



Folsom City Council Staff Report

MEETING DATE:	7/28/2020
AGENDA SECTION:	Public Hearing
SUBJECT:	Resolution No. 10484- A Resolution of the City Council of the City of Folsom Approving and Confirming the Report of Delinquent Utilities Charges and Requesting Sacramento County to Collect such charges on the Tax Roll
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends, that the City Council review the attached Report of utilities delinquencies, hold a public hearing on the Report, accept any oral or written public comment, and adopt Resolution No. 10484 - A Resolution of the City Council of the City of Folsom Approving and Confirming the Report of Delinquent Utilities Charges and Requesting Sacramento County to Collect such Charges on the Tax Roll.

BACKGROUND / ISSUE

The City provides various utilities services to properties throughout the City, including sewer, water, and garbage services, for which the City charges a fee for service. While most accounts within the City are current, there are some delinquent utilities accounts. A Delinquent Utilities Charge Report ("Report") specifying the delinquency by parcel number and type of property is attached showing delinquencies totaling approximately \$24,100.

Following notice and a public hearing, the City Council may pass a resolution, by at least a two-thirds vote, requesting that the County Auditor/Tax Collector transfer the City's delinquent utilities charges to the property tax roll for collection with property taxes.

Despite some delinquencies, the City has had remarkable success in utility collections. Utility billing collections average \$47,650,000 annually. These collections include water, east area water surcharge, Folsom plan area water surcharge, city sewer, county sewer, solid waste

services, deposits, and penalties. The total utility delinquency amount is approximately \$219,200. This figure is different from the open account delinquency amount because it includes all open and closed accounts for Residential and Non-Residential delinquencies over the years. The City has a total of 26,579 open accounts. The total number of delinquent open accounts is 158. The delinquency dollar amount represents a 0.46% utility delinquency rate for the City. In 2004 the City's delinquency rate was at 16%. The current delinquency rate reflects the success of the City's collection efforts and delinquency program. The City only liens the Residential accounts. The lien process is only one of the many tools available to the City to collect delinquencies. Other tools available to the City include service disconnection or discontinuation, security deposits, voluntary compliance through payment request letters and, if appropriate, filing suit to collect amounts due.

POLICY / RULE

Folsom Municipal Code and state law provide that, following notice and a public hearing, the City Council may adopt a resolution transferring delinquent utilities charges to the County tax roll for collection with property taxes. (Cal. Gov't Code 25831, 38790.1; Cal. Health and Safety Code §§ 5470 et seq.; Folsom Municipal Code Chapters 3.20 (collection of municipal service charges generally) 13.12 (collection of sewer charges). The resolution authorizing the transfer must be passed by the City Council by a two-thirds vote. (Cal. Health & Safety Code § 5473).

ANALYSIS

The City provides sewer, water, and garbage services to properties within the City, for which it charges the users. While the vast majority of accounts throughout the City are current, there are some accounts that are more than 60 days delinquent in payment and appropriate for transfer to the County tax roll for collection. The total amount of these delinquent accounts is approximately \$24,100, as indicated on the attached Report. The Report captures delinquent accounts of \$500.00 or greater. While a single \$500.00 delinquency certainly does not make a significant financial impact on the City, when added together, the aggregate of all accounts greater than \$500.00 is a sizeable figure.

State law authorizes the City Council, by resolution adopted by at least a two-thirds vote, to request that the County Auditor/Tax Collector transfer these delinquent amounts to the property tax roll for collection with general property taxes. Prior notice of the hearing is to be mailed to the property owners not less than ten days before the hearing. (Cal. Gov't Code §§ 38790.1, 25831). Notice is also to be published in a newspaper of general circulation for two consecutive weeks prior to the hearing. (Cal. Health & Safety Code § 5473.1; Cal. Gov't Code § 6066). City staff has satisfied these notice requirements by mailing notice to affected property owners on June 10, 2020 and June 29, 2020. A public hearing notice was published in the Folsom Telegraph on July 9, 2020 and July 16, 2020.

Following a public hearing, the City Council has discretion to adopt the Report as presented, modify the Report, or decline to adopt the Report. However, if the City Council finds that valid protests are made by the owners of a majority of separate parcels of property described in the Report, the Council may not adopt the Report and may not transfer the delinquencies to the tax roll. (Cal. Health & Safety Code § 5473.2). Upon passage of the resolution confirming the Report of delinquencies, as presented, or modified, the Finance Department will transmit the Report to the Auditor/Tax Collector for placement of the charges on the tax rolls for collection with property taxes. County staff has advised City staff that in order to have the matters placed on the tax roll for this year, the Report must be transmitted to the County no later than **August 3, 2020**.

The County participates in the “Teeter” plan. Under the Teeter plan, the County has the option of “purchasing” the City’s delinquent accounts from the City. The County would then collect the delinquencies through the tax roll, along with any interest and/or penalties. Based on discussion with County staff, City staff expects that the County will purchase these delinquent accounts at this time, thereby expediting payment to the City. However, the decision to purchase the accounts is made following submission of the data to the County. If the County chooses to purchase these accounts under the Teeter plan, the County will advance the funds for the delinquencies to the City now, less an administrative flat fee of approximately \$50.00 plus a \$.60 per item fee. The total charge for this service will amount to an estimated \$200.00. Should the County decline to purchase the delinquent accounts, in whole or in part, the City would be paid after payment is made by the taxpayer through the property tax rolls. After the City’s Report of delinquencies is transferred to the County, the County will advise the City whether it will purchase the accounts and submit payment to the City now. In either event, transferring the delinquencies to the tax rolls increases the likelihood of the City receiving payment on the delinquent accounts. A comparison of the last three years is as follows:

	June 30 2017	June 30 2018	June 30 2019	June 30 2020
Active Accounts	23,866	23,976	24,882	26,579
Delinquent Accounts	245	469	422	158
Percent	1.03%	1.96%	1.70%	0.59%
Total Amount of Delinquencies	\$329,392	\$342,000	\$345,000	\$219,200
Total Percent	0.72%	0.72%	0.72%	0.46%

Total Amount of Open Delinquent Accounts to Lien	\$73,300	\$63,033	\$29,000	\$24,100
Total Open Account Percent	0.16%	0.13%	0.06%	0.05%

FINANCIAL IMPACT

The City currently has approximately \$24,100 in delinquent charges that are appropriate for transfer to the tax rolls. Approving this item and authorizing the transfer will help toward collection of these amounts. Should the County accept these amounts under the “Teeter” plan, the City will receive payment directly from the County for these amounts and the County will pursue collection through the tax rolls.

ENVIRONMENTAL REVIEW

This action does not constitute a “project” under the California Environmental Quality Act (“CEQA”) and does not require environmental review.

ATTACHMENTS

1. Resolution No. 10484- A Resolution of the City Council of the City of Folsom Approving and Confirming the Report of Delinquent Utilities Charges and Requesting Sacramento County to Collect such Charges on the Tax Roll

Submitted,

Stacey Tamagni, CPA
Director of Finance

RESOLUTION NO. 10484

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM APPROVING AND CONFIRMING THE REPORT OF DELINQUENT UTILITIES CHARGES AND REQUESTING SACRAMENTO COUNTY TO COLLECT SUCH CHARGES ON THE TAX ROLL

WHEREAS, the City of Folsom (the “City”) provides certain solid waste, water, and sewer services to its residents and occupants; and

WHEREAS, Government Code sections 25831 and 38790.1, California Health and Safety Code sections 5473 et seq. and Chapters 3.20 and 13.12 of the Folsom Municipal Code authorize the City to have the delinquent charges for the above services (the “Charges”) collected on the tax roll by Sacramento County on the relevant parcels; and

WHEREAS, City staff has prepared a Delinquent Utilities Charge Report (the “Report”) identifying the delinquent charges by Assessor’s Parcel Number; and

WHEREAS, a hearing was held on July 28, 2020, at which the City Council reviewed and considered the Report and any protests related thereto, with prior notice of the hearing being provided as required by law;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom

1. Findings. In reviewing and considering the delinquent Charges and the Report, the City Council hereby makes the following findings:

a. Notice of the public hearing before the City Council was published in a newspaper of general circulation at least once a week for two consecutive weeks prior to the City Council public hearing, and notice was mailed at least ten (10) days prior to the hearing to each affected property owners at addresses as shown on the latest equalized assessment roll or as known to the City; and,

b. Notice of the public hearing before the City Council included the date, time, and place of the public hearing, the identity of the hearing body, and a general explanation of the matter to be considered; and,

c. Upon considering all objections and protests received at the time of the hearing on this matter, the City Council finds that protest by owners of a majority of the parcels of property described in the Report does not exist.

2. Confirming the Report. The City Council hereby approves, confirms, and adopts the Report, as directed, and attached hereto and incorporated herein by reference, and determines that the Charges are proper and correct. The City Council directs the Finance Director to make any amendments to the Report as were directed by the City Council and as necessary to remove

parcels from the Report for which payment has been made before transfer of the amounts to Sacramento County for collection on the tax roll, subject to the same penalties, procedure, and sale in case of delinquency as provided for those taxes.

3. Authorization. The City Council hereby authorizes and directs the Finance Department to deliver a certified copy of the finalized Report to the Sacramento County Department of Finance - Auditor Division and to submit a certified copy of this Resolution and Report to the County Recorder for recordation.

4. Services of Sacramento County. The Offices of the Sacramento County Department of Finance - Auditor Division is requested for the placement of the Charges on the Annual Secured property tax roll with the Ad Valorem taxes.

5. General Authorization. The City Manager, City Finance Director, City Clerk, City Attorney and the other officers and agents of the City are hereby authorized and directed, individually and collectively, to do any and all things and to execute, deliver, and perform any and all agreements and documents that they deem necessary or advisable in order to effectuate the purposes of this Resolution. All actions heretofore taken by the officers and agents of the City that are in conformity with the purposes and intent of this Resolution are hereby ratified, confirmed, and approved in all respects.

6. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 28th day of July 2020, by the following roll-call vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

ABSTAIN: Council Member(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

**City of Folsom Delinquent Utility Charges
as of 6/30/2020**

	Parcel Number			Amount
071	0122	013	0000	\$1,251.91
071	0350	009	0000	\$1,683.26
071	0350	014	0000	\$3,726.83
071	0770	025	0000	\$2,092.57
071	0810	057	0000	\$1,258.86
071	1520	076	0000	\$1,865.33
071	1990	004	0000	\$340.54
072	0940	046	0000	\$1,525.92
072	1300	004	0000	\$1,617.22
072	1330	011	0000	\$2,537.89
072	2340	025	0000	\$2,452.47
072	2710	056	0000	\$2,715.46
227	0230	014	0000	\$1,388.42

This page is intentionally left blank.