



DATE: July 18, 2017

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 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 25, 2017.

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.

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 2017 assessments include the total amount due from each delinquent account owed WMAC for the period from March 2016 through February 2017. 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 March 2017 was 5,338. 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 \$1,171,550.24. 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 March 2017 and the end of June 2017.

At this writing, 1,296 property owners owe \$465,438.50 or a total of \$539,252.55, with both administrative fees included (see Attachment II). 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, 1,628 property owners owed a total of \$675,043.59, including all administrative fees.

ECONOMIC IMPACT

A breakdown of the 1,296 total number of delinquent accounts and the range of amounts owed are as follows:

<u>Profile of Accounts</u>	<u>Amount Owed</u>
79% (1,026 accounts)	Less than \$500
18% (235 accounts)	\$500 to \$1,000
3% (35 accounts)	\$1,000 to \$2,389.10

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, street cleaning, and street impact fees and remit the balance to WMAC.

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, 2017 for payment of delinquent amounts, though WMAC will continue to accept payments until 5:00 p.m., July 25, 2017. The April letter also indicated that the City Council's confirmation of the report and list of delinquent charges would be scheduled for July 18, 2016. All letters were reviewed and 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 7, 2017.

NEXT STEPS

The City will continue to accept payments until July 25, 2017. Staff will provide the final list to the Alameda County Tax Assessor's Office by August 10, 2017.

Prepared by: Jeff Krump, Solid Waste Program Manager

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

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is positioned above a horizontal line.

Kelly McAdoo, City Manager