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Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SIDEWALK REPAIR
COLLECTIONS

DATE: March 11, 2004

Approved

Date

INFORMATION MEMO

On February 17, 2004, the City Council approved actions related to the setting of a public hearing for reimbursement of costs the City paid for sidewalk repairs on behalf of commercial and rental property owners. This memorandum provides a response to questions regarding sidewalk repair collection procedures asked during the Council meeting. Following is a summary of the billing and collection process:

Sidewalk Repair Collection Process

- Initial invoices for sidewalk repairs are issued by the Department of Transportation (DOT).
- Payments are due within 30 days of the initial mailing.
- The Finance Department sends delinquency notices once an initial invoice is at least 60 days past due.
- The Finance Department may call the property owner, if telephone contact information is available, in further attempts to collect delinquent obligations

Payment and Collection History – Past Three Fiscal Years

Over the course of the last three fiscal years ending June 30, 2003, the City has billed an annual average of 547 accounts for \$579,000 in costs related to the sidewalk repair program. Following is a break-down of payment collection history:

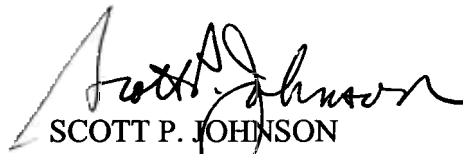
- Approximately 64% are paid before they become delinquent (more than 30 days past due)
- 20% of the property owners settle the outstanding obligations upon notification of delinquency of account

- 16% of accounts lead to the placement of a lien on the subject property (100% is subsequently received by the City through the county tax roll, less a 1% County administrative fee)

It should be noted that the City makes every attempt at collecting delinquent invoices. Prior to holding a public hearing and obtaining City Council approval for the placement of liens for delinquent sidewalk repair invoices in default, the Departments of Finance and Transportation coordinate to send two separate notices of intent to lien to affected property owners. Additionally, the Department of Transportation offers an internal administrative hearing process prior to the scheduled public hearing, providing the affected property owner an opportunity to discuss issues regarding the account and/or enter into payment arrangements. Delinquent accounts which remain unpaid just prior to the scheduled public hearing become part of the *Report of the Directors of Finance and Transportation on the cost of sidewalk repairs*, which becomes the basis for recording liens upon City Council approval. Unpaid lien amounts at the end of the fiscal year are added to the affected property owner's annual property tax bill as an assessment, and paid to the City with scheduled distributions of property tax during the subsequent fiscal year. Because the City participates in the County's "Teeter Plan", the full amount assessed for sidewalk repair invoices less a one percent administrative collection fee is remitted to the City.

COORDINATION

This memo has been coordinated with the Department of Transportation.


SCOTT P. JOHNSON
Director, Department of Finance

