



## NEWS RELEASE

**FOR IMMEDIATE RELEASE:**  
Wednesday, Jan. 3, 2018

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### **City Studies Change to Property Owner-Only Utility Billing** ***Future delinquent property owner accounts would be transferred to property tax roll***

STOCKTON, Calif. – On January 9, 2018, the Stockton City Council will study a proposed ordinance that would make property owners responsible for charges related to City-provided utilities. This change is being considered due to a significant increase in unpaid bills. The January 9 meeting will be an introductory discussion; adoption of changes would occur at a future meeting. Members of the public are welcome and encouraged to attend and provide ideas and information.

If the proposed owner-only ordinance were later adopted, City utility accounts would only be opened in the name of the property owner. New accounts would no longer be opened in the name of tenants who rent or lease property. During the transition period, as tenants move or relocate accounts billed to tenants would be closed and new accounts for utility services would be the responsibility of the property owner. The property owner could choose to pay the bill directly or have the bill mailed to and paid by another party, such as a property manager or tenant. Under the proposed change, the property owner would ultimately be responsible for payment of the bill even if payment responsibilities were delegated.

In areas where the City is the water service provider, the City can shut off water to compel payment of delinquent utility bills. The City cannot shut off water in the California

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Water Service Company (Cal Water) service area, where most of the unpaid City-provided utility accounts are located. “Between July 2015 and August 2017, the City of Stockton experienced over \$9.8 million in unpaid accounts – about 13% of what was billed – in the area served by Cal Water,” said Matt Paulin, Chief Financial Officer. “The increase in unpaid accounts coincides with a utility billing change that transferred billing for City-provided sewer, stormwater, and garbage and recycling, back to the City, preventing water shut off as a mechanism to enforce payment in the Cal Water service area.”

These unpaid tenant accounts include residential, commercial and industrial properties. By comparison, unpaid accounts in the City’s water service area have just over \$850,000 unpaid, which is less than half a percent (.44) of what was billed.

“When certain individuals and businesses are not paying their bills, it hurts everyone, and there are insufficient funds to properly maintain utility operations and infrastructure. For this reason, owner-only billing is a common requirement in many cities. Regionally, the cities of Sacramento, Davis, Lathrop, Modesto, and Woodland, require the property owner to be responsible for payment of city-provided utilities,” continued Paulin.

The City of Stockton provides sewer and stormwater services throughout the city. The City is the water service provider for approximately half of the city; the other half of the city receives water service from Cal Water. Garbage and recycling services are provided by one of the waste haulers contracted by the City, either Republic Services or Waste Management. Cal Water customers receive a water bill from Cal Water and are billed by the City of Stockton for all other utilities, including: sewer, stormwater, and residential

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garbage and recycling.

“For 18-months following the effective date of the ordinance, we would continue billing tenants until they move or relocate and request to stop service,” said Paulin. “As new tenants occupy the residence or business location, utility accounts would only be opened and services started in the name of the property owner. Property owners will not be held responsible for existing account balances previously billed to tenants. Going forward, once the bill is in the name of the property owner, the property owner will be responsible for ensuring payment of utility bills for their property.”

At the end of the transition period, accounts still billed to tenants would be closed and new accounts opened in the name of the property owner(s), as it appears on the San Joaquin County Assessor’s Office records. It is anticipated that all utility accounts would be converted to the name of the property owner within two years.

City Council is also being presented with a proposed resolution that would allow for unpaid balances on accounts billed to property owners to be transferred to the San Joaquin County property tax roll. With approval of the resolution, ultimately, delinquent property owner utility accounts would be paid through an additional assessment on the tax roll or a lien on the property, so that the unpaid balance and any fees would be recovered when the property is sold.

The City Council will review data, the proposed ordinance and resolution, and consider public input at the January 9, 2018, meeting. The public meeting begins at 5:30 p.m., at City Hall in the Council Chamber. The Council will not vote on the ordinance and

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resolution at this meeting; however, they may direct City staff to bring the ordinance and resolution back to Council for consideration and adoption at a future scheduled City Council Meeting.

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