

**City Manager's Office**  
**Administrative Order No:** 054  
**Issued:** January 9, 2013

  
Approved by: Joe Sbranti, City Manager

**SUBJECT: Administering the Security Deposit Requirement for the City's Water and Sewer Customers.**

**PURPOSE:**

To establish a policy and guideline for City staff to follow in administering the security deposit requirement for our water and sewer customers.

**POLICY:**

On January 17, 2012, the City Council adopted Ordinance 11-1354 allowing the City of Pittsburg Water Department to collect security deposits from customers prior to establishing a new water service account. The decision whether to require a deposit shall be based solely upon the credit worthiness of the applicant.

The purpose of the security deposit requirement was to assist the City in recovering revenue from delinquent accounts that would have been uncollectable due to non-payment of customers that moved out of the City. The majority of the uncollectable accounts are from accounts established under the tenant's name. The provisions in section 13.12.100 of the ordinance cited requirements specific to tenants but the change applies to all accounts that might impose a risk in fully recovering the City's revenue. As such, the City may require security deposit from **ANY** account if deemed appropriate.

**PROCEDURE:**

**ACCOUNTS THAT REQUIRE SECURITY DEPOSIT:**

- NEW Customer with no previous credit history with the City or no previous credit history of more than 12 months prior to the date of application.
  - *(Excluding accounts established by NEW property owners with no previous credit history. The City has the option to lien their property).*
- ANY Customer with previous delinquent credit history with the City during the 12 months prior to the date of application.
- ANY Customer with previous accounts that were sent to collections or written off due to bankruptcy.

- ANY Customer with history of tampering and/or illegal access to the City's water resource.
- ANY Customer that is unable to provide acceptable or sufficient identification as required by our collection agency to guarantee recovery of funds.

*\*Delinquent credit history is defined as having missed two (2) monthly payments or having two (2) or more late payments on their account during the 12 months prior to the date of application.*

Regardless of the provisions above, the City may always require a deposit if deemed appropriate.

#### **REFUNDING OF SECURITY DEPOSITS:**

- **Discontinued Accounts** - A deposit will be refunded promptly and automatically when service is voluntarily discontinued. All outstanding amounts on the final bill will be deducted from the deposit amount.
- **Active Accounts** - the City will promptly return the customer's deposit when the customer pays bills promptly for one year. The customer may request this refund when he/she pays bills promptly for one year. The security deposit refund form must be completed and submitted to the City.
- **Account in Arrears** - the deposit will not be refunded if the customer has another account with a past due balance. The remaining credit on the account will be transferred to the other account with a balance.

**SECURITY DEPOSIT REQUIRED: (applies to any customer except for the last exception\*)**

- ✓ Delinquent credit history with the City during the 12 months prior to date of application.
- ✓ Previous accounts sent to Collections
- ✓ Filed Bankruptcy
- ✓ History of Tampering/Illegal access
- ✓ Insufficient Identification
- ✓ \*Tenant Only – NEW customer with the City and no previous history. *(New Owners do not require deposit since we can lien their property)*

***Delinquent credit history – missed 2 monthly payments or having 2 or more late payments during the 12 months prior to the date of application.***

**REFUNDING OF SECURITY DEPOSITS:**

- **Discontinued Accounts** - a deposit will be refunded promptly and automatically when service is voluntarily discontinued. All outstanding amounts on the final bill will be deducted from the deposit amount.
- **Active Accounts** - the City will promptly return the customer's deposit when the customer **pays bills promptly for one year**. The customer may request this refund when he/she pays bills promptly for one year. The security deposit refund form must be completed and submitted to the City.
- **Account in Arrears** - the deposit will not be refunded if the customer has another account with a past due balance. The remaining credit on the account will be transferred to the other account with a balance.