

0020.090.01
MVW:prd
MVW001350
12/07/87

Local Improvement
Guaranty Fund

ORIGINAL

ORDINANCE NO. 1426

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, AMENDING CHAPTER 3.08 OF THE REDMOND MUNICIPAL CODE TO INCREASE THE MAXIMUM TAX LEVY ALLOWED FOR MAINTENANCE OF THE LOCAL IMPROVEMENT GUARANTY FUND; DEFINING THE USES OF THE LOCAL IMPROVEMENT GUARANTY FUND; PROVIDING FOR THE TRANSFER OF ASSETS FROM THE LOCAL IMPROVEMENT GUARANTY FUND TO THE GENERAL FUND UNDER CERTAIN CONDITIONS; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, recent amendments to RCW Chapter 35.54 relating to Local Improvement Guaranty Funds necessitates the amendment of Chapter 3.08 of the Redmond Municipal Code, to bring it into conformity with state law, and

WHEREAS, RCW Chapter 35.54 sets forth guidelines for the use and maintenance of a Local Improvement Guaranty Fund, and

WHEREAS, RCW 35.54.020 provides that "every city and town operating under the provisions of this chapter shall prescribe by ordinance appropriate rules and regulations for the maintenance and operation of the guaranty fund not inconsistent with the provisions of this chapter," NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Sections 3.08.010 - 3.08.030 of the Redmond Municipal Code are hereby amended to read as follows:

3.08.010 Fund Created and Purpose. Pursuant to the provisions of RCW Chapter 35.54, there is established a fund to be designated as the "Local Improvement Guaranty Fund, for the purpose of guaranteeing, to the extent of such fund and in the manner provided by law, the payment of local improvement bonds and warrants issued by the city to pay for any local improvement ordered in the city.

3.08.015 Sources of Funding.

A. Taxation. For the purpose of maintaining the Local Improvement Guaranty Fund, the City shall, at the time of making its annual budget and tax levy, provide for the levy of a sum sufficient, with the other sources of the fund, to pay the warrants issued against the fund during the preceding fiscal year and to establish a balance therein, provided, that the levy in any one year shall not exceed the greater of (1) twelve percent (12%) of the outstanding obligations guaranteed by the fund, or (2) the total amount of delinquent assessments and interest accumulated on the delinquent assessments before the levy as of

September 1. The taxes levied for the maintenance of the Local Improvement Guaranty Fund shall be additional to and, if need be, in excess of all statutory and other limitations applicable to tax levies in the City.

- B. Interest and Earnings. The Local Improvement Guaranty Fund shall be maintained in an interest-bearing account with the interest accrued to be paid into the fund; provided, that the City may invest funds maintained in the Local Improvement Guaranty Fund with the earnings to be paid into the fund, so long as the remaining net cash is not reduced below ten percent (10%) of the net outstanding obligations guaranteed by such funds.
- C. Subrogation Rights to Assessments. Whenever any sum is paid out of the Local Improvement Guaranty Fund on account of principal or interest of a local improvement bond or warrant, the City as trustee of the fund shall be subrogated to all the rights of the holder of the bond or interest coupon or warrant so paid, and the proceeds thereof, or of the underlying assessment, shall become part of the Guaranty Fund.
- D. Surplus from Improvement Funds. If in any local improvement fund guaranteed by a Local Improvement Guaranty Fund there is a surplus remaining after the payment of all outstanding bonds and warrants payable therefrom, it shall be paid into the Local Improvement Guaranty Fund.

3.08.020 Use of Guaranty Fund.

- A. Purchase of Bonds, Coupons and Warrants. Defaulted bonds, interest coupons and warrants against local improvement funds shall be purchased out of the Guaranty Fund, and as between the several issues of bonds, coupons, or warrants no preference shall exist, but they shall be purchased in the order of their presentation.
- B. Purchase of General Tax Certificates or Property on or After Foreclosure. For the purpose of protecting the Guaranty Fund, so much of the Guaranty Fund as is necessary may be used to purchase certificates of delinquency for general taxes on property subject to local improvement assessments which underlie the bonds, coupons, or warrants guaranteed by the fund, or to purchase such property at County tax foreclosures, or from the County after foreclosure.

The City, as trustee of the fund, may foreclose the lien of general tax certificates of delinquency and purchase the property at foreclosure sale; when doing so the court costs, costs of publication, expense for clerical work and other expenses incidental thereto shall be charged to and paid from the Local Improvement Guaranty Fund.

- C. Deferral of Collection of Assessments for Economically Disadvantaged Persons. Whenever payment of a local improvement district assessment is deferred pursuant to the provisions of RCW 35.43.250, the amount of the deferred assessment shall be paid out of the Local Improvement Guaranty Fund. The Local Improvement Guaranty Fund shall have a lien on the benefited property in an amount equal to the deferral together with

interest as provided for by the establishing ordinance.

3.08.030 Transfer of Assets to General Fund.

- A. The City, upon certification by the City Finance Director that the Local Improvement Guaranty Fund has sufficient funds currently on hand to meet all valid outstanding obligations of the fund and all other obligations of the fund reasonably expected to be incurred in the near future, may by ordinance transfer assets from such fund to its General Fund. The net cash of the Local Improvement Guaranty Fund may be reduced by such transfer to an amount not less than ten percent (10%) of the net outstanding obligations guaranteed by such fund.
- B. If, at any time within five years of any transfer of assets from the Local Improvement Guaranty Fund to the General Fund of the City, the net cash of the Local Improvement Guaranty Fund is reduced below the minimum amount specified in subsection (A) of this section, the City shall, to the extent of the amount transferred, pay valid claims against the Local Improvement Guaranty Fund as a general obligation of the City. In addition, the City shall pay all reasonable costs of collection necessarily incurred by the holders of valid claims against the Local Improvement Guaranty Fund.

Section 2 - Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance

Section 3 - Effective Date. This ordinance being an administrative action, is not subject to referendum and shall take effect five (5) days after publication of the attached, approved summary.


MAYOR, DOREEN MARCHIONE

ATTEST/AUTHENTICATED:


CITY CLERK, DORIS SCHAIBLE

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By: 

FILED WITH THE CITY CLERK: 5-12-88
PASSED BY THE CITY COUNCIL: 5-17-88
POSTED: PUBLISHED: 5-22-88
EFFECTIVE DATE: 5-27-88
ORDINANCE NO. 1426