

Agenda Statement



Meeting Date: December 16, 2025
To: City Council
Through: Jackie C. Wilde, City Manager
From: Kristin Erchinger, Finance Director
Agenda Item: Establishing Customer Deposit for Water/Sewer Utility

BACKGROUND, JUSTIFICATION, & INTENT:

The City of Whittier water and sewer utility does not currently require a customer deposit. To ensure that all customers who utilize utility service share in the cost of the service, and to protect the utility against unpaid customer bills, the Administration proposes to implement a water and sewer utility service deposit. This Ordinance does not propose to apply the deposit retroactively, - - except to large-volume users who pose a financial risk to the utility's consumption levels and/or revenues -- but the deposit will apply to all new customers and any accounts that request or require change in ownership, change in service, to include turn-on, turn-off, service upgrade, new service, etc.

The Ordinance proposes a deposit equal to *two-months'* average site usage for residential and commercial customers other than special deposit customers. Customer deposits will earn interest and will be refunded to the customer upon termination or transfer of service, or may be refunded upon timely payment for a period of 24 months. The City reserves the right to require an increased deposit in special circumstances, and special deposit customers have the option instead, to post a bond in lieu of deposit.

The Administration will bring forward a proposed revision to the Tariff to include provisions for calculating deposit interest on customer deposits.

CONSISTENCY CHECKLIST:

	Yes	No	N/A
1. Legislative Priorities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Comprehensive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Whittier Code:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

FISCAL NOTE: In the absence of a customer deposit, many customers fail to pay a final bill. The lack of a deposit requirement for example, resulted in a financial loss to the Water/Sewer Utility in 2023, in excess of \$110,000, representing 33% of the utility's annual budgeted revenue, or a material adverse financial impact.

ATTORNEY REVIEW: Yes No Not Applicable

RECOMMENDATION: Approve Ordinance 2025-004 establishing a Water and Sewer Utility Customer Deposit