

Town of Lyons, Colorado  
Board of Trustees  
BOT Agenda Cover Sheet  
Agenda Item No: VIII. 2.  
Meeting Date: May 20, 2024

TO: Mayor Rogin and Members of the Board of Trustees

FROM: Aaron Caplan, Engineering, Building & Utilities Director

DATE: May 14, 2024

ITEM: Ordinance 1160, an Ordinance of the Town of Lyons, Colorado, Repealing Section 13-1-60 of the Lyons Municipal Code Regarding the Deposits for New Utility Accounts

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☒ ORDINANCE  
☐ MOTION / RESOLUTION  
☐ INFORMATION

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- I. **REQUEST OR ISSUE:** At a recent Colorado Association of Municipal Utilities (CAMU) meeting, the collection of deposits for utility accounts was discussed. Many municipal utilities are no longer collecting deposits because of the increasing regulations on handling them. They have become so complex that it is a cost burden outweighing the benefit.
- II. **RECOMMENDED ACTION / NEXT STEP:** Host a public hearing and consider the adoption of Ordinance 1160 on the second reading.
- III. **FISCAL IMPACTS:** The financial impact on the Town will be minimal. The most significant impact will be savings in staff time for deposit collection/application, refunds, and monthly/annual reconciliations. If the Board chooses to keep the deposit policy as it is currently, staff time spent on deposits will increase due to the need to apply for and track interest on the deposits. Staff would need to work with the utility billing software company to determine if this could be done within the current configuration.
- IV. **BACKGROUND INFORMATION:** Currently, the Town collects \$100 for each new utility customer. After one year, the deposit is applied to the customer's bill and removed. New legislation requires the Town to apply interest to these utility accounts. Managing the deposit accounts into and back out of the system was already requiring a bit of time. Adding a process to apply interest will use even more staff time.

The only time the deposit benefits the Town is if a new customer leaves within one year and has an outstanding debt. We do not have a documented number of times this happens, but we estimate it to be two or three times a year.

The full code of section 13-1-60 can be found at:

[https://library.municode.com/co/lyons/codes/municipal\\_code?nodeId=CH13MUUT\\_ART\\_1ADEN\\_S13-1-60CODENEUTSEAC](https://library.municode.com/co/lyons/codes/municipal_code?nodeId=CH13MUUT_ART_1ADEN_S13-1-60CODENEUTSEAC)

V. **LEGAL ISSUES:** The town attorney has reviewed the issue and the ordinance.

VI. **CONFLICTS OR ENVIRONMENTAL ISSUES:** None

VII. **SUMMARY AND ALTERNATIVES:**

- a. Approve Ordinance 1160 on the second reading.
- b. Request changes to the Ordinance and have it brought back.
- c. Decline Ordinance 1160

**PROPOSED MOTION:**

**“I move to approve Ordinance 1160 on the second reading.”**