



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 20, 2020
SUBJECT/REPORT NO:	City of Hamilton Water and Wastewater / Storm Arrears Policy Minor Amendment (FCS20018) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That the amended Water and Wastewater / Storm Arrears Policy as attached in Appendix “A” to Report FCS20018, be approved effective March 1, 2020.

EXECUTIVE SUMMARY

The proposed amendment to the Water and Wastewater / Storm Arrears Policy (the “Policy”) ensures that account holders and property owners are provided notice of arrears and sufficient time to pay unpaid fees in order to avoid the arrears being placed on the tax roll. In order to maximize the recovery of arrears that remain unpaid, the Policy recognizes the authority provided by the *Municipal Act, 2001* to place unpaid fees and charges for public utilities, which includes water and wastewater / storm arrears, on the tax roll for the property to which the service was supplied.

The City, through its billing agent Alectra Utilities (“Alectra”), bills approximately \$230 M annually for water, wastewater and storm services. Most accounts are collected without the need for additional collection measures.

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Unlike most water utilities, the City does not utilize service disconnection to address non-payment of water and / or wastewater / storm bills. The City relies on its authority under the *Municipal Act, 2001* to place unpaid water and wastewater / storm amounts on the tax roll for the property to secure the City's water and wastewater / storm revenues.

However, transferring unpaid water and wastewater / storm amounts related to newly built properties has become a problematic proposition for both Alectra and the City. To accommodate the water and wastewater / storm billing for purchasers who have taken possession of newly built properties, Alectra, on behalf of the City, will update the water account to the purchaser's name(s) and will bill accordingly.

All newly developed properties are assessed by the Municipal Property Assessment Corporation (MPAC) which assigns an assessment roll number that the City uses for taxation purposes as the property's tax roll number. However, the assignment of a roll number may not occur until long after the transfer of title to the purchaser's name(s) has occurred. Consequently, in the absence of tax roll numbers for the new properties, unpaid water and wastewater / storm balances that remain outstanding 60 or more calendar days beyond the invoice due date may have been transferred to the original "parent" property tax roll number often in the name of the developer / builder of the newly built properties.

Related arrears notices would also be sent to the original owner so that proper notice to the current owner / account holder would not occur. Such transfers frequently remained unpaid and led to dispute by the owner(s) listed on the parent tax roll number. In most cases, the tax roll transfer (and often the transfer administrative fee and accrued interest) would be reversed back to the purchaser's Alectra water account resulting in wasted administrative efforts for both Alectra and City Taxation staff.

Hence, staff are recommending a relatively minor amendment to the City's Policy whereby, during the period where the purchaser is receiving the water bill and a tax roll number has not yet been assigned, any unpaid water and wastewater / storm balances that remain outstanding 60 or more calendar days beyond the invoice due date will be retained by Alectra. The arrears would also continue to be charged interest by Alectra.

Alectra will ensure that arrears notices, where there is an absence of an assigned tax roll number for the new property:

- 1) are sent to the purchaser (account holder);
- 2) advise the purchaser that arrears will remain on the Alectra water account;
- 3) advise the purchaser that the balance continues to accrue interest at a rate of 1.5% per month; and
- 4) advise the purchaser that balances that remain outstanding 60 or more days, plus accrued interest and an applicable administrative fee, will be immediately transferred to the property tax roll once a tax roll number has been assigned and communicated to Alectra.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

- Financial: Report FCS20018 has no direct financial impact. Approval of the amended Water and Wastewater / Storm Arrears Policy seeks to maximize the successful collection of water and wastewater / storm utility service arrears to the City while allowing the customer to retain active utility service.
- Staffing: No impact to current staffing levels.
- Legal: The City's authority under the *Municipal Act, 2001* to place unpaid water and wastewater / storm amounts on the tax roll for the property is not affected by recommendations contained Report FCS20018.

HISTORICAL BACKGROUND

The proposed amendment to the Water and Wastewater / Storm Arrears Policy ensures that account holders and property owners are provided notice of arrears and sufficient time to pay unpaid fees in order to avoid the arrears being placed on the tax roll. In order to maximize the recovery of arrears that remain unpaid, the Policy recognizes the authority provided by the *Municipal Act, 2001* to place unpaid fees and charges for public utilities, which includes water and wastewater / storm arrears, on the tax roll for the property to which the service was supplied.

The Policy was established in 2007 to clearly outline the protocols the City and its billing agent Alectra Utilities ("Alectra") follow with respect to overdue water accounts up to and including the point in time of tax roll transfer (refer to Report FCS07053). At the time, unpaid water and wastewater / storm balances that remained outstanding 90 or more calendar days beyond the invoice due date were transferred to the property tax roll. In 2017, considering Council's approval to move to monthly water billing for all customers (previously residential customers were billed bi-monthly), the Policy was amended so that arrears that remained outstanding 60 or more calendar days beyond the invoice due date would be transferred to the property tax roll (refer to Report FCS17054).

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Unlike most water utilities, the City does not utilize service disconnection to address non-payment of water and / or wastewater / storm bills. The City relies on its authority under the *Municipal Act, 2001* to place unpaid water and wastewater / storm amounts on the tax roll for the property to secure the City's water and wastewater / storm revenues.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Any property tax billing solution would need to adhere to Provincial legislation and City of Hamilton policies, primarily but not limited to the *Municipal Act, 2001*, *Assessment Act* and *Education Act*, as well as municipal by-laws, which stipulate the means utilized in the billing and collection of property taxes.

RELEVANT CONSULTATION

Corporate Services – Taxation, Financial Services Division has been consulted in the preparation of Report FCS20018.

Alectra Utilities Corporation has been consulted and advised of implementation requirements that arise from the adoption of the recommendations of Report FCS20018 and have indicated they can support the City with these initiatives.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

Transferring unpaid water and wastewater / storm amounts related to newly built properties has become a problematic proposition for both Alectra and the City. To accommodate the water and wastewater / storm billing for purchasers who have taken possession of newly built properties, the City will update the water account to the purchaser's name(s) and in turn, Alectra will bill accordingly.

All newly developed properties are assessed by the Municipal Property Assessment Corporation (MPAC) which assigns an assessment roll number which the City uses for taxation purposes as the property's tax roll number. However, the assignment of a roll number may not occur until long after the transfer of title to the purchaser's name(s) has occurred. Consequently, in the absence of tax roll numbers for the new properties, unpaid water and wastewater / storm balances that remain outstanding 60 or more calendar days beyond the invoice due date may have been transferred to the original "parent" property tax roll number (often in the name of the developer / builder of the newly built properties). Related arrears notices would also be sent to the original owner so that proper notice to the current owner / account holder would not occur. Such transfers frequently remained unpaid and led to dispute by the owner(s) listed on the parent tax roll number. In most cases, the tax roll transfer (and often the transfer administrative fee and accrued interest) would be reversed back to the purchaser's Alectra water account resulting in wasted administrative efforts for both Alectra and City Taxation staff.

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Alectra will ensure that arrears notices, where there is an absence of an assigned tax roll number for the new property:

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ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS20018 - City of Hamilton Water and Wastewater / Storm Arrears Policy

JS/dt