



Meeting Date: ~~1/11/2011~~ 2/8/11

Agenda Item # ~~5-A~~ 6A

# CITY COUNCIL AGENDA ITEM

Contact Name: Linda Snyder *LS* Department Director: Christine Davis *CD*  
 Department/Contact # (386) 775-5427 City Manager: Jamie Croteau *JC*

- Type of Item:
- |                                     |                          |                          |                     |
|-------------------------------------|--------------------------|--------------------------|---------------------|
| <input type="checkbox"/>            | Public Hearing           | <input type="checkbox"/> | Resolution          |
| <input checked="" type="checkbox"/> | Ordinance First Reading  | <input type="checkbox"/> | Discussion & Action |
| <input type="checkbox"/>            | Ordinance Second Reading | <input type="checkbox"/> | Council Approval    |

**Subject:** Revision of Code of Ordinances, Section 17.3 Utilities

**BACKGROUND:** Staff is requesting to revise section 17.3 Utilities of the Code of Ordinances, specifically Sec. 17.3-27 (water) and Sec. 17.3-118 (wastewater). Current utility policy requires ALL account holders put up deposits (water \$100 and sewer \$150) in order to open an account.

In response to citizens' requests and to enhance customer service, staff recommends changing the utility deposit requirements. The recommendation is for the City to utilize a third-party service provider to evaluate an individual's credit record/payment history, in order to consider a possible reduction or elimination of a deposit requirement for their respective account(s). This is a common practice among other utility providers (i.e. other water utilities, Progress Energy, etc.). In order to implement the deposit evaluation process, it is necessary to revise the current ordinance, which states, that a deposit shall be required of all users.

Additionally, staff is requesting to implement a cost savings initiative to remove the interest bearing requirement on customer deposit funds. The interest bearing deposit structure is NOT common among other utility providers (i.e. other water utilities, Progress Energy etc.). Currently, this procedure requires monthly manual calculations and staff time that results in negligible benefit to our customers. This change would result in better management of our resources, and this change would simply require that all deposit funds be held in a non-interest bearing account.

Upon adoption of Ordinance No. 448, there will be further action required to complete this project (revision of the miscellaneous service charges and contract authorization for the third-party service provider).

**RECOMMENDATIONS:** Staff recommends that the City Council approve Ordinance No. 448

**ATTACHMENTS:** Ordinance No. 448

**FINANCIAL IMPACT:** No financial impact anticipated. Improved customer service is anticipated.

Reviewed by City Attorney \_\_\_\_\_  
 Reviewed by Finance Dept. \_\_\_\_\_  
 Reviewed by: \_\_\_\_\_

1 <sup>st</sup> Discussion Date: date	2 <sup>nd</sup> Discussion Date: date	Third Discussion Date: date	Other Dates: date
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ORDINANCE NO. 448

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA, AMENDING SECTIONS OF CHAPTER 17.3 UTILITIES OF THE CODE OF ORDINANCES OF THE CITY OF ORANGE CITY, FLORIDA; PROVIDING FOR CONFLICTS, SEVERABILITY AND EFFECTIVE DATE.

WHEREAS, Section 17.3 Utilities, of the Code of ordinances of the City of Orange City was adopted in 1991; and

WHEREAS, it is the desire of the City Council to update this portion of the code to reflect current practices; and

WHEREAS, words with underlined type shall constitute additions to the original text and ~~strike through~~ shall constitute deletions to the original text.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA:

SECTION 1. That Chapter 17.3 of the Code of Ordinances of the City of Orange City is hereby amended in accordance with Exhibit "A" attached hereto and incorporated herein as though fully set forth by this reference.

SECTION 2. All ordinances or parts of ordinances and all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed.

SECTION 3. If any section, part of a section, paragraph, clause, phrase or word of this ordinance is declared invalid, the remaining provisions of this ordinance shall not be affected.

SECTION 4. This Ordinance shall take effect 30 days after its adoption by the City Council of the City of Orange City, Florida, and approval as provided by law.

ROLL CALL VOTE AS FOLLOWS:

First Reading this 8th day of February, 2011.

Gary A. Blair	<u>yes</u>	Jeff H. Allebach	<u>yes</u>
Tom Laputka	<u>yes</u>	Tom Abraham	<u>yes</u>
Anthony Pupello	<u>yes</u>	O William Crippen, Vice Mayor	<u>yes</u>
Harley Strickland, Mayor	<u>no</u>		

**ROLL CALL VOTE AS FOLLOWS:**

Second Reading this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Gary A. Blair	_____	Jeff H. Allebach	_____
Tom Laputka	_____	Tom Abraham	_____
Anthony Pupello	_____	O William Crippen, Vice Mayor	_____
Harley Strickland, Mayor	_____		

**PASSED and ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2011.**

**ATTEST:**

**AUTHENTICATED:**

\_\_\_\_\_  
Deborah J. Renner, CMC, City Clerk

\_\_\_\_\_  
Harley Strickland, Mayor

Approved as to form and legal sufficiency:

\_\_\_\_\_  
William E. Reischmann, Jr., City Attorney

**Sec. 17.3-27. Deposits.**

(a) Before rendering service, a deposit or guarantee satisfactory to the city to secure the payment of bills and any expenses incurred by the city is required, and, upon payment, the city shall give the customer a nonnegotiable and nontransferable deposit receipt. Such deposit shall be held by the city in interest bearing accounts. The interest shall be calculated as of December 31 of each year, based on the average investment rates for that year. Such interest shall be credited to the customer's account on the February billing of the subsequent year or at termination of service.

(b) Deposits shall be made in accordance with the rate schedules of the city in effect at the time of payment. Upon final settlement of a customer's account, the deposit may be applied by the city to any account balance due, and any remaining balance of the deposit will be refunded to the address on record at the closing of the account. The city may require additional deposits as a condition to continue service for any customers who has received three or more late charges in one year or whose services have been previously discontinued due to nonpayment as a condition to continued service.

~~(a) *Utility deposit.* Utility deposits as described in the applicable resolution or ordinance, shall be required from all users of city water to ensure the payment of water charges, as applicable in Section 17.3.27 (c)(1) (d). Such deposit to be held by the city in interest bearing accounts. The interest shall be calculated as of December 31 of each year, based on the average investment rates for that year. Such accrued interest shall be credited to the customer's account on the February billing of the subsequent year or at termination of service; provided that users who now have a lesser amount on deposit shall not be required to make an increased deposit as a result of an interruption in water service for nonpayment of charges.~~

~~(b c) *Construction deposit.* In addition, customer construction deposits as described in the applicable resolution shall be required prior to the city performing any construction related to providing water services.~~

~~(e d) *Refunds.* Refunds of utility deposits may be made in the following circumstances:~~

~~(1) *Residential Property Customers*~~

~~(a) After two years from date of active service, if a residential customer has maintained a good payment history, with no late payments or delinquencies having occurred, the deposit will be applied as a credit to the customer's account after the utilities department determines that a customer qualifies for a refund.~~

~~(b) In the event the account to be credited incurred three late charges within any one-year period, or if the residence was denied water service for nonpayment at any time in the prior two-year period, the refund will not be made and, the city reserves the right to require an additional deposit be made by the customer, according to the rates in effect at that time.~~

(c) After the refunding of the deposit, if an account incurs three late charges or if the residence is denied water service for nonpayment at any time, the city reserves the right to require a new deposit be made by the customer as a condition to continue service, according to the rates in effect at that time.

(d) If a residential property customer with a good payment history requests an additional service address(es), no deposit will be required on the additional service address for a maximum of four total properties (original plus three (3)). However if there is a default on any service address, all service addresses are subject to deposit requirements according to rates in effect at that time. Anything in excess of four service addresses will be considered commercial and customer is subject to commercial rates in effect at that time.

*(2) Rental Unit Customers*

(a) The refund of the deposit for residential renters will be made upon closing of the account and final settlement of the rental customer's account.

(b) Upon final settlement of a rental customer's account, the deposit shall be applied by the city to any outstanding account balance due, and any remaining balance of the deposit will be refunded to the address on record at the closing of the account

*(3) Commercial Customers*

The refund of the deposit for commercial accounts will be made upon the closing and final settlement of the commercial customer's account.

~~(d-e)~~ *Additional deposits.* The city may require additional deposits as a condition to continue service for any customers who no longer meets the criteria for good payment history. (Ord. No. 91-7-2, § 2(19.2-8), 8-13-91; Ord. No. 94-8-5, § 1, 9-27-94; Ord. No. 96-5-1, § 2, 6-11-96; Ord. No. 30, § 1, 3-13-01)

**Sec. 17.3-28. Billing; payment of charges; delinquency.**

(a) All meters shall be read or estimated monthly and bills for all charges shall be rendered. Where any meter is defective or the customer has prevented the meter from being read, or in cases of emergency when the city fails to read the meter, then the customer shall pay for that month an amount equal to the average amount charged for the two months preceding. The bill shall be mailed to the customer monthly either as a separate bill or with other utility bills. Failure to receive a bill shall not constitute a defense for nonpayment. Any bill which remains unpaid on or after 25 days from the date the bill was rendered shall be considered delinquent and subject to penalties as described in the applicable resolution.

(b) Delinquent utility fees and charges shall be deemed liens upon the real property or premises as provided by law, and may be foreclosed as provided by law. All statements

**Sec. 17.3-118. Deposit.**

(a) Before rendering service, a deposit or guarantee satisfactory to the city to secure the payment of bills and any expenses incurred by the city is required, and, upon payment, the city shall give the customer a nonnegotiable ~~and nontransferable~~ deposit receipt. Such deposit shall be held by the city in interest non-interest bearing accounts. ~~The interest shall be calculated as of December 31 of each year, based on the average investment rates for that year. Such interest shall be credited to the customer's account on the February billing of the subsequent year or at termination of service.~~

(b) Deposits shall be made in accordance with the rate schedules of the city in effect at the time of payment. Upon final settlement of a customer's account, the deposit may be applied by the city to any account balance due, and any remaining balance of the deposit will be refunded to the address on record at the closing of the account. The city may require additional deposits as a condition to continue service for any customers who has received three or more late charges in one year or whose services have been previously discontinued due to nonpayment as a condition to continued service.

(Ord. No. 91-7-2, § 3(19.3-9), 8-13-91; Ord. No. 94-8-5, § 2, 9-27-94; Ord. No. 96-5-1, § 3, 6-11-96)

(c) *Refunds.* Refunds of utility deposits may be made in the following circumstances:

*(1) Residential Property Customers*

(a) After two years from date of active service, if a residential customer has maintained a good payment history, with no late payments or delinquencies having occurred, the deposit will be applied as a credit to the customer's account after the utilities department determines that a customer qualifies for a refund.

(b) In the event the account to be credited incurred three late charges within any one-year period, or if the residence was denied water service for nonpayment at any time in the prior two-year period, the refund will not be made and the city reserves the right to require an additional deposit be made by the customer, according to the rates in effect at that time.

(c) After the refunding of the deposit, if an account incurs three late charges or if the residence is denied water service for nonpayment at any time, the city reserves the right to require a new deposit be made by the customer as a condition to continue service, according to the rates in effect at that time.

(d) If a residential property customer with a good payment history requests an additional service address(es), no deposit will be required on the additional service address for a maximum of four total properties (original plus three [3]). However if there is a default on any service