



CITY OF
FORT LAUDERDALE
FINANCE DEPARTMENT

Additional Information: Transitioning Water Utility Account Establishment to Property Owners



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Background on Transition of Account Ownership

Objectives

- Shift accountability to property owners for new utility accounts (tenant can receive the monthly bill “in care of”)
- Increase collections and improve enforcement on delinquent accounts
- Grandfather in current tenant accounts

Context

- Supported by local government survey: 41.9% of the survey responders utilize similar models.
- Legal Foundation: Florida Statute Section 159.17 – Provides statutory lien for municipalities that have issued revenue bonds
- Initiated from conversation with the Budget Advisory Board (BAB) to identify the major drivers behind the City’s high utility delinquencies.

Protection for the Collection of Unpaid Service Fees

Florida Statute § 159.17 – Lien of Service Charges

Any municipality issuing revenue bonds hereunder shall have a lien on all lands or premises served by any water system, sewer system or gas system for all service charges for such facilities until paid, which liens shall be prior to all other liens on such lands or premises except the lien of state, county and municipal taxes and shall be on a parity with the lien of such state, county and municipal taxes. Such liens, when delinquent for more than 30 days, may be foreclosed by such municipality in the manner provided by the laws of Florida for the foreclosure of mortgages on real property.

Key Protections

- Florida law provides statutory lien on property served with unpaid charges.
- Bond covenants require reliable collections and lien enforcement.

Outstanding Obligations

- ~\$929M in Water & Sewer Revenue Bonds outstanding as of FY 2024.
- Maturities extend through 2053.
- Secured by Net Revenues of the Water & Sewer System.

Policy Connection

- Limiting accounts to property owners aligns responsibility with enforceable liens.
- Protects bondholders and reduces uncollectible balances, safeguarding ratepayers.

Common Challenges with Tenant Utility Accounts

Challenges

- Liens attach to property owners, but cannot be applied to tenant accounts, creating an accountability gap.
- Month-to-month or transient tenants often move out leaving unpaid balances.
- Higher risk of ID/fraud issues and meter tampering
- “Skip” tenants leave no forwarding address; collections are rarely successful.

Impact

- Greater bad-debt write-offs
- More staff time spent on collections and disputes
- Weakens ability to enforce bond covenants ties to net revenues
- Over the past 14 years the City has entered a bad debt allocation for 12,600 tenant accounts for a cumulative write-off of \$6.2M.

Robust Collections Program



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UTILITY BILLING & COLLECTIONS

Reminder Notices are sent monthly on billing statements

Disconnection for non-payment occurs daily.

Delinquent accounts are referred to collection agency monthly. The new collection agency has collected 17 of the 1,100 accounts referred over the last three months.

Collection efforts continue when tenants relocate within our services area. If a former account holder re-establishes services, outstanding debt is recovered at that time

Deposit Levels

Florida Statute § 366.05 (1)(c)

(c) Effective January 1, 2016, a utility may not charge or receive a deposit in excess of the following amounts:

1. **For an existing account, the total deposit may not exceed 2 months of average actual charges,** calculated by adding the monthly charges from the 12-month period immediately before the date any change in the deposit amount is sought, dividing this total by 12, and multiplying the result by 2. If the account has less than 12 months of actual charges, the deposit shall be calculated by adding the available monthly charges, dividing this total by the number of months available, and multiplying the result by 2.
2. **For a new service request, the total deposit may not exceed 2 months of projected charges,** calculated by adding the 12 months of projected charges, dividing this total by 12, and multiplying the result by 2. Once a new customer has had continuous service for a 12-month period, the amount of the deposit shall be recalculated using actual data. Any difference between the projected and actual amounts must be resolved by the customer paying any additional amount that may be billed by the utility or the utility returning any overcharge.

- Deposits are routinely reviewed as a part of the utility rate study, however, commercial utility providers are governed by State Statue 366.05(1)(c) which, states that deposits may not exceed two (2) months of average actual usage
- Higher-risk customers already receive elevated deposits under the current ordinance
- Deposits are retained until the customer establishes a payment history, 12 consecutive on-time payments for owners and 24 for tenants

Impact of AMI on Tenant Accounts

AMI Benefits

- Allows for faster shutoffs and reconnects
- Enhances customer service with usage data and alerts
- Reduces billing disputes tied to estimated reads
- Enables rapid detection of leaks and unexplained usage
- Supports conservation through customer engagement dashboard portal access

Ongoing Tenant Challenge Post AMI Implementation

- Shutoffs stop future use but does not recover past due balances
- Tenants can still move and leave balance unpaid
- Bad debt arises from non-payment not inaccurate bills
- Delinquency risk remains regardless of billing accuracy

AMI strengthens the City's ability to deliver accurate and efficient utility services, but it does not eliminate the risk of bad debt.

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Legal recourse through property liens remain a necessary tool.



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Next Steps

Update the ordinance with an effective date of March 1, 2026

Staff will work with Strategic Communications to disseminate information on the change prior to implementation.

Note: This change will only impact accounts opened after the implementation date; current tenant accounts will not be impacted.



QUESTIONS