

# **POLICY FOR THE COLLECTION OF WATER AND SEWER USE ACCOUNTS FOR THE TOWN OF MANCHESTER**

**Effective July 1, 2013**

## **Purpose**

The purpose of this policy is to establish a uniform and fair process for the collection of past due water and sewer use bills by the Town of Manchester Water and Sewer Division.

## **Section I - Definitions**

The following terms are referred to in this policy and are defined and explained as follows:

**Alias Tax Warrant** – A document issued by a municipality pursuant to Connecticut General Statutes Section 12-162, which authorizes local constables to collect past due water and sewer use charges, accrued interest and other allowable fees on behalf of the municipality. The alias tax warrant provides a variety of means by which the constables can collect the past due charges, including, but not limited to: wage executions, bank account executions and execution and sale of personal property. The constables are entitled to collect statutory fees for their services, which fees are in addition to past due amounts, interest and charges. At the time of the approval of this policy the statutory fee for the constables is 15%, but will be adjusted accordingly if state law changes.

**Foreclosure** – A formal legal process initiated by the Town of Manchester in Superior Court to foreclose the Town's water and sewer liens secured by real estate, the result of which either provides payment to the Town of the past due charges, interest and other allowable fees or acquisition of title to the real estate.

**Liens** – Pursuant to Connecticut General Statutes Section 7-239 (water) and Section 7-258 (sewer), any water and sewer use account which remains unpaid after thirty (30) days has elapsed from the due date, subjects the premises being served to a filing of a lien upon the real estate. The lien shall take precedent over all other liens or encumbrances except taxes and may be foreclosed in the same manner as a lien for taxes.

**Notices** – The following notices, as defined and explained herein, are referred to in this policy:

1. **Friendly Reminder Notice** – A friendly reminder notice is sent to the customer when an account is 30 days past due. This is triggered when the original bill is not paid in 30 days.

2. **Second Reminder Notice** – This is sent to the customer when the original bill remains unpaid for 60 days.
3. **Past Due Account Notice** – This is sent to the customer when the original bill remains unpaid for 90 days.
4. **Delinquent Account Notice** – This is sent to the customer when the original past due amount is 120 days overdue. This notice indicates that unless payment is received within 15 days the service may be terminated as allowed by law and a lien may be placed against the property.
5. **Final Shut Off Notice** – This is issued to the customer when the account is unpaid 150 days. The shut off notice indicates a date by which payment must be received or service will be terminated. Included with this notice is the notice of rights required by the PURA (Public Utilities Rate Authority) prior to actual termination.

**Payment Agreement** – A written agreement signed by the owner of the property which is delinquent as to the water and sewer account and the Customer Service Manager of the Water and Sewer Department or his or her designee in which the property owner agrees to make monthly payments on the delinquent water and sewer use account until the account is current.

**Rent Receivership** – A legal proceeding in Superior Court in which a municipality may petition the court to appoint a receiver of the rents to a property for which the owner of the property is past due in the payment of water and sewer use charges. The receiver appointed by the court collects all rents from the occupants of the property and from the rent payments the receiver pays the past due charges. The receiver is also entitled to a court-approved fee, paid by the property owner, typically in the amount of 15%.

## **Section II – General Procedures for the Collection of Water and Sewer Use Accounts**

The Water and Sewer Department has approximately 16,000 accounts which include single family residences, multi-family residences, commercial accounts and industrial accounts. All of the accounts are billed on a quarterly basis, except for a small number of large volume customers which are billed monthly.

All bills are considered past due if the bill remains unpaid after thirty (30) days. A **friendly reminder notice** is sent to all customers when an account is thirty (30) days past due. Once an account is thirty (30) days past due, the account accrues interest at the rate of 1 ½% per month (18% per year).

When a bill remains unpaid for sixty (60) days, a **second reminder notice** is sent.

When a bill remains unpaid for ninety (90) days, a **past due account notice** is sent.

When a bill remains unpaid for one hundred-twenty (120) days, a **delinquent account**

**notice** is sent. The **delinquent account notice** requires payment within fifteen (15) days or the delinquent collection process may be undertaken which includes termination of service (if applicable), recording a lien against the property and the procedures as outlined in Section IV herein.

A property owner with a delinquent water and sewer use account may be **denied a building permit** by the Town of Manchester Building Department in accordance with state statutes. Any property owner who has been denied a building permit due to non-payment of water and sewer use charges may request in writing a hearing before the General Manager to review the circumstances of the denial of the building permit. The hearing shall be held by the General Manager or his or her designee within five (5) business days of the receipt of the written request for the hearing. The General Manager or his or her designee, after holding the hearing and considering all the facts and circumstances, shall in his or her sole discretion, uphold the denial of the issuance of the building permit or authorize the issuance of the building permit provided that the property owner immediately pays at least 25% of the delinquent taxes due, enters into a written monthly payment agreement in accordance with Section V of this policy and has no other property code violations.

### **Section III – Procedures for Terminating Service (Shut-off)**

Connecticut law provides that only certain properties may have water service terminated for non-payment. These properties include single family, owner-occupied residences, commercial properties without any residential units and industrial properties. Approximately 75% of the accounts in Manchester are subject to termination of service due to non-payment. Termination of service is the most effective mechanism for resolving delinquent accounts.

The process for terminating service is as follows:

- A. The **delinquent account notice** (120 day notice) warns the customer that the account is subject to termination if the bill is not paid within fifteen (15) days.
- B. If the account remains unpaid after the **delinquent account notice** has been sent and one hundred fifty (150) days has elapsed from the date of the original bill, a **final shut-off notice** is sent to the customer. The notice indicates the date when service to the property will be terminated.
- C. Approximately seven (7) days before the date for termination of service, a notice is delivered to the property and attached to the door of the main entrance to the property.
- D. Approximately two (2) to three (3) days before the date for termination of service, telephone contact with the customer is attempted.
- E. If service is terminated, then the restoration of service requires payment of the delinquent account in full or a payment arrangement by means of a **written payment agreement** in accordance within Section V herein. There is also a resumption of

service fee which will be charged to the customer in accordance with the department's approved rate schedule.

#### **Section IV – The Collection of Delinquent Water and Sewer Use Accounts Not Subject to Termination of Service**

Approximately twenty-five percent (25%) of the accounts of the Water and Sewer Department are not subject to termination of service, by law. These accounts are the multi-family residential properties.

The multi-family residential accounts are handled pursuant to Section II herein with regard to the notices sent at 30 days, 60 days, 90 days, and 120 days past due. Interest on the past due accounts accrue interest at a rate of 1 ½% per month and liens are recorded against the properties on the land records to secure the debt.

If an account remains unpaid after the **delinquent account notice** (120 day notice) has been sent, the following additional collection activities are to be undertaken:

- A. Threshold for additional collection activities – the additional collection activities outlined herein shall apply to those multi-family residential properties that have an outstanding balance of \$1,000 or more.
- B. Once an account has exceeded the threshold as set forth in paragraph A above, the account will be referred to the Town Attorney's office. The Town Attorney's office shall send a letter to the property owner indicating that the delinquent account has been referred to the Town Attorney's office for collection. The letter shall indicate the legal options that are available to the Town to collect the delinquent account. A copy of the letter shall be sent to any and all mortgagees of record.
- C. If the property owner does not respond to the letter from the Town Attorney's office within thirty (30) days of the receipt of the letter by either paying the account in full or entering into a written monthly payment agreement in accordance with Section V of this policy, then the Town shall proceed to collect the account in the following manner:
  1. Upon the recommendation of the Customer Service Manager of the Water and Sewer Department and with the approval of the Administrator of the Water and Sewer Department, an alias tax warrant shall be issued to a town constable for the collection of the delinquent account pursuant to Connecticut General Statutes 12-162 and in accordance with the following policies and procedures:
    - a. **Policies and procedures for the issuance and execution of alias tax warrants to constables.** The issuance of alias tax warrants to constables to assist with the collection of delinquent water and sewer accounts shall be at the sole discretion of the Administrator of the Water and Sewer Department. Upon the receipt of an alias tax warrant, a constable shall:

- i. Serve the alias tax warrant upon the property owner in accordance with Connecticut law within sixty (60) days and provide a return of service to the Office of Assessment and Collection.
- ii. Process payments made by the property owner promptly, but in no event shall a constable retain a taxpayer payment for more than ten (10) days.
- iii. Maintain water and sewer account payments in a separate, dedicated bank account in a financial institution located within the State of Connecticut and shall not commingle any payments with any other funds or bank accounts of the constable.
- iv. Maintain accurate records for each warrant issued to the constable, including the date and method of service of the alias tax warrant and an accounting of all payments received from the property owner.
- v. Report to the Town the status of each alias tax warrant, including amounts paid by the property owner and allowable fees deducted for the constable's services, at least once every six (6) months.
- vi. Return the alias tax warrant to the Water and Sewer Department within one (1) year of its issuance if the constable has been unable to collect the amount due in full or has been unable to establish a written, monthly payment agreement with the property owner in accordance with the terms and conditions of Section V. of this policy. Town staff will assist constables with the preparation of any written, monthly payment agreement.
- vii. Once an alias tax warrant has been returned to the Water and Sewer Department the constable shall not conduct any further collection activities and the property owner shall incur no further costs except those due the Town.
- viii. A constable shall not sell or foreclose upon the real estate of any delinquent property owner's real estate and shall not file any liens against a property owner's real estate for any fees due the constable.
- ix. If a constable does not comply with any of the above stated policies and procedures the constable is subject to having to return any and all alias warrants previously issued to him or her and shall not be issued any new alias tax warrants.
- x. Prior to the expiration of a constable's term, and with no subsequent term being served, the constable shall return all alias tax warrants to the Water and Sewer Department.

If the property owner does not respond to the preceding collection activities by either paying the delinquent account in full or entering into a written monthly payment agreement in accordance with the terms and conditions set forth in Section V. of this policy, then upon the recommendation of the Administrator of the Water and Sewer Department the account will be referred to the Town Attorney's office for one of the following:

2. Bringing an action in Superior Court for rent receivership, if applicable.
3. Bringing an action in Superior Court for foreclosure of the Town's lien(s).

Prior to issuing an alias tax warrant or commencing either a rent receivership action or a foreclosure action, the Town Attorney's office will cross-check with the Delinquent Tax Collection Committee to determine if the account is subject to any collection activities for delinquent taxes and if so, the respective collection activities for delinquent taxes and delinquent water and sewer use accounts will be coordinated and merged.

### **Section V – Payment Agreements**

At any time that a property owner is delinquent with the payment of water and sewer use bills, the property owner may negotiate a monthly Payment Agreement with the Customer Service Manager of the Water and Sewer Department or his or her designee to resolve the delinquency under the following conditions:

1. The agreement is in writing and signed by the property owner and the Administrator of the Water and Sewer Department or his or her designee. The Town Attorney's office will assist with the preparation of any such agreement.
2. Payments must be made each and every month.
3. The amount of the monthly payment must be sufficient to pay the delinquent account on the property in full, including past due, current and future bills, over a period not to exceed one (1) year for accounts owing \$2,000 or less; two (2) years for accounts owing between \$2,000 and \$5,000; and three (3) years for accounts owing more than \$5,000.
4. The monthly payment period for accounts owing more than \$5,000 may be extended, at the sole discretion of the Administrator of the Water and Sewer Department or his or her designee, to a period in excess of three (3) years but in no event greater than five (5) years under the following circumstances:
  - a. The property owner pays an amount equal to 25% of the outstanding balance of the account prior to executing the written payment agreement; or

- b. If the property owner can demonstrate to the Town's satisfaction extenuating circumstances which include, but are not limited to, financial hardship caused by unemployment or underemployment, a serious health or medical condition or financial hardship caused by circumstances beyond the control of the property owner.
5. If a property owner who has entered into a written monthly payment agreement fails to make a monthly payment and cannot show good cause for the failure to make a monthly payment, then the property owner is subject to the additional collection actions in Section IV. When a property owner fails to make two monthly payments during the term of a written monthly payment agreement, the agreement is terminated and the property owner is subject to the additional collection actions in Section IV.