

CITY OF YUBA CITY
STAFF REPORT

Date: June 4, 2019
To: Honorable Mayor & Members of the City Council
From: Finance/IT 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: \$28,134.89 and 24 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 the City placed property tax liens on 36 parcels for \$27,864.20.

Analysis:

In March, a list of accounts was prepared with unpaid service charges on final (closed) accounts, as well as active accounts with exceptionally high balances. Notices were mailed to each customer with a delinquent account, encouraging them to pay, announcing an administrative hearing held on May 21, 2019 on the delinquent accounts, and the public hearing before the City Council on June 4, 2019. A public notice was also posted for two consecutive weeks prior to the June 4, 2019 hearing date.

One customer appeared at the May 21, 2019 administrative hearing. The account was discussed and an agreement was made, resulting in the balance being paid in full the following day.

Payments are recorded daily. The report listing the delinquent accounts is attached as Exhibit B and lists delinquencies as of May 29, 2019. 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 24 accounts totaling \$28,134.89 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

Submitted by:

/s/ Diana Langley
Diana Langley
Interim City Manager

Reviewed by:

Finance

RB

City Attorney

SLC by email

EXHIBIT 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 publicly posted two weeks prior to the hearing, and individual notices were mailed to each customer with a delinquent account, encouraging them to pay and announcing the public hearing, which was held on June 4, 2019.

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 4th day of June 2019.

AYES:

NOES:

ABSENT:

Shon Harris, Mayor

ATTEST:

Patricia Buckland, City Clerk

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY

Shannon L. Chaffin, City Attorney
Aleshire & Wynder, LLP

EXHIBIT B

EXHIBIT B - City of Yuba City Delinquent Utility Accounts

ACCOUNT	SERVICE ADDRESS	BAL DUE	APN	ACCT TYPE
062032-03	660 N. LAWRENCE AVE	\$5,958.75	52-130-013	ACTIVE - RESIDENTIAL SEWER ONLY
801388-02	401 GARDEN HWY	\$2,649.46	53-442-019	ACTIVE - RESIDENTIAL 2 UNITS
803302-05	237 MOORE AVE	\$2,275.47	53-415-011	ACTIVE - RESIDENTIAL
361024-00	1463 WENDELL WAY	\$2,251.44	51-423-022	ACTIVE - RESIDENTIAL
562210-06	845 OLIVE STREET	\$2,172.12	52-162-012	ACTIVE - RESIDENTIAL
280933-05	521 LOREL WAY	\$2,109.66	51-480-001	COMMERCIAL
801324-05	311 GARDEN HWY	\$2,083.68	53-433-011	ACTIVE - RESIDENTIAL
280930-05	521 LOREL WAY	\$1,862.86	51-480-001	COMMERCIAL
802806-04	131 DEL MONTE AVE	\$1,446.04	53-413-013	ACTIVE - RESIDENTIAL
050695-05	1234 WALTON AVE	\$1,048.46	56-281-007	ACTIVE - RESIDENTIAL
003129-00	167 LITTLEJOHN ROAD	\$903.00	57-161-022	ACTIVE - RESIDENTIAL SEWER ONLY
561410-09	724 WILKIE WAY	\$225.60	52-154-015	ACTIVE - RESIDENTIAL
023967-04	452 ALEMAR WAY	\$570.91	51-461-020	ACTIVE - RESIDENTIAL SEWER ONLY
761433-04	874 CAROLINA AVE	\$519.20	53-343-001	ACTIVE - RESIDENTIAL
800374-06	438 Dorman Ave.	\$475.20	53-453-013	RESIDENTIAL
441356-11	1630 Stabler Ln.	\$437.73	59-295-012	RESIDENTIAL
922807-06	736 LASK DRIVE	\$307.41	54-040-049	RESIDENTIAL
001850-04	2338 CLAREMONT WAY	\$232.28	55-170-022	RESIDENTIAL
014445-00	1388 Crestwell Dr.	\$181.17	22-172-025	RESIDENTIAL
642505-08	463 Park Ave.	\$180.56	52-342-025	RESIDENTIAL
320492-06	321 DEL NORTE AVENUE	\$116.23	51-403-008	RESIDENTIAL - 2 UNITS
051070-09	1551 RUSHING ST	\$56.87	56-292-015	RESIDENTIAL
562088-00	906 OLIVE STREET	\$48.52	52-156-010	RESIDENTIAL
091035-00	1890 LOU ELLA LANE	\$22.27	62-163-004	RESIDENTIAL
	TOTAL REPORT	\$28,134.89	24 ACCOUNTS	

EXHIBIT C



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

May 20, 2019



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:

\$232.28 is unpaid and delinquent for billing and service through March 26, 2019. The total balance due on the account is **\$232.28** at the following address:

Service Address: [Redacted]
Parcel #: [Redacted]
Acct #: [Redacted]

The City of Yuba City Municipal Code provides a hearing process for customers to dispute their delinquent utility service account(s). The City is scheduled to hold this hearing on May 21, 2019. This meeting will start at 10 A.M. and will be held at City Hall in the Sutter Room, located at 1201 Civic Center Blvd., Yuba City. This will be your opportunity to appeal the delinquent balance; otherwise, the delinquent balance due, including related administrative fees, will be placed on an assessment list and presented to City Council for approval on June 4, 2019. Upon approval, the balance due will be placed on your property tax bill 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

Accounting/Budget
(530) 822-5196

Accounts Receivable
(530) 822-4711

Accounts Payable
(530) 822-4617

Payroll
(530) 822-4616

Business License
(530) 822-4619

Water/Sewer Bills
(530) 822-4618