



City of Grand Island

Tuesday, August 7, 2018

Study Session

Item -4

Discuss Utility Deposit

Staff Contact: Tim Luchsinger, Patrick Brown

Council Agenda Memo

From: Patrick Brown, Finance Director

Meeting: August 7, 2018

Subject: Utility Deposits

Presenter(s): Patrick Brown, Finance Director

Background

Currently only commercial accounts are being asked for a utility deposit (no less than \$200 and no more than \$2,000) and those deposits accrue interest based on the three (3) month LIBOR (London Interbank Offered Rate). These deposits are refunded with interest if the customer final out their account or if they have had a good payment history for two years.

In 2017 we sent 941 accounts totaling \$245,233 to our collections agency and received \$60,416 in return (a 24.6% return). The average utility bill sent to collections was \$261. So far in 2018, we have sent 405 accounts totaling \$100,972 to collections and received \$10,581 in return (a 10.5% return). The average utility bill sent to collections was \$249.

Discussion

The following changes are proposed for Utility deposits:

- The City of Grand Island will charge a utility deposit of \$250 to new residential customers or residential customers who are transferring service to a new address that do not have two (2) years of good payment history.
- Utility deposits for residential customers will be credited back to customer accounts when either:
 - The residential customer has one (1) year of good paying history (no returns) using auto-pay or
 - The residential customer has two (2) years of good payment history
- The City of Grand Island will not pay interest on any deposits going forward. Currently, no other utility provider in the area is paying interest to customers on their utility deposits. If the city elects to stop paying interest then the commercial accounts currently with deposits would be paid interest up to the new ordinance effective date.

Recommendation

Since this is a study session, no action will be taken on this item. Any necessary action will come at a later City Council Session.