



DATE: July 17, 2018

TO: Mayor and City Council

FROM: Director of Utilities & Environmental Services

SUBJECT: Report and Assessment for Delinquent Garbage Bills Incurred by Property Owners of Single-Family Residences Households

RECOMMENDATION

That Council adopts the attached resolution confirming the report and assessment for delinquent single-family residential garbage bills and authorizing the delinquent charges to become a special assessment against the properties if not paid on or before July 24, 2018.

SUMMARY

This report presents delinquent single-family residential garbage bills for the 2017-2018 service year and the amounts that are to be placed as a special assessment on the property tax rolls.

BACKGROUND

On April 6, 2010, Council approved collection of delinquent garbage bills from single family residential property owners with cart service via special assessments on property tax rolls. Under the City's solid waste ordinance, the property owner is ultimately responsible for the payment of the garbage bill, whether or not the owner occupies the property.

Beginning in 2010 and annually thereafter, Waste Management of Alameda County (WMAC) mails three separate notices in January, March, and April to delinquent residential property owners. The notices typically result in full payments by about half of all delinquent accounts, thereby avoiding placement of a special assessment on those owners' property tax bills. The outstanding amounts are then placed as a special assessment on the property tax rolls.

DISCUSSION

The 2018 assessments include the total amount due from each delinquent account owed WMAC for the period from March 2017 through February 2018, which is WMAC's 2018 service year. Other charges that will be included in the assessment are a fifty-dollar administrative fee charged by the City and a 1.7% administrative fee charged by the Alameda

County Tax Assessor's Office. These fees and this request for Council's confirmation of the list are made pursuant to Hayward Municipal Code Sections 5-1.28 through 5-1.32.

The total number of delinquent residential customer accounts reported by WMAC in May 2018 was 2,323. At that time, the total value of potential bad debt incurred by WMAC, as a result of the delinquent residential accounts for the past year, was \$1,029,425.91. The number of accounts, and the total amount of bad debt has substantially reduced primarily as a result of payments made between the end of May 2018 and the end of June 2018.

At this writing, 1,357 property owners owe \$855,251.80 or a total of \$938,794.53, with both administrative fees included (see Attachment III). The unpaid charges and the administrative fees assessed by the City and County will become a special assessment against the property and will appear on each property owner's tax bill later this year. By comparison, at this time last year, 1,296 property owners owed a total of \$539,252.55, including all administrative fees. As some property owners paid after publishing of the report, last year's total that was sent to the County Assessor was \$527,022.95. One reason that this year's amount is much higher is that there are many more assessments that exceed \$1,000. WMAC says there is no specific reason for the increase this year in accounts owing more than \$1,000, and that the annual special assessment amount fluctuates from year to year.

ECONOMIC IMPACT

A breakdown of the 1,357 delinquent accounts and the range of amounts owed are as follows:

<u>Profile of Accounts</u>	<u>Amount Owed</u>
41% (558 accounts)	Less than \$500
41% (557 accounts)	\$500 to \$1,000
18% (242 accounts)	\$1,000 to \$3,099.96

Payment of these fees should not have an undue adverse impact on property owners or tenants as they will be required to pay charges that the overwhelming majority of property owners and tenants pay on a regular basis. The only difference is that property owners of the delinquent accounts must also pay the small administrative fees mentioned above.

FISCAL IMPACT

There is no negative fiscal impact to the City as administrative fees will cover staff costs. Upon receipt of delinquent fees remitted by the County Tax Assessor's Office, the City will retain the franchise fees and street sweeping fees and remit the balance to WMAC.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

PUBLIC CONTACT

WMAC mailed letters in January, March, and April to each residential property owner and tenant with a delinquent garbage bill. Each letter stated that the City's ordinance holds property owners responsible for garbage service fees, provided the past due amount, and included a phone number and email address to resolve questions regarding amounts owed. The March and April letters indicated that the City Council had authorized, at its April 6, 2010, meeting, collection of delinquent garbage bills through placement of assessments on the Alameda County tax rolls. The April letter identified a due date of June 1, 2018 for payment of delinquent amounts, though WMAC will continue to accept payments until 5:00 p.m., July 24, 2018. The April letter also indicated that the City Council's confirmation of the report and list of delinquent charges would be scheduled for July 17, 2018. All letters were approved by City staff. Property owners were given an opportunity for an administrative hearing to dispute the delinquent amount, but no requests were received.

The Notice of City Council's scheduled confirmation of this report was published in The Daily Review on July 6, 2018.

NEXT STEPS

WMAC will continue to accept payments until July 24, 2018. Staff will provide the final list to the Alameda County Tax Assessor's Office by August 10, 2018.

Prepared by: Jeff Krump, Solid Waste Program Manager

Recommended by: Alex Ameri, Director of Utilities & Environmental Services

Approved by:



Kelly McAdoo, City Manager