

ORDINANCE NO. 4558-14

AN ORDINANCE TO ADOPT A UTILITY DEPOSIT POLICY FOR WATER, SEWER, SOLID WASTE, AND STORMWATER UTILITY CUSTOMERS AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

BE IT ORDAINED by the City of Johnson City, Tennessee as follows:

**SECTION I.** The Board of Commissioners of the City of Johnson City hereby adopts the Utility Deposit Policy which is attached as Exhibit A.

**SECTION II.** BE IT FURTHER ORDAINED that all laws and ordinances in conflict herewith be and the same are hereby repealed.

**SECTION III.** BE IT FURTHER ORDAINED that this ordinance shall take effect from and after its passage on third and final reading, the public welfare requiring it.

PASSED ON FIRST READING 10/16/2014  
PASSED ON SECOND READING 11/06/2014  
PASSED ON THIRD READING 11/20/2014  
APPROVED AND SIGNED IN OPEN MEETING  
ON THE 20<sup>th</sup> DAY OF November, 2014

/s/ Ralph Van Brocklin  
MAYOR

**ATTEST:**

/s/ Janet Jennings  
City Recorder

**APPROVED AS TO FORM:**

/s/ James H. Epps, IV  
City Attorney

City of Johnson City

Exhibit A

## Utility Deposit Policy

**1.0 Policy Statement:** A security deposit for utility services – water, sewer, solid waste, and storm water – will be collected to ensure that all bills are paid in full by the due date. The City seeks to protect customers with good payment histories from the consequences of uncollectible accounts by other customers. Deposits may be reduced or waived based on credit rating or payment history with the utility. Security deposits are non-transferable to another person and cannot be used to pay regular bills.

**2.0 Single Family Residential Customer Deposits:** New and current residential customers who move within the utilities' service areas will be subject to this policy as of the time its adoption. Also, customers receiving service before the implementation of this policy who are cut off for non-payment, meter tampering, or any other reason will be required to pay the standard deposit and all appropriate fees for each account before service is restored. The standard deposit will be approximately double the average monthly bill of services provided. The reduced deposit will be half the standard deposit (the equivalent of an average monthly bill). Deposits, if required, will be collected for each separate account opened by a customer.

*2.1 Determining the Deposit Amount:* Deposit amounts are based on charges and rates for the fiscal year in which deposit is made. The full residential solid waste rate will determine the solid waste component of the utility deposit. The average residential storm water rate will determine the storm water component of the utility deposit. An average of 4,800 water/sewer gallons billed per month will be the standard for determining the water and sewer component of the utility deposit. Current deposit requirements are published as part of the rates and charges schedule.

*2.2 Credit Rating:* The deposit amount (standard, reduced, zero) collected from new customers is determined by the customer's credit rating from a contracted rating agency. The rating scale to determine the standard, reduced, or zero deposit is established by the City. Applicants for service

with ratings presenting no credit risk will not be required to pay a deposit. Applicants with ratings presenting moderate credit risk will be charged the reduced deposit. Applicants with ratings presenting high credit risk will be charged the standard deposit. New applicants for service who decline the option of using a credit rating to determine the deposit amount will be charged the standard deposit.

*2.3 Payment History with the Utility:* The City reserves the right to evaluate the payment histories of customers to assess risks. The city's current billing software provides a Credit Rating Code for each customer based on payment history:

**Credit Rating Codes (The Rating Code)**

Code	Description
2	Balance paid before or on due date
3	Penalty applied to current bill if not paid by or on due date
4	Next bill printed with current amount plus previous bill with penalty
5	Penalty applied to current bill. Total bill includes current bill plus penalty and previous bill plus penalty
6	Appeared on cut off list for non-payment of previous two bills including penalties
7	Next bill printed with current amount plus previous two bills with penalties (It is very rare that a customer will get a third bill without having paid the previous two bills, for example, customers who have set up pay plans.)
8	Appeared on cut off list for non-payment of three previous bills (very rare).
9	Bad check returned (entered through Returned Check option in Cash Receipts)

Current customers who move within the service area, or seek new or additional utility services, will be subject to this policy. The Rating Code will determine the deposit amount to be collected from the customer. Current customers will not have their credit checked through the contracted credit rating service. Customers with Credit Rating Code "2" will not be charged a deposit. Customers with Credit Rating Code "3" or "4" will be charged the reduced deposit. Customers with Credit Rating Code "5" and higher will be charged the standard deposit. Current customers must be established for twelve (12) months for consideration of payment history. Current customers established for less than twelve (12) months will be considered new customers and subject to the provisions set forth in section 2.2.

*2.4 Future Payment of Deposits:* Although deposits may be reduced or waived during the application process due to good credit or good payment history, the City shall require the customer to make a deposit or deposits in such amounts that will bring the deposit(s) to the standard deposit level should the customer's utility account become delinquent and cut off for non-payment.

**3.0 Multi-Unit Residential and Non-Residential:** Deposits may be required for multi-unit residential (master metered) and non-residential customers who have a history of being disconnected. Deposit amounts will be determined on an individual basis based on customer history and usage patterns.

**4.0 Refund of Deposits:** When service is terminated, unused security deposits will be refunded with interest at the same rate applicable to the city's account in which the security deposit is held. The City may deduct such amount from the deposit(s) to offset any outstanding balance prior to the refund of the deposit. A deposit will not be refunded if a customer has another utility account with a balance owed to the City.