



CITY OF BEVERLY HILLS STAFF REPORT

Meeting February 7, 2012
Date:
To: Honorable Mayor & City Council
From: Noel Marquis, Assistant Director of Administrative Services - Finance
Subject: Policy Discussion on the Proposed Ordinance Amending Chapter 1 of Title 6 of the Municipal Code to Impose a Real Property Lien for Delinquent Sewage, Water and Storm Water Service and Penalties.

INTRODUCTION

This report provides an overview and asks for discussion and policy direction on a proposed ordinance allowing the City to lien properties for delinquent utility fees and penalties. The intent of this ordinance is to provide the City with an additional resource to use in protecting its assets, specifically revenues associated with utility operations, from loss due to unpaid account balances. Prudent management and business practices suggest that a consistent and uniform process should be developed, adopted and followed in the administration of all collection activities. In some instances normal collection efforts do not allow the City to effectively administer and collect monies owed the City for utility accounts and at times can place an undue burden on account holders.

DISCUSSION

Adoption of this ordinance will allow the City to place a lien on property in the amount of any delinquent utility charge or penalty. Such lien shall continue until the charges and all penalties thereon are fully paid.

This action would only be used in the most egregious circumstances or where this action would provide relief for a customer and would only be undertaken with the approval of the City Council in every individual circumstance. This is a common practice for cities with utility services. Following are the results of a survey staff recently conducted of surrounding cities. Of the 9 cities surveyed, 6 have enacted ordinances allowing the use of liens, including Santa Monica, Burbank and Los Angeles.

City	Utility Liens
Bellflower	Yes
Burbank	Yes
Claremont	Yes
Culver City	No
Glendale	No
Los Angeles	Yes
Pasadena	No
Santa Monica	Yes
Torrance	Yes

While a lien would allow the City to foreclose upon property for an unpaid debt (the City would have to take action to file a lien foreclosure lawsuit), the City does not expect to execute this authority. Instead, as a practical matter a potential buyer will likely cause the debt to be paid and the lien removed as a condition of closing escrow on a property. Therefore, the lien would likely have the salutary purpose of causing the debt to be paid at the time of sale of property without any further action by the City.

FISCAL IMPACT

This ordinance provides an additional tool for use in administering and collecting delinquent utility accounts and providing a level of assurance for maintaining the revenue the City's utility funds need to operate.

RECOMMENDATION

This item is on the formal agenda for introduction and first reading should the City Council agree with the recommendation for adoption. The formal item will be tabled if the City Council so directs.


Noel Marquis
Approved By