



City of Sacramento City Council

1

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 3/13/2012

Report Type: Consent

Title: Collection Actions for Delinquent Assessment and Special Tax Levies

Report ID: 2012-00244

Location: Citywide

Recommendation: Pass a 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 and making related authorizations.

Contact: Brian Wong, Senior Debt Analyst, (916) 808-5811, Janelle Gray, Debt Manager, (916) 808-8296, Office of the City Treasurer

Presenter: None

Department: City Treasurer

Division: City Treasurer

Dept ID: 05001011

Attachments:

1-Description/Analysis
2-Resolution

City Attorney Review

Approved as to Form
Jeffrey C. Heeren
3/2/2012 9:44:31 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
2/28/2012 10:25:01 AM

Approvals/Acknowledgements

Department Director or Designee: Russell Fehr - 3/1/2012 10:16:59 AM



Description/Analysis

Issue: The City of Sacramento (“City”) entered into various agreements, which authorized the issuance of 1915 Act and Mello-Roos Bonds. Each bond issue sets forth requirements for the City as it relates to delinquency management for property owners that become delinquent in property tax payments. The City is required to monitor annually any delinquencies and commence foreclosure action in accordance with the requirements of the respective bond issue.

This resolution authorizes the City Treasurer, or designees, 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. In April 2000, City Council approved a similar resolution; the requested action provides administrative clean-up to reflect a change in assignment from the former Administrative Services Department to the Office of the City Treasurer.

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 and requirements of bond documents.

Environmental Considerations: This action is not subject to the California Environmental Quality Act (“CEQA”) because it is not a “project” as defined in section 15378 of the CEQA Guidelines.

Sustainability: Not applicable

Commission/Committee Action: Not applicable

Rationale for Recommendation: 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 assessments and special taxes; authorizes and directs the Office of the City Treasurer to pursue collection and authorizes the City Attorney or outside counsel under City Attorney direction 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 judgment of foreclosure.

Financial Considerations: The cost of delinquency management and subsequent judicial foreclosure process is recovered from the delinquent parcels.

Emerging Small Business Development (ESBD): Not applicable

RESOLUTION NO. 2012-XXX

Adopted by the Sacramento City Council

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 AND MAKING RELATED AUTHORIZATIONS

BACKGROUND

- A. The CITY OF SACRAMENTO (“City”) occasionally issues bonds under the Improvement Bond Act of 1915 (Streets & Highways Code § 8500 et seq. “1915 Act”) and bonds or debt under the Mello-Roos Community Facilities Act of 1982 (Government Code § 53311 et seq. “Mello-Roos Act”). Consistent with the 1915 Act and Mello-Roos Act, the City covenants to file judicial foreclosure actions to collect delinquent special assessment installments and special taxes.
- B. The City Council (“Council”) has previously ordered such judicial foreclosures, authorized City administration to collect delinquencies and outside counsel under direction of the City Attorney (“Attorney”) to prosecute judicial foreclosures and collect fees and costs incurred, as provided in Resolution No. 2000-182.
- C. The City Treasurer (“Treasurer”) requests that the Council order judicial foreclosure and make related authorizations to collect delinquent special assessment installments and special taxes.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Council orders judicial foreclosures on assessment or special tax delinquencies, as authorized by the 1915 Act and Mello-Roos Act.
- Section 2. The Treasurer is authorized and directed to review delinquent special assessment and special taxes; record notice of intent to remove delinquencies from the County of Sacramento secured-unitary tax rolls; take steps the Treasurer determines are likely to result in collection; transmit unpaid delinquencies to the Attorney for judicial foreclosure. The Treasurer may delegate this power to Office of the Treasurer staff.
- Section 3. The Attorney is authorized to file and prosecute such judicial foreclosures, or use outside counsel, and to require payment of interest, penalties, costs, and attorney fees as a condition of prejudgment redemption, and request that the court include interest, penalties, costs, and attorney fees in any judgments.

Section 4. All acts taken under Resolution No. 2000-182 are ratified. Resolution No. 2000-182 is hereby rescinded.