



City of Chula Vista

Staff Report

File#: 16-0086, **Item#:** 8.

CONSIDERATION OF THE PROPOSED ASSESSMENT OF CERTAIN DELINQUENT SEWER SERVICE CHARGES AS RECORDED LIENS

RESOLUTION NO. 2016-142 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ASSESSING CERTAIN DELINQUENT SEWER SERVICE CHARGES AS RECORDED LIENS UPON THE RESPECTIVE OWNER-OCCUPIED PARCELS OF LAND AND APPROVING THE PLACEMENT OF DELINQUENT CHARGES ON THE NEXT REGULAR TAX BILL FOR COLLECTION

RECOMMENDED ACTION

Council conduct the public hearing and adopt the resolution.

SUMMARY

In order to adequately protect the City's interest in delinquent sewer service charges and ensure that collection efforts are directed toward the responsible property owner in the event of a change of ownership, staff is recommending approval of liens against affected properties as a preliminary action to placing the delinquencies on the property tax rolls if they remain unpaid. Adoption of this resolution will enhance the collection process for delinquent sewer service charges by ensuring that the correct property owners are charged and that the payments will be received on a timely basis. This is the identical process approved by the City Council since August 1998.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not applicable

DISCUSSION

Section 13.14.150 of the Chula Vista Municipal Code allows delinquent sewer service charges to be

File#: 16-0086, Item#: 8.

assessed as recorded liens upon the affected properties, and ultimately placed on the property tax bills for collection. The ordinance states that upon notification of the property owners, a public hearing is set for sewer service accounts which are over sixty days delinquent. At the hearing, the City Council considers the delinquent accounts together with any objections or protests by interested parties. At the conclusion of the hearing, the City Council may either approve the delinquency and amount owed on the accounts as submitted, or as modified or corrected by the City Council. Lastly, the City Council adopts a resolution assessing such amounts as recorded liens upon the respective parcels of land, and the amounts are charged to the property owners on the next regular property tax bill.

Because charges can only be submitted for placement on the property tax bills once each year in August, staff is recommending assessing liens on the affected properties midyear to better ensure the City's chances for collection. If the City were to address these delinquent charges only once each year in August, the effectiveness of using the property tax bill as a means of collection would be significantly reduced as the owners of record in August would not necessarily be the people responsible for the delinquent charges. In cases where the properties are sold or transferred, assessing liens midyear holds the correct parties responsible for the delinquent charges. In cases where the property owners choose to refinance their mortgages, the midyear liens ensure the City's receipt of payment in a timely manner, as the delinquent charges are paid through escrow during the refinancing process.

In July 2015, the City Council approved 671 delinquent accounts valued at \$324,978 to be placed on property tax bills for collection. Of these 671 total delinquent accounts approved by the City Council for collection via property tax billing, 340 were resolved and 331 were submitted to the County of San Diego in August 2015 for placement on the property tax bill.

Since the July 2015 action, staff has identified 1196 accounts totaling \$781,174 as being over 60 days delinquent. Through preliminary collection efforts, 119 accounts have been resolved, and the remaining 1077 accounts valued at \$677,660 are now being submitted (listing available at the Finance Department).

Collection Process

These property owners have been notified of their delinquencies within the last 60 days, and two weeks ago they were notified of the public hearing and were again asked to pay their delinquent sewer service charges to avoid a lien being placed on their property. Payment arrangements will be set up as needed, and staff will continue to update this list as payments are received and accounts are cleared. A final list will be submitted to the City Council for consideration on the day of the public hearing in order to reflect the most current payment postings.

Staff is recommending that the City Council approve the final list of delinquent sewer accounts as submitted, and that these charges be forwarded to the County and assessed as recorded liens on the respective owner occupied parcels of land and ultimately placed on the next regular tax bill for collection.

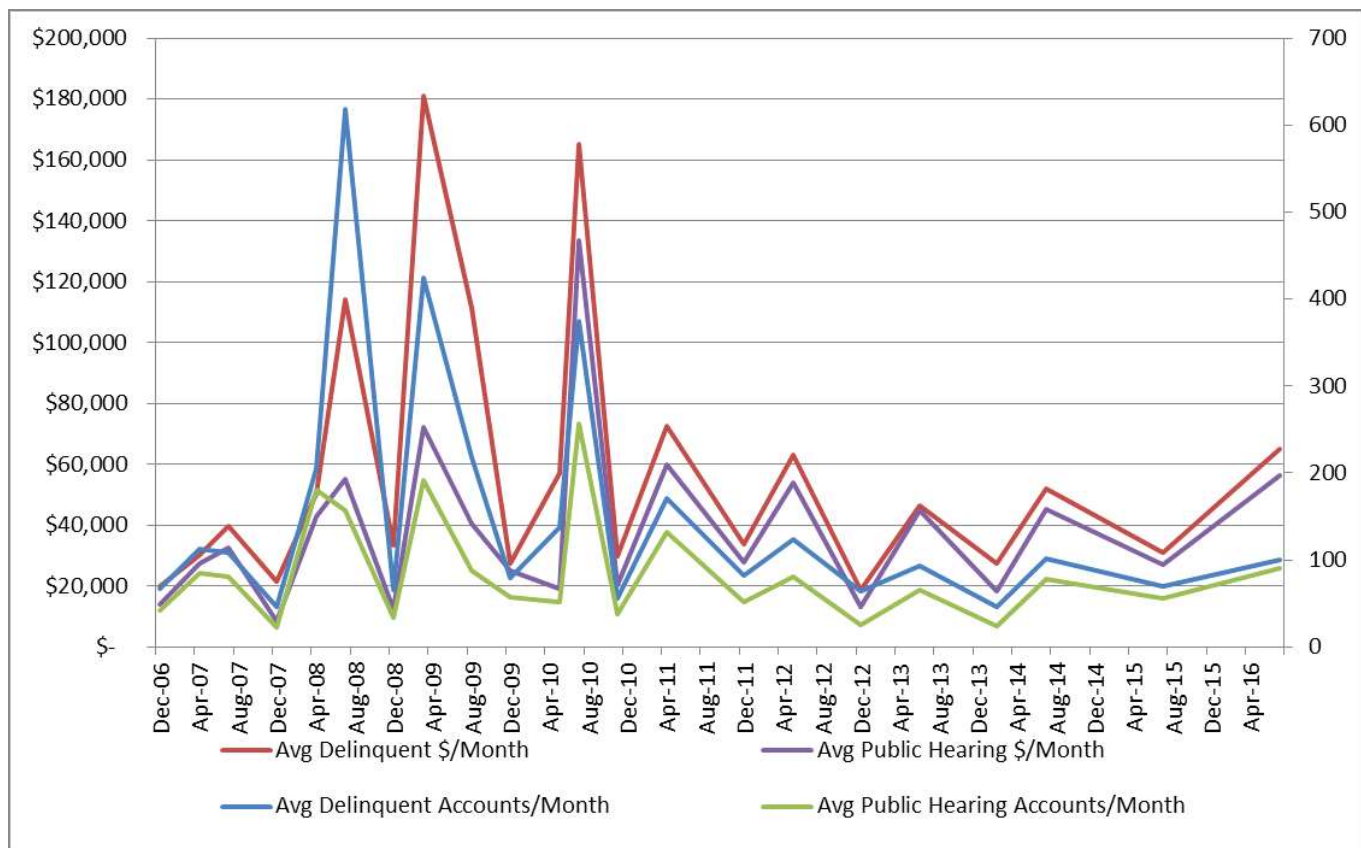
Delinquency Trends

Rates of delinquent sewer accounts appear to be stabilizing slightly above pre-recession levels. The chart below illustrates the average number of delinquent accounts (blue line) and the average value

File#: 16-0086, Item#: 8.

of those accounts (red line), on a monthly basis since December 2006. Also shown are the average number of delinquent accounts included in the public hearing process (green line) and the average value of the accounts included in the public hearing process (purple line), on a monthly basis for the same period. The gap between the original delinquent accounts and the public hearing accounts reflects the efforts of Finance Department staff to resolve delinquencies prior to the public hearing process.

Chart 1 - Delinquent Sewer Account Trends



DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(11), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This action supports the Operational Excellence goal by protecting revenues. Implementing policies to protect/generate revenues is an objective of City Initiative 1.1.1 - "Implement Fiscal Recovery and Progress Plan."

CURRENT YEAR FISCAL IMPACT

Approval of the resolution supports collection of delinquent sewer service charges totaling \$677,660. All expenses associated with this action are borne by the City's sewer funds; all sewer service charges collected as a result of this action will be deposited into the City's sewer funds.

ONGOING FISCAL IMPACT

File#: 16-0086, **Item#:** 8.

There is no ongoing fiscal impact. The delinquent sewer charges will ultimately be recovered via tax bill or property lien release payments.

ATTACHMENTS

None

Staff Contact: Angelica Aguilar, Finance Department