



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Escheatment - Unclaimed Checks & Deposits

- 1) Motion to escheat unclaimed checks and deposits held by various funds of the City pursuant to Government Code Sections 50050-50057.

COUNCIL ACTION

Item Type: Consent Calendar

Approved for October 1, 2024 **calendar**

EXECUTIVE SUMMARY

On an annual basis, the Finance Department presents to the City Council a list of unclaimed property that meet the requirements mandated by Government Code Sections 50050-50057 to escheat funds. The escheatment process, originally scheduled for council review in June 2024, has experienced unforeseen delays. Consequently, we have had to adjust our timeline to ensure compliance with Government code requirements. Following the postponement, we restarted the escheatment process which required reposting the escheatment list in the local newspaper. As required by the Government Code, the City has made several attempts to return these outstanding funds to the proper individuals by attempting to contact them through a variety of different means. Through these attempts, we have re-issued 62 outstanding checks totaling \$68,986.58. We have also received 15 claim forms for outstanding deposits totaling \$118,900. After multiple outreach efforts, the remaining unclaimed property is \$70,074.90 for outstanding checks and \$676,387.65 for outstanding deposits and will escheat to the City on October 1, 2024, if approved by the City Council.

RECOMMENDATION

Authorize the Interim Director of Finance to escheat unclaimed checks and deposits held by various funds of the City pursuant to Government Code Sections 50050-50057.

ANALYSIS

Escheat is the legal process of lapsing or reverting ownership of unclaimed private property to the government by operation of law. Unclaimed property includes:

1. Checks issued by the City that remain uncashed for six months from the issuance date.
2. Refundable deposits unclaimed for over three years.
3. Checks under \$15 that are over one year old.

Per Government Code section 50050, for funds unclaimed for a period of over three years, the City must make every effort to return such funds to the proper individuals. Government Code Sections 50050-50051 require the list of unclaimed checks and deposits be published as a public notice once a week for two successive weeks in a newspaper of general circulation published in the local agency. Section 50052 provides guidelines for the claiming process. The unclaimed funds then become the property of the City on a designated date not less than forty-five days nor more than sixty days after the first publication of the notice. Section 50053 states that when the unclaimed funds become the property of City of Glendale, the Director of Finance may transfer them to the General Fund or to the fund the money was originally drawn from. According to section 50055, any individual check of less than fifteen dollars (\$15), which remains unclaimed for a period of at least one year, may be transferred without a publication of notice. Any unclaimed funds will become property of the City on October 1, 2024.

In February 2024, Finance staff obtained a list of outstanding checks from the City Treasurer's Office that included checks from multiple departments. Staff attempted to reach out to each payee through various methods, including phone, email, and U.S. Mail. Additionally, AdminSure, the City's workers' compensation third-party administrator, reached out to their payees through similar means. Multiple attempts were made to contact each individual and locate the payees. When contact information was unavailable, Finance staff provided relevant departments with lists of payees to assist in outreach efforts. Accounts Payable routinely followed up with each department before publishing the list in the local newspaper and conducting additional outreach. However, due to the postponement of the council date, Finance staff restarted this process in August 2024 by obtaining a new list of outstanding checks from the City Treasurer's Office and reposting it in the local newspaper.

After extensive outreach efforts over the past few months, there are currently 289 unclaimed checks totaling \$70,074.90. To have outstanding checks reissued by Accounts Payable, proper documentation, including a replacement check affidavit, must be submitted to the City Treasurer's Office. The City Treasurer's Office will then process the stop payment with the bank and inform Accounts Payable to issue the replacement check.

Also in February 2024, Finance staff worked with Public Works and Community Development staff for the list of outstanding deposits. Public Works and Community Development staff contacted each payee through variety of methods including phone, e-mail, and US Mail. Currently, there are thirteen unclaimed deposits in the amount of \$8,159.00, which are associated with the Excavation Permits administered by Public Works Department. On the other hand, there are eighty-six unclaimed deposits in the amount of \$668,228.65, which are associated with the Construction and Demolition (C&D) Debris Bond administered by Community Development Department.

To obtain excavation permit refund, applicant must submit an application. Public Works staff will review the inspection document to verify the eligibility. Once all requirements are met, Public Works staff request the issuance of the refund through Accounts Payable.

To obtain a C&D Debris Bond refund, applicant must divert 65% of the project's estimated debris to a certified mixed debris recycling facility and submit Waste Reduction and Recycling Plan Compliance Report within six months of certificate of occupancy. Community Development staff request the issuance of the refund through Accounts Payable once all the requirements are met.

Construction permits associated with the C&D Debris Bond deposits often remain active for more than three years. By the end of a five-year period from issuance, the permits are either expired, or construction projects are completed. Thus, C&D Debris Bond deposits older than five years are subject to the escheatment. The eighty-six C&D Debris Bond deposits were issued before July 2019.

On July 30, 2019, Council approved the amendment of Chapter 8 of the Glendale Municipal Code, related to Construction Demolition Debris, transferring enforcement, responsibility, and administration of the Ordinance from Public Works Department, Integrated Waste Management, to the Community Development Department, Building and Safety Division. The amendment applies to the C&D Debris Bond deposits processed subsequent to the adoption date. All eighty-six deposits in the amount of \$668,228.65, were processed prior to the amendment adoption date, and thus, shall be retained by the City to promote waste diversion efforts in the community. (Ord. 5895 §1, 2017).

STAKEHOLDERS/OUTREACH

The City has gone beyond the state minimum noticing requirements by using variety of different outreach methods. First, staff attempted to contact each payee through a variety of methods including phone, e-mail and US Mail. Next, detailed notices were published in the Glendale Independent on the following dates: April 25 & May 2, 2024 and August 15 and August 22, 2024. A press release was published both times directing the party of interest to the City website with instructions to file a claim for any of the unclaimed funds. The same notice was also posted on the City of Glendale website and Permit portal page. As a result of the continued outreach, we have received 15 claim forms totaling \$118,900 for outstanding deposits and 62 claim forms totaling \$68,986.58 for outstanding checks.

FISCAL IMPACT

If approved by the Council, the escheated funds total \$746,462.55:

General Fund	\$10,670.68
Refuse Disposal Fund	\$676,568.57
Housing Assistance Fund	\$18,520.00
Electric Fund	\$35,407.57
Compensation Insurance Fund	\$5,295.73
Total	\$746,462.55

Finance Department will continue to accept claim forms and the final escheated amount will be adjusted accordingly based on the number of checks and deposits claimed.

ENVIRONMENTAL REVIEW (CEQA/NEPA)

This item is not subject to CEQA/NEPA review.

CAMPAIGN DISCLOSURE

This item is exempt from campaign disclosure requirements.

ALTERNATIVES TO STAFF RECOMMENDATION

Alternative 1: Do not authorize to escheat the checks and deposits held by various funds of the City pursuant to Government Code Sections 50050-50057.

Alternative 2: Consider any other alternative not proposed by staff.

ADMINISTRATIVE ACTION

Submitted by:

Michele Flynn, Interim Finance Director

Prepared by:

Sona Arakelyan, Accounts Payable Supervisor

Steve (Min Jun) Kim, Accountant II

Approved by:

Roubik R. Golanian, P.E., City Manager

EXHIBITS/ATTACHMENTS

Exhibit 1: Outstanding checks and deposits to be escheated

Exhibit 2: Copy of Press Release

Exhibit 3: Proof of publication in the Glendale Independent

