

## AGENDA REPORT

**To:** Mayor Pat Humphrey and the Clare City Commission  
**From:** Jeremy Howard, City Manager  
**Date:** September 28, 2023  
**RE:** First Reading Proposed Ordinance 2023-004 – Utilities Collection

For the Agenda of October 2, 2023

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Background. Section 46-278 of the City of Clare Code of Ordinances deals with security deposits related to utility bills. In the past, the city has had a policy to return deposits to renters after one year, but this has led to the city having to write off large bills when rental properties are vacated without the bill being paid. This ordinance change (*copy att'd*) is being recommended by the City Attorney to remove the return of the security deposit until the rental agreement is terminated. At that time the security deposit will be applied to any outstanding balance of the utility bill. This should minimize the loss to the city as we have recently raised the security deposit and now will have this new ordinance change in place if the City Commission approves.

Note: This change also clarifies that the security deposit is used only for utility accounts for rental units and not for homeowners. If a homeowner does not pay their utility bills our ordinance sets the standard for the collection of the unpaid amounts to be placed on the tax bill.

All ordinance code changes or amendments require the approval of the Clare City Commission, and all ordinances require two readings and approval of the Clare City Commission subsequent to a public hearing. The required public notice (*copy att'd*) announcing the hearing has been published. Subsequent to the conduct of the hearing, the Commission has the option of allowing a First Reading of the proposed Ordinance or denying the conduct of a First Reading, thereby rejecting the proposed new ordinance.

The City Commission is asked to conduct the required public hearing and approve or deny a First Reading of the proposed ordinance.

Issues & Questions Specified. Should the City Commission hold the requisite public hearing and direct the First Reading of the proposed ordinance?

Alternatives.

1. Hold the hearing and direct the first reading (a consent agenda item).
2. Do not hold the hearing or conduct the first reading.
3. Set aside decision regarding this matter to a subsequently scheduled public meeting.

Financial Impact. Between the increase in the security deposit approved by the Commission during the budget approval and this change it should help to reduce write off amounts from utility bills that are left unpaid when a renter leaves a large bill.

Recommendation. I recommend that the City Commission conduct the public hearing and conduct the First Reading of the proposed ordinance.

Attachments.

1. Proposed Ordinance.
2. Public Notice.

ORDINANCE NO. 2023 – 004

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF CLARE BY amending the City Code, Chapter 46, Utilities, Collection

**Section 46 of the Clare City Code is hereby amended and restated as follows:**

Sec. 46-278. Collection.

- (a) *Security deposits.* The city commission shall adopt a security deposit as set by resolution of the city commission from time to time for residential customers establishing new accounts for water, sewer and/or solid waste/recycling service. The security deposit will be held in reserve by the city until the customer has ~~made payments, without any delinquencies, for a period of one year~~ **terminated their rental agreement with the landlord**. At that point, the security deposit will be **applied to any outstanding balance due or** refunded, without interest **if no outstanding balance exists**.
- (b) *Authorization for enforcement.*
- (1) The city treasurer is hereby authorized to enforce the payment of charges for water service, sewer service and garbage service. The department may discontinue water or sewer service should the account become delinquent and in excess of the security deposit amount and after the city has taken appropriate actions to notify residents of delinquencies.
  - (2) Where service has been discontinued, the city may apply the customer's security deposit toward payment of the delinquent account. If the security deposit is not sufficient to cover the delinquent account, an action of assumpsit may be instituted by the city treasurer against the delinquent customer.
- (c) *Placement of delinquent accounts on tax roll.* The charges for water service, sewage disposal service and solid waste/recycling collection, which, under the provisions of Public Act No. 94 of 1933 (MCL 141.101 et seq.), as amended, are made a lien on the premises to which furnished, are hereby recognized to constitute such lien; and the city treasurer shall, semiannually, certify all unpaid charges for such services furnished to any premises which have remained unpaid for a period of 30 days, to the city assessor, who shall place the charges on the next tax roll of the city. Such charges so assessed shall be collected in the same manner as general city taxes.

## **PROPOSED ORDINANCE AMENDMENT**

### **CITY OF CLARE NOTICE OF PUBLIC HEARING**

The Clare Commission will hold a public hearing on Monday, October 2, 2023, at 6:00 p.m., at Clare City Hall, 202 W. Fifth Street, Clare MI to receive public comments pertaining to an Ordinance amendment to Chapter 46-278(a) Collection, *Security Deposits*. A copy of the proposed Ordinance amendment is available for review by contacting the City at [info@cityofclare.gov](mailto:info@cityofclare.gov) or calling 989-386-7541. The Clare City Commission will accept comments during the hearing or in writing if the written comments are received by the City Clerk not later than 4 p.m. on the date of the hearing. The City of Clare is an equal-opportunity employer and provider.

Diane Lyon  
Clare City Clerk

