



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Adopt a Resolution to Cause Charges for Non-Payment of Delinquent Utility Charges to be placed on the FY 2017/18 County of Santa Clara Property Tax Roll

#### **BACKGROUND**

The Sunnyvale Municipal Code requires that all properties receiving water service, from any provider, receive and be subject to charges for sewer and solid waste services with the exception of those properties utilizing a septic tank system which are exempt from the sewer service requirement. The provision of water service and the collection of sewer and solid waste from all occupied properties are essential to maintaining the health and safety of the community at large. Some of the properties receiving these services have been consistently delinquent. Attempts to collect these delinquent debts through the City's standard collection process have failed. The City of Sunnyvale Municipal Code authorizes the City to collect delinquent utility charges on the County of Santa Clara property tax roll.

Each year, the City holds a public hearing to provide the opportunity for objections or protests to be heard by Council regarding the proposed assessments for utility debts.

#### **EXISTING POLICY**

Sunnyvale Municipal Code Section 12.50.110 allows the City to cause delinquent charges for water, sewer or solid waste services to be collected on the property tax roll together with general taxes.

#### **ENVIRONMENTAL REVIEW**

This action is exempt from environmental review under CEQA Guidelines 15378(b)(4) and 15378(b)(5) because it is an administrative or fiscal activity that will not result in a direct or indirect physical change to the environment.

#### **DISCUSSION**

Each utility customer receives a regular bill for service. Utility customers with active water accounts receive a reminder notice, and then a final demand notice notifying them that failure to pay may result in water service interruption. Because the discontinuation of sewer service is both more difficult and would have an immediate and direct impact on the health and safety of the neighboring properties, the City does not discontinue this service due to non-payment. Therefore, active utility customers without water service receive the same notifications until the final written demand that failure to pay will result in collection action being initiated. Utility customers with closed accounts receive a final bill followed by a final demand letter notifying the customer that failure to pay will result in a collection action being initiated.

The owners of the 12 properties listed on Exhibit A of Attachment 1 are a minimum of 60 days

delinquent in paying for water and/or sewer and solid waste services provided by the City. Repeated attempts to collect the delinquent funds through the billing and notification process have been unsuccessful.

The City cannot encourage these customers to pay their delinquent bill through discontinuance of service either because of the City's obligation to maintain public health or because the accounts are closed. Therefore, the only options available are to collect the debt through an assessment on the property or to refer them to a collection agency. For users of the services that both own their property and directly take services from the City, the Sunnyvale Municipal Code allows an assessment to be placed and funds collected through the County Property Tax Roll. This process is the most cost effective way for staff to collect the delinquent funds.

If approved by Council, the Director of Finance shall cause the amount of the assessments for utility debts to be entered on the assessment roll opposite the description of the property, and the amount shall be collected together with all other taxes upon the property. These amounts shall be collected at the same time, and in the same manner, as general property taxes are collected, shall be subjected to the same penalties and interest, and the same procedure and sale in case of delinquency as provided for general property taxes. All laws and ordinances applicable to the levy, collection and enforcement of general City taxes are hereby made applicable to such special assessment.

### **FISCAL IMPACT**

If approved, staff will forward the charges including late payment penalties and administrative charges of 1% to the County of Santa Clara for collection on the FY 2017/18 Property Tax Roll. The total assessments with administrative charges for delinquent utility charges equal \$2,478.18.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website. Pursuant to Sunnyvale Municipal Code Section 12.50.110 a notice stating the time and place of the hearing and the filing of the report was published in the Sunnyvale Sun on May 26, 2017 and June 2, 2017.

In addition to the City's regular delinquency noticing process, property owners were notified by mail on April 12, 2017, of the City's intent to place the delinquent charges on the property tax roll.

### **ALTERNATIVES**

1. Adopt a Resolution to Cause Charges for Non-Payment of Delinquent Utility Charges to be placed on the FY 2017/18 County of Santa Clara Property Tax Roll.
2. Do not adopt the resolution and direct staff to attempt to collect the delinquent funds through other means.

### **STAFF RECOMMENDATION**

Alternative 1: Adopt a Resolution to Cause Charges for Non-Payment of Delinquent Utility Charges to be placed on the FY 2017/18 County of Santa Clara Property Tax Roll.

Prepared by: Janice Broussard, Utility Billing Manager

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

**ATTACHMENT**

1. Resolution Placing Administrative Citations on the Property Tax Roll, including Exhibit A,  
*Delinquent Utility Accounts to be Assessed on County Tax Roll*