

City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: B 329-14

Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: October 20, 2014

Re: Amendments to Chapter 27-20. Security Deposits

Documents Included With This Agenda Item

Council memo, Resolution/Ordinance

Supporting documentation includes: Revised Section 27-20

Executive Summary

Amendments to Chapter 27-20. Security Deposits - to increase the security deposit for Sewer Services, to establish a Landlord Reversion Program for registered rental properties with a valid Certificate of Compliance and to add the requirement for a valid business license be issued prior to utility services being established for commercial customers.

Discussion

The proposed amendment changes would increase safety for the citizens of Columbia by decreasing the number of illegal rentals and businesses establishing utility services while minimizing the City's exposure to default.

The 2014 Cost of Service study recommends the security deposit for residential sewer service be increased from \$20.00 to either \$40.00 or \$50.00 depending on the size of the water meter. The Department of Public Works and the Department of Finance determined that the proposed security deposit ranges would cause administrative issues and the reduction of efficiencies when setting up and transferring services. To alleviate these issues it was decided the security deposit should be set at \$45.00 regardless of the size of the water meter. This change will minimize the city's risk of default while allowing the department to maintain efficiencies.

Incorporating the requirement for a valid Certificate of Compliance issued from the Department of Community Development for each rental property prior to utilities being established will ensure that the rental is registered with the city, has been inspected and will provide a suitable living environment for Columbia's citizens.

The proposed language will also require new commercial accounts to provide proof that a valid business license has been issued for the property location requesting utilities prior to utilities being established. This requirement will help ensure proper business registration requirements are followed while minimizing the number of businesses operating without a valid business license in the city.

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Fiscal Impact

Short-Term Impact: No additional cost to the city to implement these changes.

Long-Term Impact: No additional cost associated with the proposed language changes.

Vision & Strategic Plan Impact

Vision Impact: Community Character, Community Pride and Human Relations, Environment, Health, Social Services and Affordable Housing

Strategic Plan: Customer Focused Government; Health, Safety and Wellbeing; and Financial Health

Suggested Council Action

Approval of the proposed changes to Chapter 27-20 Security Deposits.

Legislative History

No board or commission review in regard to proposed changes.

Department Approved

City Manager Approved

Introduced by _____

First Reading _____

Second Reading _____

Ordinance No. _____

Council Bill No. B 329-14

AN ORDINANCE

amending Chapter 27 of the City Code as it relates to security deposits for utility services; and fixing the time when this ordinance shall become effective.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. Chapter 27 of the Code of Ordinances of the City of Columbia, Missouri, is hereby amended as follows:

Material to be deleted in ~~strikeout~~; material to be added underlined.

Sec. 27-20. Security deposits.

(a) Each new customer shall be required to make a security deposit as a condition of service.

(1) Customers requesting services to a one-family dwelling or one-family unit of a larger residential building shall deposit the following amounts for receiving utility services:

a.	Electrical service	\$ 75.00
b.	Water service	25.00
c.	Sewer service.....	20.00 45.00
d.	Refuse service	20.00

At the discretion of the finance director, the security deposit may be waived upon the customer establishing one (1) year (twelve (12) consecutive months) good credit or furnishing a letter of good credit from the customer's previous utility provider. The finance director will maintain a written policy that defines good credit.

...

(b) A residential landlord requesting services for a rental unit must provide proof of a valid certificate of compliance from the community development department for each property. The landlord shall make a standard security deposit for each rental unit for which the landlord has utility services with the city at the rates noted in section 27-20(a)(1), or

~~may apply to participate in the Landlord Reversion Program (LLRP) as follows shall make a security deposit based on the number of rental units for which the landlord has utility security deposits with the city:~~

- (1) Residential landlord participation in the Landlord Reversion Program (LLRP) requires completion of the LLRP application and written acknowledgement of the terms of the agreement as defined by the finance director. The maximum amount of cash security deposits a residential landlord shall be required to make, regardless as to the number of rental units, is one thousand five hundred dollars (\$1,500.00). At the discretion of the finance director, the customer may request the deposit be waived upon the customer establishing three (3) years (thirty-six (36) consecutive months) of good credit and timely payments with the City of Columbia. The finance director will maintain a written policy that defines "good credit."

First 25 units, per unit\$10.00
Units in excess of 25, per unit.....5.00

~~The maximum amount of security deposits a residential landlord shall be required to make, regardless of the number of rental units, is one thousand dollars (\$1,000.00). At the discretion of the finance director, the customer may request the deposit be waived upon the customer establishing one (1) year (twelve (12) consecutive months) good credit with the City of Columbia. The finance director will maintain a written policy that defines good credit.~~

(c) In order for customers to obtain service to a commercial establishment, a valid business license must be issued for that property address or for any use other than single-family residential use, they shall be required to meet one (1) or both of the following provisions:

- (1) Make a deposit based on twice the estimated amount of thirty (30) days' bill for those services requested for new accounts, and be adjusted to twice the actual average as necessary. The finance director may also increase security deposits for commercial accounts to minimize the city's risks where appropriate.
- (2) Furnish equivalent bond or letter of credit.

At the discretion of the finance director, commercial security deposits may be waived upon the commercial customer having established a minimum of three (3) years' continuous timely payments.

...

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

PASSED this _____ day of _____, 2014.

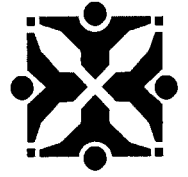
ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor



SUPPORTING DOCUMENTS INCLUDED WITH THIS AGENDA ITEM ARE AS FOLLOWS:

Revised Section 27-20

Sec. 27-20. Security deposits.

- (a) Each new customer shall be required to make a security deposit as a condition of service.
- (1) Customers requesting services to a one-family dwelling or one-family unit of a larger residential building shall deposit the following amounts for receiving utility services:
- a. Electrical service \$ 75.00*
 - b. Water service25.00
 - c. Sewer service.....2045.00
 - d. Refuse service20.00
- At the discretion of the finance director, the security deposit may be waived upon the customer establishing one (1) year (twelve (12) consecutive months) good credit or furnishing a letter of good credit from the customer's previous utility provider. The finance director will maintain a written policy that defines good credit.
- (2) When more than one of the above services is requested, the amount of the deposit shall be the total amount of the fees shown for the services requested. The finance director may also increase security deposits for residential accounts to minimize the city's risks where appropriate.

- (b) ~~A residential landlord requesting services for a rental unit shall make a security deposit based on the number of rental units for which the landlord has utility security deposits with the city:~~

~~First 25 units, per unit\$10.00~~
~~Units in excess of 25, per unit5.00~~

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~~The maximum amount of security deposits a residential landlord shall be required to make, regardless of the number of rental units, is one thousand dollars (\$1,000.00). At the discretion of the finance director, the customer may request the deposit be waived upon the customer establishing one (1) year (twelve (12) consecutive months) good credit with the City of Columbia. The finance director will maintain a written policy that defines good credit. A residential landlord requesting services for a rental unit must provide proof of a valid Certificate of Compliance from the Department of Community Development for each property. The Landlord shall make a standard security deposit for each rental unit for which the landlord has utility services with the city at the rates noted in (a)(1) above; or may apply to participate in the Landlord Reversion Program (LLRP):~~

~~(1) Residential landlord participation in the Landlord Reversion Program requires completion of the Landlord Reversion Application and written acknowledgement of the terms of the agreement as defined by the Finance Director. The maximum amount of cash security deposits a residential landlord shall be required to make, regardless of the number of rental units, is one thousand five hundred dollars (\$1,500.00). At the discretion of the finance director, the customer may request the deposit be waived upon the customer establishing three (3) years (thirty-six (36) consecutive months) good credit and timely payments with the City of Columbia. The finance director will maintain a written policy that defines good credit.~~

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- (c) In order for customers to obtain service to a commercial establishment, a valid business license must be issued for that property address ~~or~~ for any use other than single-family residential use, they shall be required to meet one (1) or both of the following provisions:
- (1) Make a deposit based on twice the estimated amount of thirty (30) days' bill for those services requested for new accounts, and be adjusted to twice the actual average as necessary. The

finance director may also increase security deposits for commercial accounts to minimize the city's risks where appropriate.

(2) Furnish equivalent bond or letter of credit.

At the discretion of the finance director, commercial security deposits may be waived upon the commercial customer having established a minimum of three (3) years' continuous timely payments.

- (d) Service deposits may be transferred or applied to a new residence or business location if a customer moves. Adjustment shall be made if the amount of deposit is inadequate or excessive.
- (e) The department may require an additional security deposit as a condition of continued service if, in an unauthorized manner, the customer interferes with or diverts the service of the utility situated on or about or delivered to the customer's premises. The department may require a signed application for service and additional security deposit from any customer giving false information to access City of Columbia Utility Services.
- (f) No additional security deposit shall be required by the department on the basis of the customer's age, sex, race, creed, national origin, marital status, number of dependents, source of income, or geographical area of residence.
- (g) Upon termination of service, the deposit shall be credited to the final bill and the balance, if any, shall be returned to the customer.
- (h) At the discretion of the finance director, the security deposit may be waived upon the customer establishing one (1) year (twelve (12) consecutive months) good credit or furnishing a letter of good credit from the customer's previous utility provider. The finance director will maintain a written policy that defines good credit. Should the deposit be credited to a customer's account and the customer's services discontinued subsequently due to nonpayment, the customer will be required to make the proper security deposits in addition to other charges and fees as a requisite for resumption of services.
- (i) The department shall maintain a record of all deposits received from customers, showing the name of each customer, the location of the premises occupied by the customer at the time the deposit was required and each successive location while the deposit is retained, and the date and amount of deposit.
- (j) Each customer posting a security deposit shall receive in writing at the time of tender of deposit receipts as evidence thereof, which, where applicable, contains the following minimum information:
 - (1) Name of customer.
 - (2) Place of payment.
 - (3) Date of payment.
 - (4) Amount of payment for fees and deposits.

In addition, each customer shall sign a service agreement which states the terms and conditions governing the retention, payment and return of deposits.

- (k) The department shall apply deposit standards uniformly as a condition of utility service to all customers.

(Code 1964, § 15.840; Ord. No. 9786, § 1, 4-18-83; Ord. No. 10010, § 1, 12-5-83; Ord. No. 13243, § 1, 2-3-92; Ord. No. 16851, § 1, 4-2-01; Ord. No. 18513, § 1, 5-16-05; Ord. No. 21431, § 1, 9-17-12)

*Section 2 of Ord. No. 21431 states the new rates established in this section shall be applied to utility bills after October 1, 2012.