



**DATE:** July 9, 2019

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Adopt a Resolution Confirming the Report and Special Assessment for Delinquent Sewer Bills and Water Bills Incurred by Property Owners and Authorize the Delinquent Charges to Become a Special Assessment Against the Properties if Not Paid by August 1, 2019.

### **RECOMMENDATION**

That Council adopts a resolution (Attachment II) confirming the report and assessment for delinquent water bills and sewer bills and authorizing the delinquent charges to become a special assessment against the properties if not paid by August 1, 2019.

### **SUMMARY**

In November 2012, Council approved collection of delinquent water and sewer service charges by way of special assessments on property tax rolls for property owners that receive only sewer service from the City and from owners of multi-family properties. Currently, fifty-five affected property owners owe a total of \$69,090.55 in unpaid sewer and water charges, including administrative fees, as listed on Attachment III. Staff anticipates that the final list of properties and amount of delinquent water and sewer charges will be smaller by the final due date of August 1, 2019. Recovery of these outstanding charges improves the fiscal health of the Water and Wastewater Operating Funds, which benefits all rate payers.

### **BACKGROUND**

The City provides water and sewer services to almost all residents and businesses within the City limits. The exceptions are a small number of properties that receive water service from the East Bay Municipal Utility District or sewer service from Oro Loma Sanitary District. In addition to in-City customers, Hayward provides sewer service to about 900 “sewer-only” customers, mainly located in unincorporated Alameda County, as well as water or sewer service to other customers outside of the City limits. The Hayward Municipal Code states that responsibility for water and sewer bills lies with the person or entity that requested service, i.e., the account holder of record. For sewer-only accounts, however, ultimate responsibility rests with the property owner, regardless of the name on the account.

For accounts that become subject to collection, the most effective measure available to the City is to discontinue water service for unpaid charges. However, the City is unable to shut off water to sewer-only customers, since water service is not provided by the City. With respect to multi-family customers, discontinuing water service would leave tenants without water, in most cases through no fault of their own. On November 27, 2012, Council approved ordinances allowing for the collection of delinquent water and sewer bills as special assessments on property tax bills. The ordinances apply to accounts that are at least sixty days in arrears as of March 1<sup>st</sup> and provides the City with a tool to collect delinquent charges from property owners that receive sewer service only from the City and from owners of multi-family properties. The ordinances are intended for use as a last resort, in addition to remedies that already exist.

## **DISCUSSION**

Delinquent water and sewer service charges that would be placed on the property tax rolls are comprised of all charges in arrears by sixty days or more as of March 1, 2019, a fifty-dollar administrative fee charged by the City, and a 1.7% administrative fee charged by the Alameda County Assessor's Office. As of the date of this writing, a total of fifty-five affected property owners owe a total of \$64,785.64 in unpaid sewer and water charges, plus an additional \$3,150 in administrative fees to the City and \$1,154.91 in administrative fees to the County, as listed on Attachment III. Most of the delinquent charges are from two property owners, owing a combined \$33,372.71. If not paid by August 1, 2019, the unpaid charges and administrative fees will become a special assessment against the property and will appear on each property owner's tax bill later this year.

To give the Council a sense of the impact of the ordinance, the first formal letter was sent to 125 account holders, with total delinquent charges of \$144,718.76. The attached list includes sixty-three parcels, with charges totaling \$64,785.64, which means that \$79,933.12, or approximately 55% of the original amount, has been collected that otherwise may not have been paid.

By comparison, at this time last year, fifty property owners owed a total of \$34,699.72, and the previous year, fifty-eight property owners owed a total of \$52,544.69, including all fees. As in previous years, some property owners paid off their delinquent balance after the City Council action, so that the final list transmitted to the County Assessor included forty-five properties owing a total of \$32,916.53.

Staff mailed three formal notices to each affected property owner in March, April, and May. Property owners were provided with an opportunity to schedule an administrative hearing if they disagreed with the charges or their responsibility for paying them. No requests for hearings were received.

## **ECONOMIC IMPACT**

The properties that are affected by this action are summarized in the following table:

	Number of Parcels	Amount Owed
	53	Less than \$500
	4	\$500 - \$1,000
	3	\$1,000 - \$2,000
	2	\$2,000 - \$10,000
	2	More than \$10,000
<b>Total:</b>	<b>65</b>	<b>\$64,785.64</b>

To the extent that the City recovers and discourages delinquencies, all rate payers will benefit from slightly less overall future rate increase requirements.

### **FISCAL IMPACT**

There is no negative fiscal impact to the City as cost recovery occurs through administrative fees. Recovery of these outstanding charges improves the fiscal health of the Water and Wastewater Operating Funds, which benefits all rate payers.

### **STRATEGIC INITIATIVES**

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

### **SUSTAINABILITY FEATURES**

There are no direct sustainability features associated with this report.

### **PUBLIC CONTACT**

In addition to the three notices sent directly to property owners, a notice of the City Council's scheduled confirmation of this report was published in *The Daily Review* on June 28, 2019.

### **NEXT STEPS**

The City will continue to accept payments until August 1, 2019. After that date, the list will be finalized and forwarded to the Alameda County Assessor's Office by August 8, in accordance with the County's schedule.

*Prepared by:* Michelle Tran, Developmental Review Specialist

*Recommended by:* Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

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Kelly McAdoo, City Manager