

CITY OF YUBA CITY
STAFF REPORT

Date: June 5, 2018

To: Honorable Mayor & Members of the City Council

From: Finance Department

Presentation by: Robin Bertagna, CPA, Finance Director

Summary

Subject: Consideration of inclusion of delinquent charges and penalties for water and wastewater services on secured tax roll

Recommendation: A. Conduct a Public Hearing, and after consideration

B. Adopt a Resolution for the inclusion of delinquent charges and penalties for water and wastewater services on the secured tax roll in the same manner as the general taxes and directing that a lien also be placed on the subject properties.

Fiscal Impact: \$36,436.60 and 59 accounts in utility revenues will be collected through the County property tax roll.

Purpose:

To recover delinquent water and wastewater charges through the placement of a lien on the secured property tax roll of subject properties.

Background:

The Finance Department actively manages utility receivables and pursues delinquent service charges within the limits allowed by State law, and is consistently researching new tools for successful collections. Closed accounts with a remaining balance are attempted to be collected through various efforts. Some tools used for collection include the following:

- Billing notices – Updating billing addresses to ensure bills are being delivered to correct locations. Upon closing of a tenant occupied property, a dual notice is mailed to the property owner on file as well. Property owners are also made aware of debt on tenant accounts through the requirement set in Municipal Code Sec. 6-6.10, which states that no new account can be established for service at a property with a delinquent balance. At such time, a property owner is contacted and is required to establish services in their name until the debt is resolved.
- Transfers – If a customer listed on the utility bill resides at a Yuba City property receiving a utility bill, unpaid balances can be transferred to the current residence.
- Demand letters – Unpaid accounts receive up to three demand letters notifying the customer of unpaid balances and repercussions if bill is not paid in full, or a payment plan is not established during an allotted amount of time. After the initial billing period for the final bill, a balance reminder is mailed to the customer, giving a two week timeline for response. Upon conclusion of this time frame, a collections notice is sent to the customer allowing for a ten day window for response. After the ten days, phone calls are

made to each customer with a balance due to attempt to resolve the balance before progressing to external collection agency efforts. A dual collections notification is also sent to the property owner on file at this time.

- Collections agency – Staff utilizes the assistance of a collections agency that can report the debt to the credit reporting agencies, at the cost of a 40% collection rate.
- Tax Intercept – Unpaid accounts are reported to the Franchise Tax Board annually for tax interception.

On June 21, 2016, Council adopted a municipal code update that allows for unpaid accounts to be included on the property tax bill. The option of inclusion on the property tax bill and the placement of a lien on the properties is another tool that staff can utilize for collection efforts. Last year, staff brought a list forward that went back several years and customers were very unhappy with this approach. Based on the feedback from City Council, this year's accounts recommended to go to the County for placement of property tax liens only includes 2 years of delinquencies: 2016 and 2017 customers with balances still due in addition to current balances which are delinquent. The 2016 customers received notices last year of the City's intent to place a property tax lien on the property for collection of the delinquent balance, they have received another notification this year.

Analysis:

In February, a list of accounts was prepared with unpaid service charges billed in calendar years 2016 and 2017, as well as active accounts with exceptionally high balances. Notices were mailed to each customer with a delinquent account, encouraging them to pay and announcing an administrative hearing held on May 24, 2018 on the delinquent accounts and the public hearing before the City Council on June 5, 2018.

Payments are recorded daily. The report listing the delinquent accounts is attached as Exhibit A and lists delinquencies as of May 30, 2018. Some accounts may be paid before a final delinquent list is prepared and transferred to Sutter County in early August.

Fiscal Impact:

Every year a number of accounts go uncollected for various reasons. The Finance Department exhausts all collections efforts, both internally and through external agencies. By including the delinquent water and wastewater charges on the secured property tax roll and placing a lien on subject properties, staff ensures that all attempts have been made to collect monies that are owed to the City. If accounts are not collected, other utility customers will absorb the cost through rates in order to fill the void of revenue. This becomes an issue of fair and reasonable treatment of customers.

The attached list of properties is recommended to have liens placed on the tax bills for 59 accounts totaling \$36,436.60 in unpaid utility revenues.

Alternatives:

The Council may modify the report listing the delinquent accounts attached as Exhibit B or provide staff with alternative direction based on testimony received at the public hearing or based on any other information.

Recommendation:

Adopt a resolution for the inclusion of delinquent charges and penalties for water and wastewater services on the secured tax roll in the same manner as the general taxes and direct that a lien also be placed on the subject properties.

Attachments:

- Exhibit A – Resolution
- Exhibit B – List of Delinquent Accounts
- Exhibit C – Sample Delinquency Letter

Prepared by:

/s/ Katrina Woods
Katrina Woods, Customer Service Manager

Reviewed by:

Department Head

City Attorney

Submitted by:

/s/ Steven C. Kroeger
Steven C. Kroeger, City Manager

RB

TH by email

ATTACHMENT A

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
AUTHORIZING COLLECTION OF DELINQUENT WATER AND/OR
WASTEWATER CHARGES ON THE TAX ROLL WITH GENERAL TAXES**

WHEREAS, Section 5473 of the Health and Safety Code of the State of California and the Yuba City Municipal Code Sections 6-5.706 and 6-6.10 authorize the City to make an election to collect delinquent water and wastewater charges on the tax roll along with general taxes; and

WHEREAS, the City has exhausted other methods of collection of delinquent water and wastewater charges; and

WHEREAS, the City of Yuba City's Municipal Code, Sections 6-5.706 and 6-6.10 assign the payment responsibility as the property owners, stating, *Notwithstanding any provisions of this chapter, the property owner shall be additionally responsible for payment of all unpaid water/sewer bills and other fees owed to the City. Any agreement between landlords and tenants to the contrary will not relieve the landlord or record owner of the property of the responsibility for payment of the water and/or sewer service charges to the City;* and

WHEREAS, the City provided citizens an opportunity to review and protest the amount of delinquent charges scheduled for collections through the property tax roll. Notices were mailed to each customer with a delinquent account, encouraging them to pay and announcing the public hearing, which was held on June 5, 2018.

WHEREAS, the report listing the delinquent water and sewer charges is attached as Exhibit "B" ("Report") and a notice of the report's filing and hearing schedule was published once a week for two successive weeks prior to the hearing.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF YUBA CITY DOES HEREBY RESOLVE AS FOLLOWS: The City elects to collect delinquent water and wastewater charges on the tax roll. The Report listing the delinquent charges attached as Exhibit "B" is approved and adopted. The City Clerk is authorized to file the approved Report with the Finance Director for submittal to Sutter County to include the delinquent charges on the tax roll against the properties described in the attached report. The delinquent charges shall constitute a lien against each of the properties.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 5th day of June 2018.

AYES:

NOES:

ABSENT:

Preet Didbal, Mayor

ATTEST:

Patricia Buckland, City Clerk

ATTACHMENT B

Exhibit B--City of Yuba City Delinquent Utility Billing Accounts

ACCOUNT	SERVICE ADDRESS	DATE	BAL DUE	APN
722093-02	780 JEWELL AVE	6/16/2017	\$184.18	53-181-007
601134-06	920 KIMBALL AVE	6/30/2017	\$70.01	52-072-004
755165-05	311 PELICAN PLACE	8/1/2017	\$335.93	57-220-054
051070-09	1551 RUSHING ST	8/15/2017	\$113.74	56-292-015
001149-06	1899 REDHAVEN AVE	8/1/2017	\$339.01	58-170-117
001687-05	155 BRISTOL WAY	8/15/2017	\$176.21	57-370-065
001850-04	2338 CLAREMONT WAY	8/16/2017	\$464.55	55-170-022
801166-03	628 TABER AVE	8/29/2017	\$81.62	53-220-019
101648-04	1177 JOHNATHAN DRIVE	10/10/2017	\$343.40	56-250-029
802537-08	274 DORMAN AVENUE	10/19/2017	\$495.70	53-419-005
561674-04	902 COOPER AVENUE	9/1/2017	\$527.29	52-181-008
400982-14	1641 STABLER LANE	10/1/2017	\$316.92	59-273-001
101014-01	1293 THERESA WAY	10/31/2017	\$260.41	56-210-020
320137-03	902 VON GELDERN WAY	10/23/2017	\$1,388.60	51-550-012
605220-10	372 TEEGARDEN AVE	11/24/2017	\$785.40	52-243-004
091035-00	1890 LOU ELLA LANE	11/12/2017	\$44.53	62-163-004
362224-00	1186 BUTTE STREET	12/12/2017	\$882.08	51-322-034
362210-01	659 LEWIS AVENUE	12/11/2017	\$190.45	51-325-003
605018-04	777 FRANCIS WAY	12/13/2017	\$351.02	52-254-018
561482-09	937 CLARK AVENUE	12/19/2017	\$237.66	52-153-016
922807-06	736 LASK DRIVE	12/1/2017	\$614.82	54-040-049
361204-1	1457 YOUNGS LANE	11/15/2016	\$1,101.72	51-424-019
001392-3	774 GIDDA LOOP	6/23/2016	\$948.90	57-350-036
601450-12	825 KIMBALL AVENUE	7/22/2016	\$826.54	52-063-014
101358-6	2060 PEBBLE BEACH DRIVE	1/1/2017	\$693.72	56-050-012
723085-11	30 MAIN ST	3/5/2016	\$515.00	53-213-032
102124-11	1639 ALICIA DR	3/25/2016	\$399.31	56-130-011
800639-1	317 WOODBRIDGE AVENUE	1/1/2016	\$387.97	53-423-002
360849-2	1458 UPLAND DRIVE	10/25/2016	\$378.92	51-421-008
602762-8	729 CHESTNUT STREET	2/10/2016	\$375.19	52-221-020
100745-6	445 S WALTON AVE	12/16/2016	\$301.01	57-214-001
361015-5	1445 WENDELL WAY	10/1/2016	\$250.98	51-423-019
002545-3	393 MOSBURG LP	2/16/2016	\$200.37	55-210-060
921138-9	754 SCIROCCO DRIVE	7/5/2016	\$196.51	54-140-050
407030-5	1979 TUMBER WAY	7/28/2016	\$189.65	59-490-033
031470-5	1344 BANCROFT AVE	2/16/2016	\$159.39	26-142-011
602519-7	717 REEVES AVENUE	6/16/2016	\$158.68	52-215-004
242261-7	723 APRIL LN	2/1/2016	\$126.31	51-073-023
360941-6	1494 WENDELL WAY	7/12/2016	\$117.47	51-422-002
092945-1	1572 CAROLEIGH WAY	8/1/2016	\$113.31	62-133-002
984243-4	2420 BURL COURT	10/14/2016	\$110.94	55-070-010
800124-7	368 MOORE AVENUE	2/9/2016	\$100.00	53-213-007
561482-8	937 CLARK AVENUE	11/1/2016	\$69.61	52-153-016
003129-00	167 LITTLEJOHN ROAD	1/26/2018	\$1,602.31	57-161-022
062032-03	660 N. LAWRENCE AVE	1/26/2018	\$4,569.91	52-130-013
001895-02	3560 MONROE DRIVE	1/26/2018	\$1,433.80	62-330-052
361024-00	1463 WENDELL WAY	1/26/2018	\$444.88	51-423-022
800130-01	362 MOORE AVE	1/26/2018	\$491.48	53-213-008
803302-05	237 MOORE AVE	1/26/2018	\$854.34	53-415-011
360628-00	1445 STAFFORD WAY	3/23/2018	\$1,977.09	51-093-022
561640-02	968 COOPER AVE	3/23/2018	\$2,524.17	52-151-009
642520-00	736 B STREET	3/23/2018	\$839.31	52-342-004
724440-01	649 WINSHIP ROAD	3/29/2018	\$397.48	53-293-005
802824-12	245 DORMAN AVE	3/23/2018	\$788.67	53-418-016
801902-05	598 GARDEN HWY #25	3/29/2018	\$762.86	53-500-033
801904-05	598 GARDEN HWY #26	3/29/2018	\$789.00	53-500-034
320128-06	940 VON GELDERN WAY	3/29/2018	\$836.97	51-550-014
604255-02	731 PLUMAS STREET	3/29/2018	\$977.97	52-251-018
604700-00	231 AYLOR AVE	3/29/2018	\$1,221.33	52-461-020
TOTAL REPORT			\$36,436.60	

ATTACHMENT C



1201 Civic Center Blvd.
Yuba City California 95993
Phone (530) 822-4618 • Fax (530) 822-4694

May 25, 2018

Dear Property Owner:

Our records show that there are outstanding bills for utility services provided to your property. **You are strongly encouraged to pay your account in full immediately in order to avoid any further action.**

If you have recently paid off your account, please disregard this notice.

According to our delinquent list, your account status is as follows:

\$ is unpaid and delinquent for billing and service through . The total balance due on the account is \$ at the following address:

Service Address:

Parcel #:

Acct #:

This is to inform you that the City Council of Yuba City will hold a public hearing on Tuesday, June 5, 2018 at 6:00 p.m. in the Council Chambers, City Hall, 1201 Civic Center Blvd., Yuba City, to hear any public testimony regarding the list of delinquent utility accounts at which time you may address the City Council regarding this matter and your delinquent account. Upon approval of the delinquent utility list by the City Council, the delinquent charges will be placed on the property tax roll for collection.

You are encouraged to voice any concerns by writing to the City at the following address or by calling the number listed below:

City of Yuba City - Finance Department
1201 Civic Center Blvd.
Yuba City, CA 95993

If you have any questions or comments, please feel free to contact us at (530) 822-4618.

Sincerely,
City of Yuba City - Finance Department