



Request for City Council Committee Action from the Department of Regulatory Services-Division of Inspections

Date: December 6, 2006
To: Public Safety & Regulatory Services Committee, The Honorable Don Samuels,
Chairperson

Subject: Application of inspection fees related to water shut off's cases on residential properties. Title 12 Chapter 244 Section 244.590

Recommendation: Properties affected by the ordinance where utility services have been shut off for more than 48 hours will be accountable for the Housing Inspection fee. The collection of this fee may be applied one month after the delinquent bill has been paid.

Previous Directives: On November 8th, 2006 PS&RS meeting the Committee gave direction to the *Water Department and Inspections Staff to report back to Committee in two cycles (December 13th Meeting) on the method of accounting for water shut off costs that would be more consistent with an enterprise fund in the Water Fund.*

Prepared by: JoAnn Velde, Deputy Director Housing Inspection Services

Approved by:

Rocco Forte, Assistant City Coordinator, Regulatory Services

Henry Reimer, Director of Inspections

Presenters in Committee: JoAnn Velde, Deputy Director of Housing Inspection Services
Ray Morales, Billing Office Manager of Public Works Water Utility

Financial Impact

- Revenue from this approved ordinance change is included in the 2007 budget request and was approved in the Mayor budget.

Supporting Information:

Cost Recovery for Housing Inspections Administrative Fee for Properties without Water

Representatives from Inspections, Water, and Finance Departments have met to discuss The recent ordinance amendment to Minneapolis Code of Ordinances Title 12 Chapter 244 Section 244.590 adding provisions to charge an administrative fee to the utility services bill for water shut offs sent to Housing Inspections for investigation and enforcement. There was unanimous support amongst the departments to implement this fee as a means of cost recovery for the work that Housing Inspections performs. Per PS&RS Council Committee direction, the group discussed the means of cost recovery available to Housing Inspections for this fee. Two methods of collecting this fee appear to be viable and legal according to current City Charter and current City ordinances, each with certain challenges and benefits. These methods are: adding the fee to the utility bill, and if the bill is unpaid a special assessment to the property, and reimbursement from City utilities. Below are listed some of the implications for each of the two methods of cost recovery.

Adding the Fee to the Utility Bill

- Those who incurred the cost (Utility Billing customers) are accountable for the Housing Inspection fee.
- Existing collections system in place with Utility Billing system.
- Housing Inspections will receive payments on a pay as you go system rather than end of the year transfer.
- Hennepin County Economic Assistance is available for financial assistance in hardship cases for owner occupied properties.
- Emergency Tenant Remedy Filing by the City against the rental property owner. This would allow utility to turn the water back on for the tenants and the City will start an Emergency Tenant Filing. Tenants can use their rent money to pay unpaid water through a Housing Court action.
- Tenants can also file on their owner to the Housing Courts to allow their rents to cover the past due water bill.

Challenges:

- The addition of another fee (on top of the delinquent utility bill water shut off fee) to property owners that are already financially stretched.

Special Assessment to the Property

- Properties affected by the ordinance where utility services have been shut off for more than 48 hours are accountable for the Housing Inspection fee.
- Existing collections system in place.
- Hennepin County Economic Assistance is available for financial assistance in hardship cases for owner occupied properties.
- Emergency Tenant Remedy Filing by the City against the rental property owner. This would allow utility to turn the water back on for the tenants and the City will start an Emergency Tenant Filing. Tenants can use their rent money to pay unpaid water through a Housing Court action.
- Tenants can also file on their owner to the Housing Courts to allow their rents to cover the past due water bill.

Challenges:

- The addition of another fee (on top of the delinquent utility bill water shut off fee) to property owners that are already financially stretched.
- Fees from the special assessment will be recognized starting in 2008. Housing Inspections will receive payments at the end of the year rather than on a pay as you go system.

Reimbursement from City Utilities (Enterprise Fund)

Those who incurred the cost are not accountable for the Housing Inspection fee but instead all Utility customers would bear the burden of the fee.

Legal Challenges:

According to previous legal opinion from the City Attorney Office to the Water Department, the city utility bill is a fee for service associated with a specific address. The fees associated with a specific property cannot be levied as a rate increase for all utility bill payers.