

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON AMENDING CHAPTER 26 OF THE CODE OF ORDINANCES TO UPDATE SECTIONS 26-5, 26-8(d), AND 26-9(d) AMENDING DEPOSIT REFUND AND PAYMENT AGREEMENT PROVISIONS; AND PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR CODIFICATION; AND AN EFFECTIVE DATE.

WHEREAS, in the summer of 2008 the Utilities Customer Service department participated in a management study conducted by Navigant Consulting ("Navigant"). The results of that study provided an evaluation of the Department's current processes including procedures related to customer credit issuance and revenue collection. Navigant's findings indicated that the City's annual bad debt is high, especially for a small utility. These findings were due to a lack of effective customer credit screening, inadequate deposit policies, and ineffective collection efforts. Navigant recommended that Utilities Customer Service revamp procedures in order to reduce the City's bad debt load, as well as to enhance the utility customer experience; and

WHEREAS, in order to implement the Navigant recommendations, Utilities Customer Service once again partnered with Navigant in July, 2009. The goal of this collaborative effort was to introduce a strategy that bases collection activity on consumer credit risk. By going into a risk-based system, Utilities Customer Service can make processes easier for good paying customers and protect the City from bad debt that is associated with high risk customers. The processes that are a part of this ordinance can be used to guide decision making when working with new, existing, as well as former customers; and

WHEREAS, in order to continue service and practice evaluation and improvement, Utilities Customer Service once again partnered with Navigant, now the Ascent Group, in November, 2025. The goal of this collaborative effort was to review ongoing performance and evaluate billing and collection practices for continued consistency with industry best practices. The processes that are a part of this ordinance reflect study findings to enable better service to utility customers; and

WHEREAS, Chapter 26 of the Denton Code of Ordinances presently addresses the subjects of utility service deposits and the collection of accounts regarding all City utility customers; this ordinance clearly provides amended and updated procedures for City utility customers that reflect changes in industry practice over time. This ordinance implements enhancements to deposit refund and payment arrangement standards within Denton Municipal Utilities; and

WHEREAS, the City Council now desires to amend the adjustment guidelines to provide improved procedures governing program restrictions; NOW THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The following sections of the City of Denton Code of Ordinances, Chapter 26, "Utilities" are hereby amended to read as follows:

Refer to Exhibit "A" incorporated herewith and attached hereto, which sets forth the

provisions of Section 26-5 in its entirety, Section 26-8(d) and Section 26-9(d) as said Sections are now amended by this ordinance.

SECTION 2. This ordinance shall become effective immediately upon its passage and approval.

SECTION 3. To the extent not otherwise provided, this ordinance shall repeal every prior ordinance in conflict herewith, but only insofar as the portion of such ordinance shall be in conflict; and as to all other sections of the ordinance not in direct conflict herewith, this ordinance shall be and is hereby made cumulative except as to such prior ordinances or portions thereof as are expressly repealed hereby.

SECTION 4. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid by any court, such invalidity shall not affect the validity of any other provisions or applications, and to this end the provisions of this ordinance are severable.

SECTION 5. The City Secretary is hereby directed to record and publish the above regulations in the City's Code of Ordinances.

The motion to approve this ordinance was made by _____ and seconded by _____. This Ordinance was passed and approved by the following vote [___ - ___]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At Large Place 5:	_____	_____	_____	_____
Jill Jester, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the _____ day of _____, 2026.

GERARD HUDSPETH, MAYOR

ATTEST:
INGRID REX, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

BY: Devin Q. Alexander

Exhibit A

ARTICLE I. IN GENERAL

Sec. 26-5. Refunds of deposits.

The city shall refund deposits to applicants and customers if one of the following events occurs:

- (1) The customer's service has been disconnected
 - a. The city shall refund the deposit plus accrued interest less any outstanding balances. Any credit will be transferred to another active account belonging to the customer. However, in absence of another active account, refund may be issued in the form of a check after the due date of the final bill has passed. A transfer of service from one service location to another shall not be deemed a disconnection and the city shall not require an additional deposit unless authorized by section 26-3 or section 26-4 hereof.
- (2) Once a customer's Deposit has been paid in full and on file for twelve (12) consecutive residential billings or twenty-four (24) consecutive commercial billings then the city may refund the deposit (plus accrued interest) to the customer in the form of a credit to the customer's account when the following criteria have been met:
 - a. customer has maintained or attained an A credit rating at the location;
 - b. customer is without having service disconnected for nonpayment of bills, or meter tampering; and
 - c. customer is not delinquent in the payment of the current bill.

(Ord. No. 94-132, § I, 7-19-94; Ord. No. 2001-200, § 1, 5-15-01; Ord. No. 2002-316, § 1, 9-17-02; Ord. No. 2010-292, § 2(Exh. A), 11-16-10)

Sec. 26-8. Grounds for discontinuance of service; timing of disconnection of service.

Sec. 26-8(d)

- (d) Utility services may be terminated if payments become delinquent. The city may terminate services at any time upon delinquent status of an account. Once services are terminated, any deposit held by the city will be applied to the delinquent account when the final bill is generated. If the customer wishes to reconnect services, the customer will be required to pay a delinquent service charge or a reconnect charge in addition to all unpaid over-due account balances or they may request a payment arrangement from the customer service department in accordance with section 26-9. The city may refuse service and require payment in full, based on the credit history of the customer. For continued service, the city will require an additional deposit amount as described in section 26-4.

Sec. 26-9. Billing and collection for services.

Sec 26-9(d)

- (d) *Alternatives to termination of service.* A customer with a past due or delinquent balance may avoid termination of utility service by doing one (1) of the following:
- (1) Paying the total amount due by the specified due date;
 - (2) Requesting a payment arrangement with the utility customer service department. The payment arrangement guidelines will be established by the City Manager and on file in the office of the city secretary. The City Manager may delegate authority of program administration and operational discretion to the head of Customer Service. City Council must receive notice of verbiage changes to posted program guidelines prior to implementation.