

COUNCIL POLICY STATEMENT

Policy No. 12
General Subject: Finance
Specific Subject: Escrow Funds
Date Approved: December 15, 1975
Date Amended: January 20, 1995

PURPOSE

To establish a procedure for the use of Escrow funds for improvements to property.

RATIONALE

Various City ordinances require property owners to make certain improvements to either public or private property as a condition for development and/or use of property.

There are occasions when circumstances make it impractical to comply with requirements of an ordinance at a given time. However, in order to assure the requirements of the ordinance will be satisfied at the proper time, the City requires funds to be placed in escrow sufficient to meet the full estimated cost of the improvements.

POLICY STATEMENT

The handling of escrow fund projects is to be subject to the following conditions:

1. Estimates of cost are to be submitted to the Director of Public Works for approval. The amount to be placed in escrow shall be approved by the Director and shall make appropriate allowances for possible increases in costs, which may occur before work is completed.
2. In the event that actual costs exceed the amount placed in escrow, the property owner or other responsible party shall be liable for such excess costs. In the event funds are unexpended upon completion of the project, such funds shall be returned to the appropriate party.

3. Escrow funds may be handled as follows:
 - a. They may be deposited with the City. Disbursements will be made to appropriate parties upon written request of the property owner or other responsible party subject to the approval of the Director of Public Works for improvements for utilities or subject to the approval of the Director of Community Development for landscaping, parking and lighting improvements. Escrow funds on deposit with the City shall not bear interest.
4. Failure to comply with the requirements of the ordinance according to terms initially agreed upon between the property owner or responsible party shall subject such individual to appropriate legal action by the City to install the required improvements and to use the escrow funds to pay and the cost thereof plus any legal expenses incurred by the City.
5. The owner or other responsible party shall be required to submit to the City a signed document stating the various terms and conditions of the escrow agreement and stipulating his intent to be legally bound thereby.