of Sacramento. When an assessment is not paid when due, the City may initiate judicial foreclosure proceedings upon the lien of the unpaid assessment.
- In conjunction with bondholder covenants and with the City of Sacramento, the County of Sacramento annually removes unpaid assessments in the amount of \$1,000 or greater, either individually or in aggregate by property owner.
- Removal of unpaid assessments from the County tax rolls returns the responsibility of collection to the City. As a courtesy to property owners, upon removal of assessments from the tax rolls, the City sends final collection letters to property owners requesting payment. If the City does not receive payment, the account is referred to outside counsel for collection and possible judicial foreclosure.
- This resolution will formally authorize the removal of delinquent Mello-Roos special tax levies from the tax rolls and judicial foreclosure proceedings for this year and all future years.

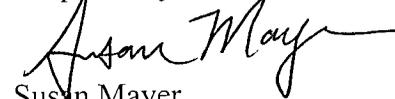
FINANCIAL CONSIDERATIONS: This resolution will authorize the City to remove unpaid assessments and special tax levies from the tax roll in order to pursue collection through the judicial process.

ENVIRONMENTAL CONSIDERATIONS: None.

POLICY CONSIDERATIONS: Active collection of delinquent assessment installments pursuant to 1915 Act and Mello-Roos bond covenants is consistent with policies of the City of Sacramento.

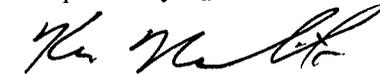
ESBD EFFORTS: Not Applicable.

Respectfully Submitted,



Susan Mayer
Accounting Manager

Respectfully Submitted,



Ken Nishimoto
Administrative Services Director

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

RESOLUTION NO. 2000-182

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____



RESOLUTION ORDERING JUDICIAL FORECLOSURE OF DELINQUENT SPECIAL ASSESSMENT INSTALLMENTS PURSUANT TO THE IMPROVEMENT BOND ACT OF 1915 AND SPECIAL TAXES PURSUANT TO THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

WHEREAS, the CITY OF SACRAMENTO ("City") has conducted special assessment proceedings from time to time, resulting in the issuance and sale of improvement bonds pursuant to the Improvement bond Act of 1915 (Cal. Sts. & Hy. Code Section 8500, et seq.; "1915 Act");

WHEREAS, pursuant to the 1915 Act, the City has duly and regularly issued and filed and recorded the unpaid assessments which assessments and each installment thereof and interest and penalties thereon constitute a lien against the parcel of land against which it was made until the same are paid, and which liens secure 1915 Act bonds;

WHEREAS, the City has conducted proceedings from time to time, resulting in the issuance and sale of bonds or debt pursuant to the Mello-Roos Community Facilities Act of 1982 (Cal. Gov. Code Section 53311, et seq.; "MR Act");

WHEREAS, pursuant to the MR Act, the City has duly recorded Notices of Special Tax Lien and has duly and regularly levied special taxes, which special taxes and interest and penalties thereon constitute a lien against the parcel of the land against which it was levied until the same are paid, which liens secure in whole or part MR bonds or debt;

WHEREAS, in the past, certain installments of the assessments and special taxes have not been paid when due, and certain installments of assessments and special taxes may not be paid in the future;

WHEREAS, pursuant to 1915 Act Section 8830 (a) and MR Act Section 53356.1 (a), the City is authorized, not later than four years after the payment date of the last installment of principal on the bonds or debt to be paid by such special assessment installments and special taxes, respectively, to order the delinquent amounts collected by an action brought in the Superior Court to foreclose the liens thereof;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, pursuant to 1915 Act Section 8830(b) and MR Act Section 53356.1(b), the City has covenanted for the benefit of owners of the bonds or debt to file such foreclosure actions in its own name on their behalf, and in conjunction therewith and as required by the 1915 and MR Acts has previously ordered the Sacramento County Auditor to credit on an annual basis certain delinquent special assessment installments and special taxes upon the secured tax roll, thus relieving the Sacramento County Tax Collector of further duty and regard thereto; and,

WHEREAS, the City has previously retained special counsel (“Attorneys”), to collect delinquencies and prosecute such foreclosure actions and has authorized Attorneys to collect all fees and costs incurred because of such action from the redeeming party.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City as follows:

SECTION 1. The Council finds that the 1915 and MR Acts authorize the filing of judicial foreclosure lawsuits to collect delinquent assessment installments and special taxes, and hereby orders such foreclosures.

SECTION 2. The Administrative Services Director is authorized and directed, on at least an annual basis, to review the delinquent special assessment installments and special taxes removed from the County secured tax rolls by the County Auditor and, after making any efforts to collect those amounts he/she determines to be likely to result in their prompt collection, transmit the unpaid delinquencies to Attorneys to file and prosecute foreclosure actions thereon. The Administrative Services Director may delegate this power to departmental personnel, as he/she deems appropriate. This authorization shall remain in effect unless and until it is rescinded by Resolution of this Council.

SECTION 3. The Council finds that the 1915 and MR Acts provide for the payment of the City’s costs and attorneys fees authorized by the City on redemption prior to entry of judgment, and hereby reaffirms its retention of Attorneys and authorizes Attorneys to require payment of all costs and all attorneys fees incurred in the applicable foreclosure lawsuit as a condition of such redemption.

SECTION 4. The Council finds that the 1915 and MR Acts authorize the award of the City’s litigation fees and costs in a judgment of foreclosure and hereby authorizes Attorneys to request that all costs and all attorneys fees incurred in the applicable foreclosure lawsuit be included in the judgments.

MAYOR

ATTEST:

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____