



**DATE:** June 28, 2022

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Adopt a Resolution Approving a Report and Special Assessment for Delinquent Sewer Bills and Water Bills Incurred by Property Owners

**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, 2022.

**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, there are 91 affected properties with a total of \$105,327.89 in delinquent charges, which includes \$99,017.25 in unpaid sewer and water charges, \$4,550 in administrative fees to the City, and \$1,760.64 in administrative fees to Alameda County Assessor’s Office, as listed on Attachment III. Staff anticipates that the final list of properties and amount of delinquent water and sewer charges will be reduced by the final due date of August 1, 2022. 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 other customers outside of the City limits. The Hayward Municipal Code states that responsibility for water and sewer bills lie 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, 2022 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 for each customer are comprised of all charges in arrears by sixty days or more as of March 1, 2022, a \$50 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, there are 91 affected accounts that have a total of \$99,017.25 in unpaid sewer and water charges, plus an additional \$4,550 in administrative fees to the City and \$1,760.64 in administrative fees to Alameda County Assessor's Office, for a total of \$105,327.89, as listed on Attachment III. If not paid by August 1, 2022, 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. Due to funding from the California Water and Wastewater Arrearage Payment Program (SWWAPP), a federal program to provide relief to community water and wastewater systems for unpaid bills related to the COVID-19 pandemic, it is anticipated that a portion of this debt will be forgiven by the SWWAPP and will not be included in the final assessment to Alameda County Assessor's Office.

To give the Council a sense of the impact of the ordinance, the first formal letter was sent to 151 account holders, with total delinquent charges of \$176,676.90. The attached list includes 91 parcels, with charges totaling \$99,017.25, excluding City and County administrative fees, which means that \$77,659.65, or approximately 44% of the original unpaid charges, has been collected that otherwise may not have been paid.

By comparison, at the same time last year, there were 82 affected properties with an outstanding balance of \$92,876.33, and in the previous year, there were 57 affected properties with an outstanding balance of \$48,126.46, excluding City and County administrative fees.

As seen in previous years, some property owners paid off their delinquent balance after Council action. The final list that will be transmitted to the County Assessor may be smaller than the list provided in Attachment III. The final list transmitted to the County Assessor last year included 57 affected properties with an outstanding total balance of \$56,748.55, compared to forty-nine affected properties with an outstanding balance of \$92,876.33 prior to Council action. As mentioned earlier, staff anticipate that a portion of this debt will be forgiven

through the California Water & Wastewater Arrearage Payment Program (CWWAPP) and will therefore not be included in the final list sent to the County Assessor. Staff will know exactly which debt will be forgiven when the CWWAPP is received in mid-June. Affected customers will be sent a letter informing them that the amount that was going to be specially assessed has been reduced due to CWWAPP<sup>1</sup> credit.

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:

	Amount Owed (Excluding Administrative Fees)	Number of Parcels
	Less than \$500	62
	\$500 - \$1,000	12
	\$1,000 - \$2,000	8
	\$2,000 - \$10,000	7
	More than \$10,000 *	2
<b>Total:</b>	<b>\$99,017.25</b>	<b>91</b>

\* A significant portion of the delinquent fees are from two multi-family customers, one with an outstanding balance of \$14,200.43 and the other with \$21,886.97 (for a total of \$36,087.40, excluding administrative fees, or approximately 36% of the total delinquent fees).

To the extent that we recover and discourage 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 ROADMAP

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

<sup>1</sup> More information about the CWWAPP can be found at [www.Hayward-ca.gov/CWWAPP](http://www.Hayward-ca.gov/CWWAPP).

## **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 (Attachment IV) will be published twice in *The Daily Review* on June 17 and June 24, 2022.

## **NEXT STEPS**

The City will continue to accept payments until August 1, 2022. After that date, the list will be finalized and forwarded to the Alameda County Assessor's Office by August 8, 2022, in accordance with the County's schedule.

*Prepared by:* Michelle Tran, Developmental Review Specialist

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

Approved by:



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Kelly McAdoe, City Manager