



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 17, 2021
SUBJECT/REPORT NO:	80 Brockley Drive, Hamilton – Water and Wastewater / Storm Charges Deferred Payment Arrangement (FCS21059) (Ward 5)
WARD(S) AFFECTED:	Ward 5
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

That the General Manager, Finance and Corporate Services, be authorized to enter into a deferred payment arrangement with a 12-month repayment period commencing in June 2021, pertaining to water and wastewater / storm charges for a total amount of \$298,985.59 regarding Alectra Utilities (Alectra) account number 5180581300 and service address of 80 Brockley Drive, Hamilton.

EXECUTIVE SUMMARY

In March 2017, Council approved the Water and Wastewater / Storm Billing Payment Arrangement Policy (Policy) which requires that all water and / or wastewater / storm deferred payment arrangements exceeding \$100 K be referred to the Audit, Finance and Administration Committee for approval (for details refer to Report FCS17029).

As such, Report FCS21059 is provided for the recommended authorization of a deferred payment arrangement with a 12-month repayment period for Alectra account number 5180581300 regarding 80 Brockley Drive, Hamilton. The property is owned by Effort Trust and Olivieri Foods Limited (Olivieri) as the commercial tenant being the water account holder.

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**SUBJECT: 80 Brockley Drive Hamilton – Water and Wastewater / Storm Charges
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The subject account relates to a 100mm “compound” water meter that measures the total water consumption for 80 Brockley Drive, Hamilton. A compound meter is a type of water meter used to accommodate high flow rates, as well as, smaller rates of flow that also need to be accurately measured. Compound meters have two measuring elements (one for low flows and one for high flows) so that two readings are obtained for each billing cycle and commonly referred to as the “high” and “low” sides of the compound meter. In the case of 80 Brockley Drive, Hamilton, the property’s water consumption typically registers twice the water consumption on the high side of the meter as compared to the low side of the meter.

When water meters are installed, work orders are issued by Hamilton Water to the City’s water and wastewater / storm billing agent, Alectra Utilities Corporation (Alectra) who essentially activate the metering devices within its billing system. It is important that Alectra activates each meter, otherwise, the reading of the meter will not be displayed on the electronic handheld reading device employed by the water meter readers. It should be noted that meter readings are generally obtained from remote reading devices such that meter readers do not have the opportunity to view a water meter where they may identify that a meter is a compound meter requiring two meter readings.

On May 24, 2019, a replacement compound water meter was installed by the City at 80 Brockley Drive, Hamilton. As a compound meter registers water usage on both a high and low side of the meter, two register reads are provided from each side of the meter and are totalled for billing. When the meter change for 80 Brockley Road was processed and entered into Alectra’s billing system, Customer Care and Billing (CC&B), the high side of the meter was not entered correctly. This error resulted in only the low side read of the meter being billed. Consumption on the high side of the meter was measured and read, however, not billed.

A limited number of meters are read by the City’s water meter contractor (Neptune Technologies) with readings electronically provided to Alectra on a monthly basis. Alectra staff conducts periodic sample audits of the City provided readings and a recent audit revealed the meter set-up error in the billing system. Consequently, in accordance with the City’s Water and Wastewater / Storm Back-billing Policy, the water account for 80 Brockley Drive has been rebilled using reads from both sides of the meter.

The resulting catch-up billings, reflecting the unbilled portion, totals approximately 89,853m³ of water consumption that equates to \$298,985.59, a significant amount that would represent an undue financial hardship for Olivieri if payment is required in its entirety immediately.

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**SUBJECT: 80 Brockley Drive Hamilton – Water and Wastewater / Storm Charges
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The Policy allows for customers to request to enter into an optional payment arrangement to address water and / or wastewater / storm billings. In this case, Olivieri has requested to pay the catch-up billings over a 12-month period commencing in June 2021. In accordance with the Policy, the property owner (landlord) must provide written consent for their tenant to enter into a payment arrangement to address water arrears. As required, Effort Trust has provided its consent for the requested Olivieri payment arrangement.

Olivieri was not at fault for the unbilled consumption and as such, staff supports the payment arrangement on an interest-free basis as permitted by the Policy.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Water and wastewater / storm revenue recovery related to a significant underbilled consumption at Brockley Drive, Hamilton of approximately \$299k will be realized in a reasonable timeframe.

Staffing: N/A

Legal: The City's ability to recover water and wastewater / storm revenue is not impaired by entering into a deferred payment arrangement with the customer. In the event a deferred payment instalment becomes delinquent, the outstanding balance would be immediately transferred to the property tax roll. In such circumstances, the fees and charges added to the tax roll will have priority lien status as described under Section 1 of the *Municipal Act, 2001*.

HISTORICAL BACKGROUND

Report FCS21059 is being brought forward in accordance with the City's Water and Wastewater / Storm Billing Payment Arrangement Policy (Policy) approved by Council in March 2017. The Policy requires that all water and / or wastewater deferred payment arrangements exceeding \$100 K be referred to the Audit, Finance and Administration Committee for approval.

As such, Report FCS21059 is provided for the recommended authorization of a deferred payment arrangement with a 12-month repayment period for Alectra account number 5180581300 regarding 80 Brockley Drive, Hamilton. The property is owned by Effort Trust and Olivieri Foods Limited (Olivieri) is the commercial tenant. The commercial tenant is the water account holder (commercial tenant held accounts are permitted whereas, all residential accounts established after June 1, 2018, must be opened and billed in the name of the registered owner(s) of the property).

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Olivieri is serviced with a single water service line that is metered with one 100mm compound water meters. A compound meter is designed to accurately measure high and low flow rates and as such, have two measuring elements (one for low flows and one for high flows) so that two “odometer” readings are obtained for each billing cycle and commonly referred to as the “high” and “low” sides of the compound meter.

When meters are installed, work orders are issued by Hamilton Water to the City’s water and wastewater / storm billing agent, Alectra Utilities Corporation (Alectra) who essentially activates the metering devices within their billing system. It is important that Alectra activates each meter, otherwise, the reading of the meter will not be displayed on the electronic handheld reading device employed by the water meter readers. It should be noted that meter readings are generally obtained from remote reading devices such that meter readers do not have the opportunity to view a water meter where they may identify that a meter is a compound meter requiring two meter readings.

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The resulting catch-up billings, reflecting the unbilled portion, totals approximately 89,853m³ of water consumption that equates to \$298,985.59, a significant amount that would represent an undue financial hardship for Olivieri if billed in its entirety immediately.

In view of the discovery of a metering element side of a compound meter not being activated, Alectra staff immediately initiated an audit of the approximately 560 compound meters that have been installed within the City’s approximately 155,000 water customers. The audit revealed no additional accounts with compound meters with “missing” billings on a metering element.

A new monthly audit report has been put in place to identify any compound meters that are not activated correctly in the future. Additionally, refresher training of Alectra staff has been completed for employees entering water meter installations into CC&B.

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POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

As the amount proposed for a deferred payment arrangement exceeds \$100 K, the City's Water and Wastewater / Storm Billing Payment Arrangement Policy is applicable.

RELEVANT CONSULTATION

Alectra Utilities has provided detailed water billing information related to the water account for 80 Brockley Drive, Hamilton and will have the customer formally enter into a payment arrangement upon approval of the Recommendation of Report FCS21059.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

There have been several significant catch-up or back billed water and / or wastewater / storm billings in the past particularly with large-use customers where deferred payment arrangements have been requested by customers. However, there have only been four circumstances since 2008 where staff has required Council approval for an arrangement exceeding \$100 K. Deferred interest-free payment arrangements are a reasonable measure to ensure the City recovers water and wastewater revenue without creating undue hardship for customers.

The Policy allows for customers to request to enter into an optional payment arrangement to address water and / or wastewater / storm billings. In this case, Olivieri has requested to pay the catch-up billings over a 12-month period commencing in June 2021. As Olivieri was not at fault for the unbilled consumption at 80 Brockley Drive, Hamilton and as such, staff supports a payment arrangement on an interest-free basis.

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.

Our People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

N/A

JS/dt