



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CONFERENCE MEETING

#24-0984

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Susan Grant, Acting City Manager

DATE: November 7, 2024

TITLE: Discussion on Applications for Utility Services, Owner vs. Tenants
(Commission Districts 1, 2, 3 and 4)

After extensive discussions on the balance of the uncollectible utility bills, the Budget Advisory Board (BAB) recommended staff review the Utility Billing Outstanding Receivables to identify any discernible patterns contributing to the higher-than-desirable balances.

In response to the BAB's direction, staff reviewed the current ordinance and identified tenant utility account ownership as a significant barrier to effective receivables collection.

The City's current ordinance (Section 28-138) allows owners, agents, tenants or consumers to establish water, sewer and sanitation services. When an owner establishes service, the City effectively maintains the ability to seek collections on delinquent accounts. This includes the increased enforceability to place a water lien against the property. If receivables are not collected during the normal course of business or through collection activities, the City gets another opportunity to collect when the property is sold or refinanced.

The practice of allowing tenants to establish accounts in their name eliminates the lien stop-gap protection, which significantly limits the City's legal recourse to aggressively enforce collections on outstanding tenant accounts. Additionally, this balance continues to grow in materiality. The City has an obligation to take all reasonable / appropriate business steps to secure system revenues for the repayment of associated debt, and by extension to proactively address the uncollectible accounts receivable balances.

Therefore, staff is bringing forth for discussion a change in the ordinance to not allow tenants to open accounts. The result of the requested change will make the owner of the property solely responsible for establishing and paying monthly utility bills. This will also allow the City to maintain the ability to use the lien-stop-gap protection to provide added enforceability in its collection efforts. The change would only effect new accounts, current accounts would be grandfathered in.

Resource Impact

There is no current fiscal impact associated with this action.

Attachment

Exhibit 1 – Presentation – Delinquent Utility Billing Accounts Receivable Discussion

Prepared by: Aaron Kendrick III, Deputy Finance Director, Finance
Veronica Wade, Revenue Collections Manager, Finance
Moriah Augustine-Palmer, Assistant Manager, Finance

Department Director: Linda Short, Finance

An aerial photograph of Fort Lauderdale, Florida, showing a mix of urban development and coastal features. In the foreground, a wide sandy beach meets the turquoise ocean with gentle waves. A row of palm trees separates the beach from a paved promenade. Behind the promenade, there are several large, modern high-rise apartment buildings with glass and concrete facades. To the left, a large marina is filled with numerous white yachts and boats. In the center, a green park area with a winding path and palm trees is visible. The background shows a dense urban landscape with more buildings and greenery, extending to the horizon under a clear blue sky.

Outstanding Utility Billing Accounts Receivable Discussion



CITY OF FORT LAUDERDALE - FINANCE DEPARTMENT

CAM #25-0770
Exhibit 1
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Budget Advisory Board Recommendation

After extensive discussions on the balance of the uncollectible utility bills, the Budget Advisory Board recommended staff review the Utility Billing Outstanding Receivables to identify any discernible patterns contributing to the higher-than-desirable balances.



Current Status

The City's current ordinance (Section 28-138) allows property owners, agents, tenants or consumers to establish water, sewer and sanitation services.

When an owner establishes service, the City effectively maintains the ability to seek collections on outstanding accounts, which includes the increased enforceability to place a water lien against the property.

Allowing tenants to establish accounts in their name eliminates the lien stop-gap protection leading to the Utility's higher than desirable receivable collection balances



Utility Bill Components

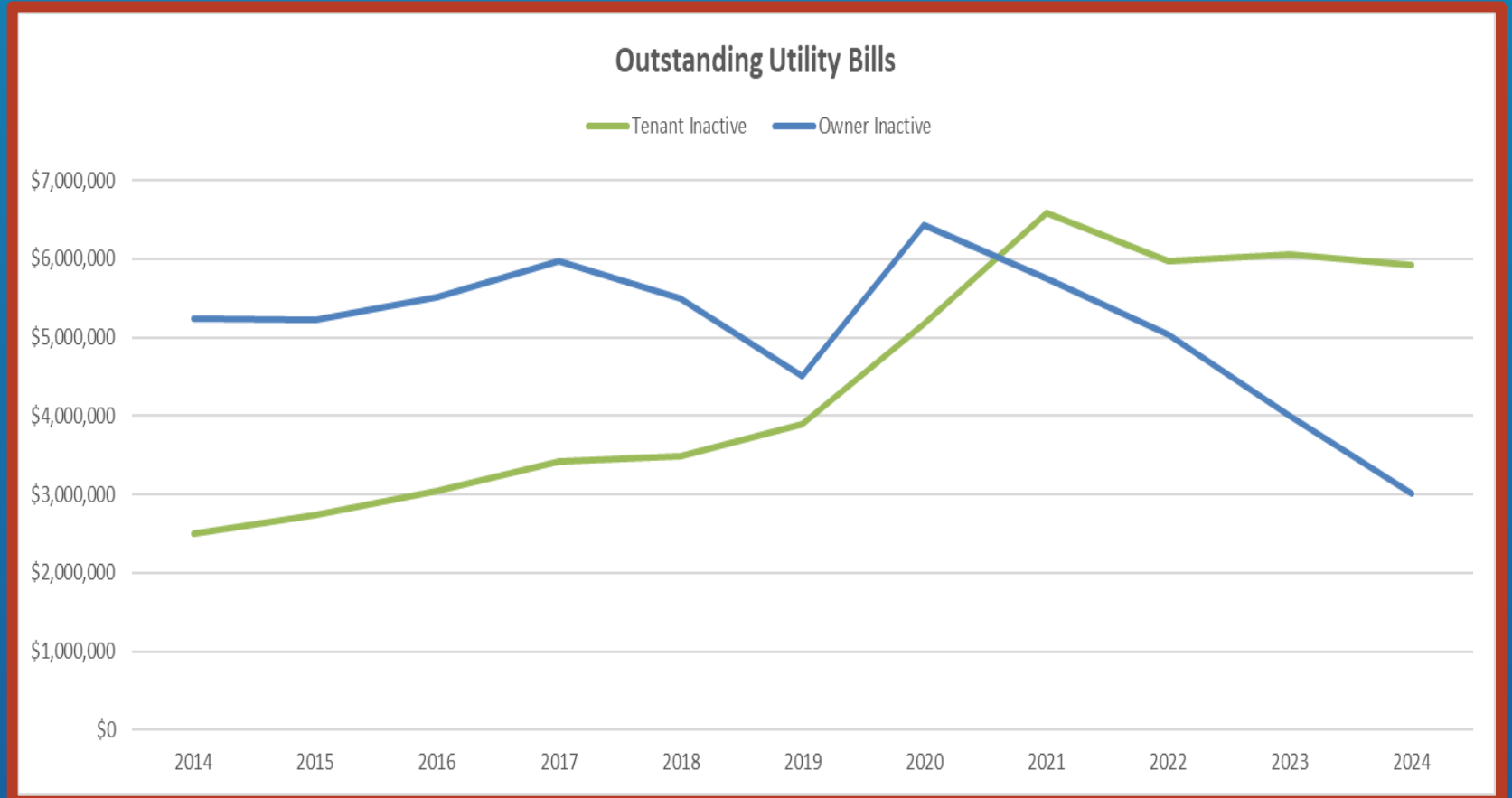
The components of the City's Utility Bill consist of:

- ❖ Water
- ❖ Sewer
- ❖ Utility Tax
- ❖ Sanitation
- ❖ Special Assessments



Tenant Outstanding Balances Vs. Owners

- Over the past ten years the growth of tenant outstanding balances has significantly outpaced owner account balances.
- By mid 2020 tenant balances caught and surpassed owner outstanding balances by nearly 100%



An Industry Wide Concern

To combat the loss associated with tenant accounts, 13 out of 31 regional entities surveyed have adopted owner only account ordinances.

Regional Survey Sample

Allows Tenants		Owners Only	
Cape Coral	Dania Beach	Pembroke Pines	North Lauderdale
Hialeah	Deerfield Beach	Miami Beach	Hallandale Beach
Hollywood	Miramar	Coral Springs	North Port
Miami	Oakland Park	Charlotte County	Sanford
Orlando	Plantation	Naples	Lauderhill
Tallahassee	Pompano Beach	Davie	Punta Gorda
Tampa	Tamarac	Margate	
Coconut Creek	Sunrise		
Cooper City	Wilton Manors		
58.10%		41.90%	



Litigated and Settled Law



City of Pembroke Pines

2004

Frank C. Ortis, Mayor
Carl Shechter, Vice-Mayor
Charles F. Dodge, City Manager

Angelo Castillo, Commissioner
Jay Schwartz, Commissioner
Iris A. Siple, Commissioner

CITY OF PEMBROKE PINES

MEMORANDUM NO. 2013-001

TO: Charles F. Dodge, City Manager
Martin Gayeski, Deputy City Manager
Aner Gonzalez, Assistant City Manager
Shawn Denton, Director, Public Services
Rene Gonzalez, Director, Finance

CC: Mayor Frank C. Ortis
Members of the City Commission

FROM: Samuel S. Goren, City Attorney sst;
Michael D. Cirullo, Jr., Assistant City Attorney 1/tD(!,

DATE: January 7, 2013

RE: City of Pembroke Pines ("City") / Water and Sewer Services - *JASS Properties v. City of North Lauderdale*, 4th DCA Case No. 4D11-4830 (November 21, 2012)

We are writing to advise you of a recent appellate court decision that may be of use to the City. Attached please find the recent 4th District Court of Appeal opinion in *Jass Properties, Inc. v. City of North Lauderdale*, 4th DCA Case No. 4D11-4830 (November 21, 2012). The City of North Lauderdale has an ordinance that limits utility accounts to property owners. A property owner in the City of North Lauderdale challenged the ordinance, arguing that it is inconsistent with a state statute, §180.135, which prohibits a municipality from requiring a landlord to guarantee payment for a tenant, and prohibits a municipality from refusing or discontinuing service to a tenant or prospective tenant for nonpayment of services by a previous tenant.

Our office represented the City of North Lauderdale in the appeal, and successfully argued that the City's ordinance did not conflict with state law. The 4th District Court of Appeal agreed with our position that the statute does not prohibit a municipality from declining to contract with tenants. The appellate court further observed that nothing in state law "prevents [a] City from enacting an ordinance designed to constrain costs that might otherwise be borne by the taxpayers."

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CITY OF FORT LAUDERDALE - FINANCE DEPARTMENT

CAM #25-0770
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Recommended Change

Requested Changes

Requested Ordinance Change

Sec. 28-138. - Applications for water.

Applications for water must be made to the appropriate city department on forms furnished for that purpose, and same must be signed by the owner of the property.
~~agent or tenant or consumer.~~

All current active accounts as of _____ shall be grandfathered into the current statute.

On or after _____, if water service is suspended by any means and the water account is not in the name of the owner of the property, the water service shall only be reestablished if the owner of the property applies for water service pursuant to this section.

Significant Elements

- ❖ Moving Forward - Owners Name Only
- ❖ Current Accounts - Grandfathered
- ❖ Reestablishments - Owners Name



Ordinance Language Examples

Pembroke Pines

§ 50.08 PROCEDURES.

(a) At the time the plumbing of a lot first is connected to a service connection, the property owner shall open an account with the city for payment of monthly service charges, including payment of required security deposits and fee in accordance with § 50.08(B) for opening the account. The property shall be added to the applicable monthly billing cycle and effective with the next scheduled billing date for that cycle, the property owner shall begin receiving bills for monthly service charges, in amounts as established in §§ 50.31 through 50.59. Specified minimum monthly charges shall be due and payable, and billed to the customer of record, for each and every month thereafter, without regard to whether the water service has been shut off for any reason.

Coral Springs

Sec. 2203. - Applications for water.

(a) Applications for water service shall be made at water billing, financial services department on appropriate forms furnished for that purpose and same must be signed by the owner of the property or the owner of the property's authorized agent.

b. All applications for water service with the city, and accounts established thereof, shall be in the name of the owner of the property.

c. On or after August 5, 2021, if water service is suspended by any means and the water account is not in the name of the owner of the property, the water service shall only be reestablished if the owner of the property applies for water service pursuant to this section.

downers of property that receive water service by the city shall cause their water account to be placed in their name no later than August 5, 2022.

Miami Beach FL.

Sec. 110-36. - Application and contract.

(a) All applications for water supply service shall be made at and approved by the public works department on a blank prepared for that purpose.

(b) The owners of the premises proposed to be connected for water supply service, or their agents duly authorized in writing shall sign the application for service pipe and water supply, except as hereinafter provided.

(c) Such application shall become a binding contract upon both the owner and the city when the service connection for water supply service applied for has been installed and completed. Prior to the installation and completion of such service connection, the owner may cancel or withdraw the application made, upon his written order, after payment to the city of the actual expense incurred by the city in connection therewith.



Questions and Discussion



Next Steps

- ❖ Prepare CAM for Ordinance Language modification.
- ❖ Educate staff on change and appropriate communications when dealing with neighbors.
- ❖ Communicate Change to Neighbors on multiple City communication platforms
- ❖ Implement change effective _____.

