



Legislation Details (With Text)

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Title: ***RESOLUTION - Claiming funds of \$441,187.01 for stale dated (uncashed) utility customer refund checks dated December 28, 2000, through December 30, 2016, and transferring said funds from Utility Sales Clearing Fund 52502 to Water Enterprise Fund 40101, Solid Waste Operating Fund 41001, Community Sanitation Operating Fund 41501, and Wastewater Operating Fund 40501. (Subject to Mayor's Veto)
Sponsors: Finance Department

Indexes:

Code sections:

Attachments: 1. 20-001265 Resolution, 2. Escheat Names Attachment 2 Exhibit A_10.8.pdf, 3. Sample of Printed Classified Notice

Date	Ver.	Action By	Action	Result
11/5/2020	1	City Council	adopted	

REPORT TO THE CITY COUNCIL

October 15, 2020

FROM: MICHAEL A. LIMA, Finance Director/(ex-officio)Treasurer
Finance Department

BY: BRIAN REAMS, Revenue Manager
Finance Department

SUBJECT:

***RESOLUTION - Claiming funds of \$441,187.01 for stale dated (uncashed) utility customer refund checks dated December 28, 2000, through December 30, 2016, and transferring said funds from Utility Sales Clearing Fund 52502 to Water Enterprise Fund 40101, Solid Waste Operating Fund 41001, Community Sanitation Operating Fund 41501, and Wastewater Operating Fund 40501. (Subject to Mayor's Veto)

RECOMMENDATION:

Approve Resolution claiming funds of \$441,187.01for stale dated (uncashed) utility customer refund checks dated December 28, 2000, through December 30, 2016, and transferring said funds from Utility Sales Clearing Fund 52502 to Water Enterprise Fund 40101, Solid Waste Operating Fund 41001, Community Sanitation Operating Fund 41501, and Wastewater Operating Fund 40501.

EXECUTIVE SUMMARY

State Law and City Policy allow the City to claim unclaimed monies in the City Treasury and transfer them into a fund specified by law or regulation. In this case, these uncashed checks represent excess customer fees and deposits paid for city utilities services. Uncashed checks issued by the City that are older than three years qualify as unclaimed funds. If the City follows the notification procedures outlined in State Law, these funds become the property of the City, and can be claimed and transferred into the Department of Public Utilities operating funds. Upon approval of the attached Resolution, Council may claim and transfer \$441,187.01 into the Department of Public Utilities' Water, Solid Waste, Community Sanitation, and the Wastewater Operating Funds.

BACKGROUND

Under the City of Fresno Policy and Procedures for Claiming Unclaimed Money in the City of Fresno Treasury adopted December 5, 2019 the City may claim unclaimed funds held in the City's Treasury for more than three years and the City may transfer these funds to a fund specified by law or regulation. This unclaimed property includes uncashed checks and deposits for various purposes. This practice is permitted under Government Code Sections 50050-50053 and 50055.

Uncashed checks include checks that have been issued by the City, but for reasons unknown, have never been negotiated, deposited, or cashed by the recipient. These uncashed checks were for excess payments of fees or deposits for city utilities services. The payee has never notified the City that payment was not received, or that the check was lost. Utility Service Deposits that were collected and held at the inception of the utilities account were converted and applied to the open account balance prior to account closure and reconciliation.

The City's Policy and State Law specify that funds held in the City's Treasury must be older than three years before the City may claim them. The Treasury Section generally prepares this Resolution annually to claim property that has been held for more than three years. This is the first year that the Utilities Billing & Collection Division has processed unclaimed funds in over twenty years. Therefore, the proposed escheatment includes outstanding refund amounts dating from December 28, 2000 through December 30, 2016.

State law requires that a list of unclaimed funds (checks and/or deposits), for amounts of \$15.00 or more, held in the City's treasury, be published in a newspaper of general circulation in the City of Fresno, for two successive weeks. There is a forty-five-day period from the date of the first publication of the list, during which individuals have the right to contact the City and claim the funds on deposit. Any funds that are not claimed become the property of the City of Fresno after the forty-fifth day. The Council may then transfer that money from the fund in which it currently resides, the "Utility Sales Clearing" Fund to the Department of Public Utilities operating funds. This transfer is in line with Fresno Charter Section 1218 which states that no municipally owned utility shall be operated for the benefit of other municipal functions nor be used directly or indirectly as a general revenue-producing agency for the City. For this reason, the transfer of these funds which were collected for utilities fees or deposits are being returned to the utilities operating funds.

Consistent with the Policy and State Law, the Finance Director has published a list of uncashed checks and deposits older than three years in a newspaper of general circulation in the City of Fresno, once per week, for two successive weeks. The notice listed the payees for the checks as well as the amount of each check. Prospective claimants were invited to contact the City to obtain instruction as to how to file a claim for the funds. Also, the date on which the funds could be claimed by the City of Fresno was included in the public notice. Given the number of checks that could

potentially be escheated, the listings were run several times in both the Business Journal on May 1, 2019 and May 13, 2019, and also translated into Spanish and run in Vide en el Valle on April 24, 2019 and May 1, 2019. They were run a second time in the Business Journal on February 25, 2020 and March 4, 2020, and in Vide en el Valle on February 27, 2020. Attachment 3 is a copy of the notification list published in both papers.

Additionally, the full listing including customer name and dollar amount was posted on the City's website under the Finance Department's unclaimed checks section as of February 12, 2020. Further outreach was done by the Council Districts and City staff after the September 17, 2020, meeting where this item was first considered. The additional outreach resulted the resolution of 183 checks totaling \$26,187.34.

At its October 15, 2020 meeting, Council requested information on the number and dollar total of checks issued after 2015 which are proposed for escheatment. Of the 5,392 checks proposed for escheatment, 157 were issued after 2015. In dollars terms, \$12,978.35 of the total \$441,187.01 proposed for escheatment was issued after 2015. Given the relatively small amount that was issued after 2015 in both absolute and dollar terms, staff reiterates their recommendation to escheat the entire \$441,187.01, as detailed in Attachment 2.

Upon passing the attached Resolution, these funds will be transferred to the various Department of Public Utilities operating funds. The Finance Director certifies that all of the requirements of the Policy and State Law have been met and the City may therefore transfer the funds appropriated for these checks to the various Department of Public Utilities operating funds.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378 this item does not qualify as a "project" and is therefore exempt from the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Local preference does not apply because approval of this Resolution does not include a bid or award of a construction or service contract.

FISCAL IMPACT

The Cash operating fund balances of the Department of Public Utilities will be increased by \$441,187.01 split according to the following percentages; Water 51%, Solid Waste 13%, Community Sanitation 4% and Wastewater 32%.

Attachments:

Attachment 1: Resolution transferring \$441,187.01 to the Water Enterprise Fund 40101, Solid Waste Operating Fund 41001, Community Sanitation Operating Fund 41501, and Wastewater Operating Fund 40501

Attachment 2: Exhibit A: List of funds to be transferred to the Department of Public Utilities Operating Funds

Attachment 3: Sample of Printed Classified Notice