



REPORT

To: **Council**

Date of Meeting: May 19, 2015

Prepared By: Jonathan Lautenbach, CPA, CGA - Director of Financial Services

Approved By: Steven Fairweather, CPA, CA - Commissioner of Corporate Services

Department: Corporate Services

Date to Senior Management Team: May 13, 2015

Report No.: Corpserv/15-32

File No.:

Ward No.:

<p>HIGH WATER LEAK ADJUSTMENT POLICY</p>

Recommendations:

THAT Council approve the High Water Leak Adjustment Policy as outlined in Corpserv/15-32

AND THAT Council direct the City Clerk to enact a by-law to consolidate all water billing policies and recommendations that have been approved by Council

Background:

During the fall of 2014, an independent review of the City's water billing policies and practices was undertaken. On February 17, 2015 Council approved 19 recommendations that were identified as part of that review. One of the recommendations was for the City to develop a High Water Leak Adjustment Policy for residential and not-for-profit customers with the goal of providing limited financial relief under certain conditions for customers that experience a high water bill. The City of Hamilton and City of London were examples provided of municipalities that had a leak adjustment policy in place. Staff have reviewed these policies and have developed the High Water Leak Adjustment Policy included in Appendix "A" based on similar requirements.

It is recommended that the policy be approved with an implementation date of September 1, 2015. This will give staff time to develop an online application

Agenda Item # 9.

submission process that will assist staff in reviewing the information and supporting documentation provided by customers as part of the program.

Existing Policy/By-Law:

This is a new policy being put in place to address high water bill concerns from customers based on the recommendations coming out of the review of the City's water billing policies and practices.

Financial Impact:

The maximum adjustment amount that is allowable under this program is \$1,000. It is estimated that a budget amount of \$50,000 to \$100,000 may be required to cover potential adjustments based on the number of high water billing concerns that the department receives on an annual basis. This will be monitored during the first year of implementation and the budget adjusted accordingly. In 2015 any adjustments will be covered by drawing on the rate stabilization reserve. The policy would only allow customers 1 adjustment per year and only 2 adjustments over a 10 year period which will limit the potential financial exposure of offering this type of program to customers.

Public Input:

The review of water billing policies and practices was undertaken based on customer concerns regarding high water bills. The policy will allow for more flexibility when dealing with these types of water billing issues.

Internal/External Consultation:

Staff from Corporate Services, Transportation and Public Works, and the CAO were consulted in developing the policy. The policy was developed based on other similar policies in place at other municipalities.

Comments/Analysis:

N/A

High Water Leak Adjustment Policy

Purpose:

To provide an incentive for customers to repair leaks within a reasonable timeframe by providing a billing adjustment under certain conditions for customers that have been issued a high water bill due to a leak/plumbing failure at their property.

Eligibility/Requirements:

- This policy is only applicable to residential, rental residential, condominium corporations, and not-for-profit organizations. It does not apply to commercial, industrial, or institutional properties.
- The high water leak adjustment request must be received no later than 90 days following the issuance of a high bill. For the purposes of this program, the Bill Issue Date indicated on the high bill will be used to determine if the submission date of an application is compliant with this requirement.
- Water consumption indicated on the high bill must exceed 2 times (200%) the customer's average consumption. Average consumption will be calculated based on the customer's previous 6 meter readings.
- Customer is only eligible for 1 leak adjustment per year and 2 leak adjustments over a 10 year timeframe.
- Proof of repair must be provided which may include pictures, receipts, and/or invoices from a licensed plumber. Public works may be required to visit the property to ensure that the leak has been repaired and must be granted access to the property for this purpose within 2 weeks of the request to gain access.
- Water consumption resulting in a high bill cannot be a result of filling a pool or hot tub, watering lawns/gardens, washing cars, or other outdoor or discretionary water uses.
- The property cannot be vacant or have been unattended during the timeframe when the leak occurred. For extended absences, customers should consider shutting off the water supply except where water is used for heating.
- Water loss due to theft, vandalism, or construction damage is not eligible for an adjustment.
- The high water bill cannot be a result of a "catch-up" bill where an actual reading was obtained following a minimum of 2 consecutive estimated bills. Customers are advised on their water bill if their bill was based on an ESTIMATE or ACTUAL read. In addition, the City's contractor leaves a door hanger to advise customers when they are unable to obtain an actual read for the property. In the case of an estimated bill, customers are provided with an option of reading their

Agenda Item #9.

own meter and providing the City with an actual read to ensure that the bill is based on an actual reading.

- Determination of the adjustment will be made by Public Works based on the review of documentation submitted.

Eligible Adjustment Amount:

- Adjustments will be based on 50% of the difference between the actual water consumption that the high water bill was based on and the customer’s average consumption.
- The adjustment will be calculated using current year rates.
- The adjustment is only applicable to volumetric charges. Fixed fee charges are not eligible for adjustment or factored in the calculation.
- Adjustment amounts will be capped at a maximum of \$1,000.

Example Calculation:

		Water Consumption	Rate	Amount
	<u>High Water Bill</u>			
A	Water Variable Charge	100	\$1.93	\$193.38
B	Wastewater Variable Charge	100	\$1.95	<u>\$195.14</u>
	Total Water and Wastewater Variable Charges			\$388.52
	<u>Customer's Average Consumption</u>			
C	Water Variable Charge	20	\$1.93	\$38.68
D	Wastewater Variable Charge	20	\$1.95	<u>\$39.03</u>
	Total Water and Wastewater Variable Charges			\$77.70
	<u>Consumption Eligible for Adjustment</u>			
E	Water (A-C)	80	\$1.93	\$154.70
F	Wastewater (B-D)	80	\$1.95	<u>\$156.11</u>
				\$310.82
	<u>Leak Adjustment</u>			
	Water Adjustment Amount (E x 50%)			\$77.35
	Wastewater Adjustment Amount (F x 50%)			<u>\$78.06</u>
	Total Water and Wastewater Adjustment			<u>\$155.41</u>