



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	April 25, 2016
SUBJECT/REPORT NO:	Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy (FCS16037)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424, Extension 7298
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services
SIGNATURE:	

RECOMMENDATION

- (a) That the Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy, attached as Appendix “A” to Report FCS16037, be approved;
- (b) That the Waterworks By-law No. R84-026 be amended to expand upon existing provisions regarding the testing of water meters for accuracy and related billing adjustments to consumer accounts as generally described in Report FCS16037;
- (c) That the City Solicitor be authorized and directed to prepare all necessary by-laws, for Council approval, in order to implement recommendations (a) through (b) of Report FCS16037.

EXECUTIVE SUMMARY

Staff on occasion is faced with customer complaints regarding abnormally high water and wastewater/storm billings resulting from an unexplained consumption increase or less frequently, from unique and unusual circumstances. High billings resulting from certain internal plumbing leaks are often eligible for relief under the Council approved Water Leak Adjustment Policy (for details of this policy refer to Report FCS11071). However, there are situations that are not eligible under the Water Leak Adjustment Policy or the high bill in question is not attributable to an identified plumbing leak or other identifiable explanation. As staff presently do not have the authority to approve bill adjustments other than through the Water Leak Adjustment Policy, requests for billing adjustments due to extraordinary circumstances are currently being directed to City Clerks to pursue delegation status to appeal the billing circumstances directly to the Audit, Finance and Administration Committee (“Committee”).

The purpose of the proposed Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy (“Policy”) attached as Appendix “A” to Report FCS16037 is to improve customer service by enabling staff to quickly and accurately respond to customer requests for adjustments to abnormally high water and wastewater/storm billings which result from unexplained or extraordinary circumstances unrelated to identified leaking situations. Rather than having the customer appear as a delegation before Committee to request relief, the proposed policy sets out specific eligibility criteria that a customer must meet to qualify for a billing adjustment under such circumstances. The policy is intended to apply to situations that are not related to plumbing failures, that do not qualify for relief under the existing Water Leak Adjustment Policy, and that may result in an undue financial hardship for some customers.

Table 1 of FCS16037 outlines the main eligibility criteria and conditions applicable to adjustment under the Policy.

TABLE 1

Proposed Criteria for the Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy	
Minimum Consumption Increase For Consideration of an Adjustment	> 2x average consumption of dispute period
Eligible Bill Adjustment Amount	Up to 50% of the change between average consumption and abnormal consumption
Limit on period of adjustment	120 days
Customer Eligibility	Residential, Not-for-Profits/Institutional
Cap on financial adjustment	Residential – None Not-for-Profits/Institutional \$5,000
Maximum Adjustments Per Account	One-time only per account

Oftentimes meter accuracy testing is requested to determine if meter inaccuracy may explain an unexplained consumption increase. Recommendation “B” of Report FCS16037 strives to expand upon the existing provisions within the Waterworks Bylaw R84-026 regarding the testing of water meters for accuracy and further outline related billing adjustments criteria once a meter is tested for accuracy.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: This report has no direct financial impact. Approval of the recommended Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy is not expected to significantly increase the amount of revenue write-offs that currently occur from ad-hoc Committee approved water and wastewater/storm billing adjustments.

Staffing: No impact to current staffing levels.

Legal: The Waterworks By-law R84-026 currently addresses generally the testing of water meters and circumstances under which a discount may be applied where a water meter does not measure accurately within a manufacturer's accepted limits. The proposed amendments to the By-law will add more specific criteria to be followed in testing water meter accuracy and in making water meter accuracy related adjustments to consumer accounts. Recommendation "B" of Report FCS16037 will require Legal Services to prepare for Council's approval an amendment to the Waterworks By-law R84-026 to expand upon the existing provisions regarding the testing of water meters for accuracy

HISTORICAL BACKGROUND (Chronology of events)

The City of Hamilton is responsible for the installation and maintenance of nearly 148,000 water meters across the City. In general, this consists of a water meter installed inside the building on the incoming water service and a remote readout mounted to the exterior of the building to permit a meter reading to be collected without entering the building. Water meter readings are used to invoice customers for water consumed during a given billing cycle. Of the approximately 148,000 water and wastewater customers, about 92% are residential and the remainder are multi-residential (bulk-metered properties with meters => 25mm in diameter) or industrial/commercial/institutional (ICI).

Horizon Utilities as the City's water and wastewater/storm billing agent receives customer complaints regarding unusually high water and wastewater/storm billings resulting from an unexplained consumption increase or less frequently, from unique and extraordinary circumstances. High billings resulting from certain internal plumbing leaks are often eligible under the Council approved Water Leak Adjustment Policy (for details of this policy refer to Report FCS11071) which is administered by Horizon Utilities. However, there are situations that are not eligible under the Water Leak Adjustment Policy or the high bill in question is not attributable to an identified plumbing leak or other identifiable cause. As staff do not have the authority to approve bill adjustments other than through the Water Leak Adjustment Policy, requests for billing adjustments due to extraordinary circumstances are currently directed to City Clerks to request delegation status to appeal the billing circumstances directly to Committee.

Currently, Hamilton staff in reviewing high water billing disputes can consider whether relief is available under the previously mentioned Water Leak Adjustment Policy and/or the City's Water and Wastewater/Storm Deferred Payment Arrangement Policy (refer to Report FCS08067) which permits deferred payment arrangements to address financial hardship.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

This report presents a new Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy for the consideration of Council.

RELEVANT CONSULTATION

City Manager's Office – Legal Services Division has been consulted in the preparation of this report.

Public Works – Hamilton Water Division has been consulted and supports the objectives and recommendations of this report.

Horizon Utilities Corporation has been consulted and advised of potential implementation requirements that may arise from the adoption of this report's recommendations and have indicated they can support the City with these initiatives.

ANALYSIS AND RATIONALE FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)

In April 2012, the City of Toronto's Ombudsman released a report; *Water Works: An Investigation into Water Billing, Metering and Customer Service* which highlighted a number of cases where staff could not adjust high billings related to sudden and sometimes unknown circumstances. The Ombudsman recommended that Toronto Council provide staff discretion to adjust bills that experience a spike not explained by a meter accuracy test or leak check. Subsequently in July 2012, Toronto City Council approved amending their Municipal Code to allow staff to adjust billings related to unexplained consumption increases under specific conditions.

In June 2015, following a consultant review of water/wastewater billing practices, Cambridge City Council directed that a water appeals committee be established. This committee is comprised of three council members and two staff members (Directors of Water and Finance) and has been created to provide customers with an opportunity to appeal decisions made by staff regarding particular water billing concerns.

In addition to Toronto and Cambridge's experiences, research conducted by staff identified various media reports of odd situations in external communities that have resulted in unusually high water billings. Had similar situations occurred in Hamilton, Committee direction would have been necessary to address the associated billings as

staff currently do not have the authority to approve bill adjustments in similar situations. A sample of situations which have occurred outside Hamilton is provided below:

- in December 2011, a Port Colbourne resident experienced a fatal heart attack with the kitchen faucet running. The water ran for three weeks before the resident was found with the resulting water bill amounting to nearly \$600.
- in March 2012, a Guelph condo complex was billed \$25,600 up from a typical \$1,600 bi-monthly billing. The water meter tested in working order but condo owners appealed directly to city council stating that they couldn't possibly have used so much water and there was no evidence of flooding at the property.
- in June 2014, a Richmond Hill resident received an \$8,200 quarterly water/wastewater billing that was upheld following a plumber finding no leakage and an accuracy meter testing showing no issues with the water meter.

The proposed Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy will allow staff to more quickly and accurately respond to customer requests for adjustments related to situations that are not eligible under the Water Leak Adjustment Policy or the high bill in question is not attributable to an identified plumbing leak or other identifiable explanation.

In many respects, the Policy aligns with the existing Water Leak Adjustment Policy including eligibility being restricted to residential account holders (including tenants) and not-for-profit accounts. Accounts excluded from the Policy include commercial, industrial and income producing residential rental property owners (landlords), however, these account holders would continue to have the option to appeal directly to Committee for adjustments.

There are two situations that the Policy may address:

- **Unexplained Consumption Increase** – A situation where the water meter has been tested and found to be measuring water consumption within prescribed standards for accuracy and is otherwise free from defects that could affect the measurement of water consumption. The customer attests to not being aware of a known cause for the increased consumption and a licensed plumber asserts that the property has no known leaks.
- **Extraordinary Circumstances** – A situation where the likely cause of an increase in water consumption is known but there are unique and unusual circumstances that may result in undue financial hardship for some customers.

There are number of terms and conditions for the Policy as outlined in Appendix "A" to Report FCS16037.

Adjustment Amount (Credit) – The customer’s billing may be adjusted for up to 50% of the change between the average consumption of the affected property and the bill for the period of abnormally high water usage.

Oftentimes meter accuracy testing is requested to determine if meter inaccuracy may explain an unexplained consumption increase. Recommendation “B” of Report FCS16037 strives to expand upon the existing provisions within the Waterworks Bylaw (R84-026) regarding the testing of water meters for accuracy and further outline related billing adjustments criteria once a meter is tested for accuracy.

**ALTERNATIVES FOR CONSIDERATION
(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)**

N/A

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.2 Improve the City's approach to engaging and informing citizens and stakeholders.
- 2.3 Enhance customer service satisfaction.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS16037 - Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy