

**PROGRAM FOR DELINQUENT CHARGE COLLECTION THROUGH LIENS AND
PROPERTY TAX BILLS FOR MULTI-FAMILY ACCOUNTS
Effective January 1, 2011**

INTRODUCTION

SB 1035 (Hancock 2010) gives the District authority to place liens on residential real property for delinquent water and wastewater charges, sewer charges, fees, interest and penalties, and to roll unpaid delinquent charge amounts and unpaid lien amounts over to the appropriate property tax bill. This authority gives the District an alternative to terminating service as a method of collecting revenue. This document outlines the lien and property tax program for master-metered multi-family water service accounts.

COMMENCEMENT DATE OF PROGRAM

The lien and property tax collection Program will commence on January 1, 2011, and will include charges incurred on and after January 1, 2011. The District's authority to lien residential property under SB 1035 has a sunset date of December 31, 2015. The District is obligated to submit a report to the Assembly and Senate Committees on Judiciary and on Local Government not later than January 1, 2015. The report must include the total number of liens placed on residential properties and describe the effectiveness of the program.

PROGRAM RESPONSIBILITY

The Customer & Community Services Department has responsibility for conducting the program. Their responsibilities include calculating delinquent dollar amounts for liens, filing liens with the appropriate County, receiving and tracking payments, releasing liens when paid, and rolling unpaid delinquent charges over to the County Auditor/Tax Collector for inclusion on the appropriate property tax bills.

PARCELS TO BE ENCUMBERED

The District will file liens on properties that meet the following criteria:

- ◆ The service is provided to a master-metered multi-family property with two or more units.
- ◆ The unpaid charges have become delinquent and the delinquent charges equal \$100.00 or more.
- ◆ The property owner has been sent all notices required by law and/or by this program.
- ◆ The District has conducted a hearing at which the customer has the opportunity to present objections to the filing of a lien on his/her property.

CHARGES INCLUDED IN THE LIEN

Delinquent charges that are subject to this lien and property tax revenue collection program include all East Bay Municipal Utility District charges that include, but are not limited to water

consumption and related charges, charges for wastewater services, late fees, interest and penalties, elevation charges, seismic charges, water-supply-related and environmental charges.

The District will established charges associated with the lien program:

1. Lien Filing Charge. The lien filing charge includes the county's filing fees and the District's administrative costs to prepare and file the lien.
2. Lien Release Charges. The lien release charges include the county's fees and all the District's administrative costs.

Once the Hearing Officer determines that a lien should be filed on the property, the District will add the lien charge to the total lien amount. The lien release fee will be added to the total amount of money that must be paid by the property owner before the lien is released.

OTHER AGENCY CHARGES

The District may include other agency sewer charges and utility user taxes (UUTs) as appropriate.

FREQUENCY OF FILING

Liens will be filed every month with Contra Costa and Alameda Counties on properties served by delinquent accounts. The District will release paid liens within 30 days from the date payment is received by the District.

LIEN NOTICES

Owners of multi-family master metered tenant-occupied properties where the EBMUD account has become delinquent will receive notices as follows:

- ◆ INTENT TO LIEN NOTICE will be sent to the property owner if a bill remains unpaid for 75 days or more. The notice will state the amount of the delinquent charges that must be paid to avoid a lien against the property, notify the property owner how to pay, and notify the property owner that non-payment may result in a lien being filed on the property, and /or may result in adding the charges to the owner's property tax bill. Charges unpaid as of June 1, may be transferred directly to the owner's property tax bill.
- ◆ NOTICE OF LIEN HEARING will be sent to the property owner if a bill remains unpaid for 90 days or more. The notice will state the amount of the delinquent charges that must be paid to avoid a lien against the property, notify the property owner how to pay, and notify the property owner that non-payment may result in a lien being filed on the property and/or may result in adding the charges to the owner's property tax bill. Charges unpaid as of June 1, may be transferred directly to the owner's property tax bill. The notice will contain the

date, time and location of the hearing and notify the owner of the right to attend the hearing and present information on why the lien should not be filed on the property. The notice will be mailed to the property owner well in advance of the date of the Lien Hearing.

- ◆ **NOTICE OF FILING** After the lien is filed, the property owner or the representative will be sent a notice that a lien has been filed on the property, the amount of the lien, and instructions on how to pay it off and secure release of the lien.

LIEN HEARINGS

Before a lien is filed, the District will invite the affected property owners to a Lien Hearing. The hearing will be conducted after the property owner(s) have received a notice of the District's intention to file a lien and indicate the date, time and location of the hearing. The Hearing Officer will be the General Manager or his/her designee. At the hearing, the property owner(s) will be invited to provide either a written or oral response to the District's intent to file a lien on the property. The Hearing Officer will render a decision in 5 business days from the date of the hearing. The decision of the Hearing Officer will be final. The Hearing Officer will provide the Customer and Community Services Department with a list of customer names, accounts, and parcel numbers and identify his/her decision for each of the accounts noticed with an intent to lien.

LIEN FILINGS

The Customer & Community Services Department will proceed to file a lien for each parcel identified as approved for a lien by the Hearing Officer. Liens will be filed every month in Contra Costa and Alameda Counties as appropriate. The District will release paid liens within 30 days of receipt of full payment due.

REVENUE COLLECTION VIA PROPERTY TAX ROLLS

By July of each year, the District will determine which liens have not been paid and prepare the appropriate materials to send the necessary data to the Contra Costa and Alameda County Auditors for recovery of delinquent water and wastewater charges on the property owners' property tax bills.

PROPERTY TAX HEARING

By July of each year, the General Manager will prepare a report to the Board of Directors describing the real property and the amount of the delinquent charges, fees, interest and penalties. The Board will conduct a public hearing and will hear and consider any objections or protests to the General Manager's Report.

Program for Delinquent Charge Collection Through Liens
and Property Tax Bills for Multi-Family Accounts

Page 4

Prior to the hearing the District will publish a notice in a newspaper of general circulation and will mail a notice to the owner of each affected parcel of real property at least 14 days prior to the date of the hearing.

PROPERTY TAX CHARGES

For each account approved by the Board for collection on the County property tax bill, the District will add a Property Tax Transfer Fee. The charge will include the County's fee to collect the delinquent charges on the property tax bill and all the District's administrative costs.

By August 10 of each year, the General Manager will file a report with Contra Costa and Alameda Counties, stating the determinations made by the Board of Directors of the delinquent utility charge amounts for each parcel of real property. The County Auditors will then apply the charges to the appropriate property tax bills for collection on each parcel where the Board has determined delinquent utility charges should be placed on the appropriate County tax bill.