

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

36-1

AGENDA ITEM SUMMARY

Meeting Date: May 2, 2017

☒ Consent

☐ Regular

☐ Workshop

☐ Public Hearing

Department: Office of Financial Management and Budget

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: a negotiated settlement offer in the amount of \$50,052 for the full satisfaction of two (2) Code Enforcement Liens that were entered against Covenant Centre Inc. on December 4, 2013 and February 5, 2014.

Summary: The Code Enforcement Special Magistrate (CESM) entered Orders on July 11, 2013 and October 2, 2013 for property owned by Covenant Centre Inc. giving them until October 9, 2013 and December 1, 2013 to bring the property located at 9153 Roan Lane in Palm Beach Gardens into full Code Compliance. The property had been cited for violating one of the conditions of approval on an approved site plan which required the completion of a right-of-way permit and also for five (5) expired building permits. Compliance with the CESM's Orders was not achieved by the ordered compliance dates and fines in the amount of \$250 and \$100 per day, respectively, were imposed. The CESM then entered two (2) claims of lien against Covenant Centre Inc. on December 4, 2013 and February 5, 2014. Code Enforcement issued two (2) Affidavits of Compliance for the property stating that as of December 5, 2013, the conditions of approval violations and as of January 28, 2016, the expired building permit violations had been fully corrected. The total accrued lien amounts, for both liens as of March 9, 2017, the date on which settlement discussions began, totaled \$120,385.04, of which Covenant Centre Inc. has agreed to pay the County \$50,052 (42%) for full settlement of their outstanding Code Enforcement Liens. District 1 (SF).

Background and Policy Issues: The initial violations that gave rise to these Code Enforcement Liens was for violating one of the conditions of approval on an approved site plan which required the completion of a right-of-way permit and also for five (5) expired building permits. The Special Magistrate gave Covenant Centre Inc. until October 9, 2013 and December 1, 2013 to bring the property into full code compliance or fines of \$250 and \$100 per day would begin to accrue. Follow-up inspections by Code Enforcement on October 15, 2013 and December 5, 2013 confirmed that the property was still not in compliance. Two (2) code liens were then entered against Covenant Centre Inc. on December 4, 2013 and February 5, 2014. Code Enforcement issued two (2) Affidavits of Compliance for the property stating that as of December 5, 2013 and January 28, 2016 the code violations had been corrected. The Collections Section of OFMB (Collections) was originally contacted by Mr. Erik Benz of Covenant Centre Inc. in late 2016 and again most recently on March 5, 2017 to discuss settlement of his organization's two (2) code liens. Collections, after extensive review, evaluation, and discussions with Mr. Benz and Code Enforcement, has agreed to present a proposed settlement offer in the amount of \$50,052 (42%) to the Board for approval.

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Attachments: none

Recommended by:

Department Director

Date

Approved by:

County Administrator

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	<u>(\$50,052)</u>	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u>(\$50,052)</u>	_____	_____	_____	_____

ADDITIONAL FTE
POSITIONS (Cumulative)

Is Item Included In Current Budget? Yes _____ No X
Budget Account No.: Fund 0001 Department 600 Unit 6241 Object 5900

Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

4/6/17 4/6/17 4/6/17 4/6/17
OFMB KP
4/6/17
4/6/17

N/A
Contract Dev. and Control

B. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

N/A
Department Director

This summary is not to be used as a basis for payment

Background and Policy Issues Continued (Covenant Centre)

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The factors considered during staff's review and evaluation of this settlement are as follows:

1. The first case was entered for violating one of the conditions of approval on an approved site plan that required the completion of a right-of-way permit for the construction of a sidewalk/driveway. After receiving the Notice of Violation on May 6, 2013, the May 30, 2013 compliance date set forth by Code Enforcement had not been achieved. The Special Magistrate heard the case on July 11, 2013 and gave Covenant Centre Inc. until October 9, 2013 to comply. Although a follow-up visit showed that work was being done on the sidewalk/driveway, the right-of-way permit was still waiting to be completed. Covenant Centre Inc. then continued to proactively work with Code Enforcement and the Right-of-Way section of the Engineering Department to resolve the approved site plan by obtaining the required right-of-way permit approval which was completed on December 5, 2013. An Affidavit of Compliance for this case was achieved on December 5, 2013, fifty-seven (57) days after the ordered compliance date.
2. The second case was entered for five (5) expired building permits involving various interior renovations. After receiving the Notice of Violation on May 10, 2013, the July 8, 2013 compliance deadline set forth by Code Enforcement had not been achieved. A review of the permit history on July 9, 2013 found no permit activity. On October 2, 2013 the Special Magistrate heard the case and gave Covenant Centre Inc. until December 1, 2013 to comply. On December 5, 2013 a review of their permit history showed that one (1) permit had been re-activated, one (1) permit had been completed, two (2) permits were still inactive and one (1) permit was cancelled for non-payment. Mr. Hansote, Covenant Centre Inc.'s architect, called Code Enforcement on May 21, 2014 to advise that three (3) of the permits (the cancelled and inactive ones) were in process to be re-activated. All permits and final inspections were fully completed as of January 28, 2016.
3. The delays in resolving the building permit and construction issues were due to financial hardships Covenant Centre Inc. was facing at the time. By not having sufficient funds to pay a contractor, work came to a standstill until their financing condition improved. Also, a bank foreclosure had been initiated, but Covenant Center Inc. was able to work out an agreement with the lender to stop the foreclosure.
4. Code Enforcement has indicated that Covenant Centre Inc. and their representative remained in regular contact with them as they worked to correct their code violations.
5. Covenant Centre Inc. is currently in the process of refinancing their senior first mortgage to obtain the funds for an addition to their school. The proposed code lien settlement will be paid from the proceeds of the bank's refinancing.

Two (2) Affidavits of Compliance were issued by Code Enforcement stating that the cited code violations were fully corrected as of December 5, 2013 and January 28, 2016 and that the property was in full compliance with the CESM's Orders. Further, the cited violations did not involve any life/safety issues.

In light of the above stated circumstances, Staff believes that the proposed settlement is fair and in the best interest of Palm Beach County.

Settlement offers that reduce any debt amount due to Palm Beach County by more than \$2,500 require the approval of the Board of County Commissioners, per Countywide PPM# CW-F-048.