

**POLICY TITLE: City of Hamilton Water and Wastewater/Storm Arrears Policy**

POSITION RESPONSIBLE FOR TASK: Senior Policy Advisor, Financial Planning and Policy Division

POLICY NO: PP-0004

LAST REVISION DATE: October 24, 2007

EFFECTIVE DATE:

MANAGER REVIEWED: Tom Hewitson

TO BE REVIEWED: January 2019

MAINTENANCE RESPONSIBILITY: Financial Planning and Policy Division

## **I GENERAL**

The Water and Wastewater/Storm Arrears Policy details the current account collections protocol including the timing of certain collection activities when accounts are unpaid and past due for water and/or wastewater/storm services provided by the City. Disconnection of water and/or wastewater service for delinquent accounts does not occur under this Water and Wastewater/Storm Arrears Policy.

## **II BACKGROUND**

The City has a service agreement with Horizon Utilities Corporation (HUC) for the provision of water and wastewater/storm billing, account collection and meter reading services. As a result, the Water and Wastewater/Storm Arrears Policy is administered by HUC. The current term of this service agreement is up to December 31, 2014.

## **III POLICY**

### **Water and Wastewater/Storm Account Collection Process**

1. Accounts are issued with a due date of 21 calendar days from the mailing date. Interest begins to be charged 6 calendar days after the due date compounded daily from the due date (current rate is 19.56% per annum).
2. Accounts that fall into arrears follow the collection protocol below. The collection protocol applies to residential, commercial and industrial water accounts and provides:
  - a. reminders to account holders and property owners of their financial obligation;
  - b. ample opportunity for payment; and
  - c. the City with tools needed to safeguard its water and wastewater revenue.

Table 1

Progressive Steps	Circumstance	Response Outcome	Result
1	Account outstanding 10 calendar days beyond due date	"Reminder Notice" mailed to account holder on the 10 <sup>th</sup> day	Payment of amount due or account remains outstanding
2	Account outstanding 17 calendar days beyond due date	"Final Notice" is mailed to account holder on the 17 <sup>th</sup> day (where arrears exceeds a minimum of \$99.00)	Payment of amount due or account remains outstanding
3	Account outstanding 30 or more calendar days beyond due date	"Arrears Letter" is mailed to account holder and the property owner (if different from the account holder) on the Friday following the 30 <sup>th</sup> day advising of arrears on account and request to pay	Payment of amount due or account remains outstanding
4	Account outstanding 60 or more calendar days beyond due date	"Final Arrears Letter" is mailed to account holder and the property owner (if different from the account holder) on the Friday following the 60 <sup>th</sup> day advising of pending action if payment not received within 15 days.	Payment of amount due or account remains outstanding
5	Account outstanding 90 or more calendar days beyond due date	Outstanding amount transferred to property tax account roll. No further notice to the account holder or property owner.	City water and wastewater/storm revenue secured

### Customer Notifications

**Reasonable efforts are undertaken by the City and HUC to provide the following notifications:**

**Reminder Notice** – mailed to account holder of accounts 10 calendar days after the due date. This notice provides a reminder to the account holder of the overdue status and requests payment within 7 calendar days.

**Final Notice** – mailed to account holder 17 calendar days after the due date. This notice provides notice of account overdue status and requests immediate payment.

**Arrears Letter** – mailed to account holder and property owner (if different from the account holder) of all water and wastewater/storm accounts 30 or more calendar days after the due date. This notification advises of the past due water and/or

wastewater/storm arrears and requests payment of outstanding amounts.

**Final Arrears Letter** – mailed to account holder and property owner (if different from the account holder) of all water and wastewater/storm accounts 60 or more calendar days after the due date. This notification advises of the past due water and/or wastewater/storm arrears and advises of a two-week period for the payment to be made.

HUC's property owner database is updated on a monthly basis with the City's Corporate Services Department's (Taxation Division) records.

### **Rental Properties**

Where a landlord-tenant relationship exists, the protocol outlined in Table 1 is followed. Where the tenant is named as the account holder, the Reminder and Final Notices will be received by the tenant. The Arrears and Final Arrears Letters advising of the potential transfer of arrears to the property tax roll are sent to both the account holder and the property owner.

### **Authority to Transfer Arrears to Tax Roll**

The *Municipal Act, 2001* authorizes the municipality to place unpaid fees and charges for public utilities on the tax roll for the property to which the public utility was supplied, regardless of who is the consumer. Section 398(2) provides that a municipality may add unpaid public utility fees and charges, which include water and/or wastewater/storm arrears, to the respective property's tax roll.

Ontario Regulation No. 581/06 additionally identifies such fees or charges associated with the supply of water and sewage services as having 'priority lien status' as described in section 1 of the Act such that, when added to a property tax roll because of payment default, these fees/charges:

- (a) may be collected in the same manner as taxes on the property;
- (b) may be recovered with costs as a debt due to the municipality from the assessed owner of the property at the time the fee was added to the tax roll and from any subsequent owner of the property or any part of it;
- (c) are a special lien on the property in the same manner as taxes under subsection 349 (3) Act; and
- (d) may be included in the cancellation price under Part XI of the Act, in the same manner as are taxes on the property, in the event that a Tax Arrears Certificate is registered on title of the property.

The City's Waterworks By-Law R84-026, as amended, re-stated or re-enacted from time to time, also permits the collection of water and wastewater/storm arrears in the same manner as property taxes by transferring arrears amounts to the tax roll.