



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division
and
CORPORATE SERVICES DEPARTMENT
Legal and Risk Management Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	October 7, 2021
SUBJECT/REPORT NO:	Revised Water Leak Adjustment Policy (FCS21087 / LS21037) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298 Bryan Boodhoo (905) 546-2424 Ext. 7164
SUBMITTED BY: SIGNATURE:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SUBMITTED BY: SIGNATURE:	Stephen Spracklin City Solicitor Legal and Risk Management Services

Discussion of Appendix "B" to Report FCS21087/LS21037 in Closed Session is subject to the following requirement(s) of the City of Hamilton's Procedural By-law and the *Ontario Municipal Act, 2001*:

- Advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

RECOMMENDATIONS

- (a) That the revised Water Leak Adjustment Policy, effective January 1, 2022, attached as Appendix "A" to Report FCS21087 / LS21037, be approved;

- (b) That the Mayor and City Clerk be authorized and directed to execute all necessary documents to engage ServLine by HomeServe to implement the revised Water Leak Adjustment Policy attached as Appendix “A” to Report FCS21087 / LS21037, in a form satisfactory to the City Solicitor and with content satisfactory to the General Manager, Finance and Corporate Services;
- (c) That the daily water fixed charges for all residential properties in the City of Hamilton with individual water meters be increased by \$0.01 effective January 1, 2022;
- (d) That the contents of Appendix “B” to Report FCS21087 / LS21037 remain confidential under solicitor-client privilege;
- (e) That staff be directed to undertake an amendment to the Water and Wastewater Infrastructure Support Community Improvement Plan so the revised Water Leak Adjustment Policy attached as Appendix “A” to Report FCS21087 / LS21037 can be incorporated into the Community Improvement Plan to extend water leak adjustments to residential rental properties and report back at a future Planning Committee meeting.

EXECUTIVE SUMMARY

The City’s Water Leak Adjustment Policy (Policy) provides limited financial relief to eligible customers to address abnormally high water and wastewater / storm bills associated with plumbing failures. The Policy has allowed staff to address those instances when an eligible metered water customer receives an abnormally high bill as a result of a plumbing failure. The Policy provides widespread assistance that helps address housing affordability challenges particularly for low / fixed income customers. In some cases, tenants may pay higher bills due to leaking fixtures that the property owner (landlord) is responsible to repair.

Since 2002, the City has provided over \$1.84 M for water leak bill adjustments related to approximately 3,600 approved water leak bill adjustment requests. Over that timeframe, administration of the Policy has been primarily provided by the City’s water billing agent, Alectra Utilities (Alectra) with oversight provided by the City’s Financial Planning, Administration and Policy Division. Faced with sustainability concerns, a review of the Policy was undertaken and resulted in significant amendments being implemented in 2011 (refer to Report FCS11071). The Policy has not been extensively reviewed since 2011.

In response to ongoing customer complaints with the current Policy, staff conducted an online literature review that identified a unique leak adjustment product being offered by a service provider named ServLine by HomeServe (ServLine) to participating water utilities. ServLine provides a turn-key service of administering water leak adjustments. ServLine is a subsidiary of HomeServe USA which is also the parent company of Service Line Warranties of Canada (SLWC).

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Dating back to 2014, the City's partnership with SLWC to provide Hamilton residents an optional water and sewer line warranty program has been successful and as such, staff-initiated discussions with SLWC and ServLine regarding an insurance backed water leak protection program. ServLine has partnered with Assurant Canada and Technology Insurance Company as program underwriters, one of which would have an insurance policy with the City. Both underwriters are "A" Rated, highly-regulated, insurance companies. ServLine administers all aspects of the program on behalf of both parties.

The current Policy is recommended to be revised whereby the City will engage ServLine to administer an enhanced water leak protection program for the City's residential water customers. Residential is defined as single line, single meter (up to 50mm in size) residential occupancy and has its own Alectra water account number. The coverage will provide leak protection up to \$2,500 with no deductible once every two years. Adjusting bills for homeowners' eligible leaks would only occur through the ServLine protection program. The ServLine leak protection coverage will follow the guidelines of the Policy (refer to Appendix "A" to Report FCS21087 / LS21037 for details of the revised Water Leak Adjustment Policy).

The revised Policy will address the limitations of the current Policy that have been the greatest source of customer complaints.

	Current WLA Policy	Revised WLA Policy
Benefit Frequency	1 lifetime per account occurrence	1 claim every 24 months
Benefit Overview	City covers 50% of the excess charges	ServLine will cover 100% of the excess charges up to \$2,500
Customer Eligibility	Homeowners only with owner occupancy	All homeowners including rental residential properties

Once implemented, all leaks that fall within the guidelines of the City's Policy would be paid through insurance funds and no longer by the customer and the City.

There are three models under which the ServLine leak protection program has been offered to the City.

Option 1: Opt-In Model

- Residential customers may contact ServLine to opt-in to enroll for leak adjustment coverage.
- Monthly fee of \$0.52 plus H.S.T. (\$7.05 annually inclusive of H.S.T.).
- Estimated enrollment participation: 35% of approximately 145,000 residential customers.

Option 2: Opt-Out Model

- Residential customers are automatically enrolled for leak adjustment coverage with no waiting period. Customers may contact ServLine to decline leak protection.
- Monthly fee of \$0.30 plus H.S.T. (\$4.07 annually inclusive of H.S.T.).
- Estimated enrollment participation: 96-98% of approximately 145,0000 residential customers.

Option 3: Universal Coverage Model

- All Residential customers are automatically enrolled for leak adjustment coverage and there is no waiting period.
- Monthly program charge would be added to the base water rate (i.e. water fixed daily charges would increase by one cent).
- Monthly fee of \$0.27 plus H.S.T. (\$3.66 annually inclusive of H.S.T.).
- Enrollment participation: 100% of approximately 145,0000 residential customers plus new residential accounts as they occur.

Staff has reviewed the model options, either with all residential customers participating (Options 2 and 3) or eliminate all customers from the current Policy and have eligible customers enroll individually in the enhanced ServLine leak protection program (Option 1). Several factors have contributed to the recommendation of a Universal Coverage model (Option 3) to implement the ServLine leak protection service:

- If adopted, Hamilton would be the first municipality in Canada to introduce such a program.
- Alectra will not support billing under Options 1 or 2. Alectra has stated that it cannot administer an insurance program in the manners of Options 1 or 2.
- Alectra e-bills 25% of Hamilton's approximately 145,000 residential water customers and one-third of water customers are on a pre-authorized payment plan with Alectra which greatly diminishes the effectiveness of bill inserts to convey information to customers.
- The consequences of customers not enrolling in the ServLine program because a significant portion of the customer base may miss the notice information could be severe for those customers creating financial hardship.
- Auto enrollment of all eligible customers under a universal coverage approach prevents customers from "falling through the cracks" and facing an unexpected and expensive charge resulting from an eligible leak. Auto enrollment is effectively consumer protection.
- Universal coverage model eliminates potential public relations concerns associated with the opt-in model. For example, with opt-in, some customers may claim they would have signed up but didn't know about the leak protection coverage or were not properly notified.

- The universal coverage model (Option 3) monthly cost is 93% less costly than the opt-in model (Option 1) with the same leak protection coverage.
- All but six of the 176 participating water utilities ServLine works with have chosen to implement an opt-out model (Option 2) with the remainder opting for universal coverage. All the participating utilities are in the United States.

Refer to the Analysis and Rationale for Recommendations section of Report FCS21087 / LS21037 for further details supporting the recommendation of a Universal Coverage model to implement the ServLine leak protection service.

For the City to implement this enhanced leak protection coverage, it is recommended that the daily water fixed charges for all residential properties with individual water, be increased by \$0.01 effective January 1, 2022.

An objective for the City remains to inform Hamilton homeowners about preventing water waste to conserve water, while saving money. Customer communications regarding the ServLine leak protection program will include leak prevention and detection information, when possible. This will provide the City the opportunity for educational outreach regarding tips to prevent water leaks and how to find them when invariably they do occur, at no cost to the City as ServLine pays 100% for all leak protection program communications. It should be noted, that all ServLine communication materials must be approved by the City.

Customers with ServLine coverage will have the option to access SLWC's local contractor network to find water leakage and / or repair water leak(s) at the customer's home. Customers will contact ServLine and, where interested, the customer service agent will provide a "warm transfer" to SLWC's customer repair agents who would recommend one of their local network contractors. ServLine has advised that discounted rates may be available once the ServLine leak protection program is established in Hamilton and there is a better understanding of requested leak detection / repair volumes. However, there is no obligation to use ServLine's contractors.

Adopting the revised Policy is expected to provide a solution that benefits residential customers when confronted with an unexpectedly high water bill resulting from a plumbing leak and for the water utility that currently absorbs a portion of the water loss expense.

The Policy currently provides qualifying leak adjustments to owner-occupied residential accounts specifically and not to residential rental properties.

In August 2020, Council approved a by-law to designate a Community Improvement Plan (CIP) for the Water and Wastewater Infrastructure Support Community Improvement Plan. This incorporated two existing assistance programs: the Residential Protective Plumbing Subsidy Program and the Lead Water Service Replacement Loan Program. The CIP also enabled extension of the programs to rental dwellings by ensuring that such extension does not constitute bonusing under the Municipal Act, 2001.

The Water and Wastewater Infrastructure Support Community Improvement Plan also provided a policy structure for the potential addition of other related water and wastewater programs in the future, though such additions would require an amendment to the CIP. Recommendation (e) of Report FCS21087 / LS21037 provides direction to staff to bring forward a report before the Planning Committee to amend the Water and Wastewater Infrastructure Support Community Improvement Plan to allow the revised Policy to be extended to residential rental properties.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: This program is intended to be cost-neutral for the City and as such, the premium fees charged to the City will be recovered from the fixed charges applied to residential water accounts.

ServLine has noted standard insurance industry practice is for premium rates to be reviewed by the underwriter and adjusted regularly with the City based on projected versus actual losses. Rates may be correspondingly adjusted up or down. ServLine's experience with current participating utilities is that the rates from underwriters generally have been reduced once actual claim experience is realized.

An expenditure account will be set up to pay ServLine on a monthly basis based on the number of active eligible residential accounts. ServLine will be responsible for all costs related to program implementation, as well as, customer education and communication.

Eligible customers will only be responsible for their average bill with excess water charges resulting from eligible plumbing leaks covered up to \$2,500. Fewer tax roll transfers of unpaid water arrears is expected as most customers would no longer be responsible for some or all of excess water charges associated with eligible water leaks.

The Rate supported budget will recapture up to \$50 K annually in revenues associated with recent Policy credit adjustments.

Hamilton would be the first Canadian utility to engage with ServLine and, as such, ServLine has committed to having further discussions around a referral commission for Hamilton's assistance in providing references / testimonials to prospective partners.

Staffing: No impact to City staff. The proposed Policy will reduce the resources dedicated by Alectra for the administrative support of the Policy in its current form.

Legal: Please see Appendix “B” to Report FCS21087 / LS21037 – Confidential Legal Memo for detailed legal implications.

As Report FCS21087 / LS21037 recommends imposing increased fixed charges to residential accounts, public notice has been given under the City’s Public Notice Policy By-law 07-351.

HISTORICAL BACKGROUND

The City’s Water Leak Adjustment Policy (Policy) provides limited financial relief to eligible customers to address abnormally high water and wastewater/storm bills associated with plumbing failures. The Policy has allowed staff to address those instances when an eligible metered water customer receives an abnormally high bill as a result of a plumbing failure.

In the late 1990’s, a significant proportion of water and / or wastewater customers (estimated to be about 35%) were still flat-rate or non-metered customers who did not bear any incremental cost associated with lost water due to plumbing leaks. The Policy (prior to 2007, it was referred to as Plumbing Relief) was established in 1997 by the Regional Municipality of Hamilton–Wentworth to address the financial inequity that existed between metered and non-metered accounts with respect to the financial impact of plumbing failures.

In 2001, the City embarked on a Universal Water Metering (UWM) program that required all domestic water services to have water meters installed by the City. By 2005, with the UWM fully completed, the rationale for the Policy no longer remained. Given that it is the property owner’s responsibility to keep their plumbing system in good working order, the Policy may have been phased out at that time. However, it was recognized that a high water / wastewater / storm bill resulting from an unintentional water leak can present financial hardship to a customer and, as such, the Policy has remained in effect.

The success of the UWM program translated into increased awareness of plumbing failures by customers and resulted in ongoing demand for leak forgiveness. Since 2002, the City has provided over \$1.84 M for water leak bill adjustments related to approximately 3,600 approved water leak bill adjustment requests. Over that timeframe, administration of the Policy has been primarily provided by Alectra with oversight provided by the City’s Financial Planning, Administration and Policy Division. Faced with sustainability concerns, a review of the Policy was undertaken and resulted in significant amendments being implemented in 2011 (refer to Report FCS11071). The Policy has not been extensively reviewed since 2011.

Whenever a customer uses water, they are responsible for it even in the event of a leak. Customer water leaks can negatively impact customers' perception of their water utility. When a customer receives an abnormally high-water bill resulting from a leaking pipe or fixture, in accordance with the Policy, an adjustment credit may be approved that would only reduce the bill, not eliminate all of the excess. However, the portion the customer must cover can still be beyond their means, leaving them with a long payment plan and a feeling of dissatisfaction with the water utility.

Property owners of income-producing residential properties (landlords) have been excluded from being eligible under the Policy. This exclusion has been the basis of numerous complaints from landlords and has resulted in several delegations before the Audit, Finance and Administration Committee.

Additionally, under the Policy, eligible customers can only apply for a one-time leak adjustment assistance. Aging infrastructure inevitably causes more water leaks each year so the Policy limitation providing a one-time adjustment per property results in customers having to absorb the full cost of subsequent leaks.

Staff conducted an online literature review that identified a unique leak adjustment program delivered by ServLine to participating water utilities. ServLine provides a turn-key service of administering water leak adjustments. Currently, 176 water utilities are participating in the ServLine leak adjustment program. ServLine is a subsidiary of HomeServe USA (a leading provider of home repair solutions serving more than 4.2 million customers across Canada and the US) which is also the parent company of Service Line Warranties of Canada (SLWC). Dating back to 2014, the City's partnership with SLWC to provide Hamilton residents an optional water and sewer line warranty program has been successful and, as such, staff initiated discussions with SLWC and ServLine regarding an insurance backed water leak protection program.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Insurance procured for the City is exempt from the requirements of the Procurement Policy save and except for Policy # 2 - Approval Authority. Council must approve budgetary funding for any procurement of a value of \$250 K or greater.

RELEVANT CONSULTATION

Corporate Services Department - Legal and Risk Management Services Divisions have been consulted in the preparation of Report FCS21087/LS21037.

Public Works Department – Hamilton Water Division has been advised in the preparation of Report FCS21087 / LS21037.

Alectra staff has been consulted in the preparation of Report FCS21087 / LS21037.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

After reviewing the Policy's limitations and the continued hardships that remain for customers, it is recommended to change the Policy from a cost-sharing model to an insurance-based, cost recovery model administered by ServLine. The City of Hamilton would be the name insured on the insurance policy from Assurant Canada or Technology Insurance Company and Hamilton's residential water customers would be the beneficiaries of the policy. Both underwriters are "A" Rated, highly-regulated, insurance companies. ServLine will administer all aspects of the program on behalf of both parties. ServLine with its full-service customer leak solution will make payment for high water bills related to customer repaired plumbing leaks in accordance with the revised Policy.

The current Policy is recommended to be revised whereby the City partner will engage ServLine to provide the City's residential water customers with enhanced water leak protection coverage. Residential is defined as single line, single meter (up to 50mm in size) residential occupancy and has its own Alectra water account number. The coverage will provide leak protection up to \$2,500 with no deductible once every two years. Adjusting bills for homeowners' eligible leaks would only occur through the ServLine protection program. The ServLine leak protection coverage will follow the guidelines of the Policy (refer to Appendix "A" to Report FCS21087 / LS21037 for details of the revised Water Leak Adjustment Policy).

The revised Policy will address the limitations of the current Policy that are the greatest source of customer complaints.

	Current WLA Policy	Revised WLA Policy
Benefit Frequency	1 lifetime per account occurrence	1 claim every 24 months
Benefit Overview	City covers 50% of the excess charges	ServLine will cover 100% of the excess charges up to \$2,500
Customer Eligibility	Homeowners only with owner occupancy	All homeowners including rental residential properties

Once implemented, all leaks that fall within the guidelines of the City's Policy would be paid through insurance funds and no longer by the customer and the City. For the City to implement this enhanced leak protection coverage, a monthly user fee shall be established by the City for residential customers.

The Policy provides widespread assistance that helps address housing affordability challenges particularly for low / fixed income customers. In some cases, tenants may pay higher bills due to leaking fixtures that the property owner (landlord) can not repair in a timely fashion. Alternatively, where the landlord may be paying the utilities and then passing the utility cost on to the renter, providing leak adjustments to landlords assists renters who may have affordability challenges.

There are three models under which the ServLine leak protection program has offered as outlined below.

Option 1: Opt-In Model

- Residential customers may contact ServLine to opt-in to enroll for leak adjustment coverage.
- Subject to a 30-day waiting period before submitting a claim.
- Customers who enroll will see the monthly program charge added to their water bill.
- Customers not enrolled bear full responsibility for all excess water charges caused by a water leak.
- Decline participation is not documented.
- Monthly fee of \$0.52 plus H.S.T. (\$7.05 annually inclusive of H.S.T.)
- Estimated enrollment participation: 35% of approximately 145,000 residential customers.

Option 2: Opt-Out Model

- Residential customers are automatically enrolled for leak adjustment coverage with no waiting period.
- Customers will see the monthly program charge added to their water bill
- Customers may contact ServLine to decline leak protection.
- Upon request, customers who choose to opt out within three months after the program starts will receive a full refund of paid monthly fees.
- Customers declining to participate in the program would be documented and the monthly service fee would be removed from the customer's bill.
- Customers declining protection would be responsible for the entire cost of a leak.
- If the customer has declined and decides they want to get back in the program, there will be a 30-day waiting period and they are responsible for any leak that may occur during that 30 days.
- Monthly fee of \$0.30 plus H.S.T. (\$4.07 annually inclusive of H.S.T.).
- Estimated enrollment participation: 96-98% of approximately 145,000 residential customers.

Option 3: Universal Coverage Model

- All Residential customers are automatically enrolled for leak adjustment coverage and there is no waiting period.
- Monthly program charge could be added to the base water rate (i.e. water fixed daily charges would increase by one cent, \$3.65 annually).
- If incorporated into the fixed water charges, this would essentially represent a rate increase of 0.46% and customers would not see the program charge as a line item on their bill.

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- There would be a 10% discount off the opt-out fee from ServLine.
- Monthly fee of \$0.27 plus H.S.T. (\$3.66 annually inclusive of H.S.T.).
- Enrollment participation: 100% of approximately 145,000 residential customers plus new residential accounts as they occur.

ServLine works with 176 participating water utilities across 18 American states to help cover high water bill costs that result from leaking water pipes on a homeowner's property. Apart from six utilities, the utilities have elected to place a charge on the customer's bill for their leak protection coverage as an opt-out model (Option 2 above). Six utilities have incorporated leak protection into their base rate as a universal benefit adopting the universal coverage model (Option 3 above).

Staff has reviewed the model options, either with all residential customers participating (Options 2 and 3 above) or eliminate all customers from the current Policy and have eligible customers enroll individually in the enhanced ServLine leak protection program (Option 1 above). Except for residential rental property owners, all residential customers have been a part of the current Policy, so that the consequences of customers not enrolled in the ServLine program (because of lack of attention on the customer's part or some other issue) could be severe for those customers.

In discussions with Alectra, it has stated that it is unable to administer the program under Options 1 or 2.

The primary communication channel to advise customers of the changed Policy would be inserts that accompany residential customers' water bills. Bill inserts have traditionally been an efficient manner to reach the majority of a utility's customer base. The reality is that fewer and fewer consumers are receiving paper bills. Many consumers are opting for online billing from their utility. This is resulting in fewer people receiving a paper bill than in years past and consequently, the effectiveness of bill inserts for utility companies to share important information with customers is diminishing. Currently, Alectra e-bills 25% of Hamilton's approximately 145,000 residential water customers.

Additionally, approximately one-third of water customers are on a pre-authorized payment plan with Alectra. For those customers, the water bill is no longer an invoice that requires payment action as it has become essentially a statement of account resulting in some customers not paying close attention to the information that is on their paper bill or is enclosed as a bill insert. More than likely, a portion of the customer base would miss the notice information. Hence, a universal coverage approach would prevent those customers from "falling through the cracks" and facing an unexpected and expensive charge resulting from an eligible leak.

A universal coverage model would eliminate potential public relations concerns that would be associated with the opt-in model. For example, with opt-in, some customers may say they lost their paperwork, or they would have signed up but didn't know about the leak protection coverage or weren't properly notified. They may claim that they mailed in a sign-up form and it must have been lost by the utility. With this scenario, there is no decline participation documentation.

Ultimately the objective of the recommendation to adopt the Universal Coverage model is to improve the existing leak protection program and largely eliminate the full financial burden from leaks for eligible customers.

Rationale for Insurance-backed Leak Adjustment Policy

An enhanced leak protection program will provide greater benefits to all customers. Of course, some customers may pose the question of the cost of the enhanced Policy into customers' fixed charges when currently there is no unique user fee applicable to the current Policy. Firstly, the current Policy adjustment write offs that provide credits to customers' bills from eligible water leaks are an expense to the utility borne by all customers. The Rate supported budget is expected to recapture up to \$50 K annually in revenues associated with current Policy credit adjustments.

Additionally, when a customer had a leak that would have qualified for a bill adjustment under the current Policy, the customer still must pay 50% of the excess portion of the high water bill. Under the recommended universal coverage model eligible residential customers would no longer have to pay anything at all for an excess water bill from a qualifying repaired leak up to \$2,500 every two years.

All residential accounts established on or after June 1, 2018, must be opened and billed in the name of the registered owner(s) of the property and not the name of any tenant(s). This billing policy change was adopted, in part, so that with the water bill in the owner's name, potential water leakage would be more readily identified and repaired given that plumbing issues are the responsibility of the landlord. As previously mentioned, property owners of income-producing residential properties (landlords) are excluded from being eligible under the current Policy.

This landlord exclusion has been the basis of numerous complaints from landlords and has resulted in several delegations before the Audit, Finance and Administration Committee. However, under the revised Policy, bill adjustments would be paid through insurance funds and no longer by the customer and the City.

Financial Hardship of Water Leaks

As reported on April 8, 2021, in the latest Consumer Debt Index survey from MNP LTD, Canada's largest insolvency firm, just over half (53%) of Canadians surveyed said they are at most \$200 per month away from being unable to pay all their monthly bills and debt obligations. Approximately, 30% of Canadians reported they are already insolvent, with no money left at the end of the month to cover their payments, according to the survey.

In recent years, the average adjustment under the current Policy has been approximately \$400 reflecting the City's 50% share of the excess water costs. The customer's 50% share of \$400 (or where they are not eligible under the Policy the customer bears the full cost of \$800), creates a significant financial burden that many customers cannot address with an optional payment arrangement resulting in unpaid water arrears being transferred to the tax roll. Note with each tax roll transfer an administration charge is applicable (2021 rate is \$40.70 including HST) and the transferred arrears will be subject to interest being applied at a rate of 15% per annum.

Case Study One

Staff reviewed leak forgiveness inquiries received in recent years with many illustrating the shortcomings of the current Policy including an inquiry that was received via the resident's Ward Councillor office.

An elderly property owner (80 years old) who has lived in the same home for nearly the past four decades experienced a very high water bill in July 2020 amounting to \$1,700 (water and wastewater / storm combined). A leaking toilet was readily identified as the source of the leakage and repaired. However, a submitted leak adjustment request was denied as per the Policy as a leak adjustment was approved and credited to the owner's water account in May 2013 (\$600 leak amount evenly shared between the customer and the City). Alectra further noted that a leak adjustment request submitted in spring 2016 (\$400 water bill) for the same account was similarly denied due to the one lifetime adjustment per account limitation of the current Policy.

With the revised Policy, a qualifying leak would be adjusted back to the customer's average bill over the previous 12 months. The cost for this service under the universal coverage model is \$3.65 annually, for up to \$2,500 in protection every two years. In the case study, the customer has paid \$1,300 out of the total \$1,600 incurred with three leak occurrences experienced over a seven year period. Under the proposed leak protection program, the customer would be relieved of costs exceeding their average bills resulting in savings of \$1,600. At an annual cost of \$3.65 (includes HST), it would take over 27 years to pay \$100 in leak protection premiums (incorporated into the customer's fixed charges).

Customer Service

An objective for the City remains to inform Hamilton homeowners about preventing water waste to conserve water while saving money. Customer communications regarding the ServLine leak protection program will include leak prevention and detection information, when possible. This will provide the City the opportunity for educational outreach regarding tips to prevent water leaks and how to find them when invariably they do occur at no cost to the City as ServLine pays 100% for all leak protection program communications. It should be noted, that all ServLine communication materials must be approved by the City. Customers are educated on their responsibility and given peace of mind that a cost-effective solution to manage the risk is in place.

Case Study Two

An inquiry from a resident's Ward Councillor received by staff in January 2021 demonstrates that many residents have trouble in identifying the sources of water leakage and / or in having the related plumbing issues repaired.

An elderly property owner (96 years old) unknowingly had a leaking toilet that initially resulted in the owner's typical monthly water bills of \$30 to double. The owner diligently monitoring the property's water bills hired a plumber to identify and address the property's leak(s). However, despite two expensive repair calls the leaking toilet progressively worsened over a seven month period and culminated in a large water bill in January 2021 amounting to nearly \$500. A submitted leak adjustment request was denied as per the Policy as a leak adjustment was approved and credited to the owner's water account in October 2016 (\$290 leak amount evenly shared between customer and City). Subsequently, customer contact with the Ward Councillor's office sought clarification regarding the Policy's one lifetime adjustment per account limitation, as well as, notably a request for a plumber recommendation.

SLWC Contractor Network Access

Alectra staff is in regular contact with customers regarding high water bills providing leak detection tips that assist many customers to identify and resolve water leaks. However, situations like Case Study Two unfortunately occur far too often.

Customers with ServLine coverage will have the option to access SLWC's local contractor network to find water leakage and / or repair water leak(s) at the customer's home. Customers would contact ServLine via a dedicated 1-800 toll free number and, where interested, the customer service agent will provide a "warm transfer" to SLWC's customer repair agents who would recommend one of their local network contractors. ServLine has advised that discounted rates may be available once the ServLine leak protection program is established in Hamilton and there is a better understanding of requested leak detection / repair volumes.

Calling an unknown contractor from the internet to address a problem in the home can be risky. SLWC network contractors are fully vetted, licensed and insured with work performed carrying a one year warranty. There can be many financial risks of using unlicensed contractors including poor quality work and non-permitted work.

Homes rely on water, as long as its safely contained in a pipe, sink, tub, or appropriate appliance, like a dishwasher. Plumbing leaks, unfortunately, are common even in newer houses and it is likely that every house will suffer from at least one. What is more, not all leaks are obvious. In fact, they can be awfully insidious, making it crucial to catch and repair a leak as soon as possible. Enhancing the City's Policy with ServLine insuring and administering leak adjustments, would provide customers a freedom of worry from an unexpected financial burden when hit by a water leak.

Water and Wastewater Infrastructure Support Community Improvement Plan

The Policy currently provides qualifying leak adjustments to owner-occupied residential accounts specifically and not to residential rental properties.

In August 2020, Council approved a by-law to designate a CIP for the Water and Wastewater Infrastructure Support Community Improvement Plan. This incorporated two existing assistance programs: the Residential Protective Plumbing Subsidy Program and the Lead Water Service Replacement Loan Program. The CIP also enabled extension of the programs to rental dwellings by ensuring that such extension does not constitute bonusing under the Municipal Act, 2001.

The Water and Wastewater Infrastructure Support Community Improvement Plan also provided a policy structure for the potential addition of other related water and wastewater programs in the future, though such additions would require an amendment to the CIP. Recommendation (e) of Report FCS21087 / LS21037 provides direction to staff to bring forward a report before the Planning Committee to amend the Water and Wastewater Infrastructure Support Community Improvement Plan to allow the revised Policy to be extended to residential rental properties.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS21087 / LS21037 - City of Hamilton Water Leak Adjustment Policy

Appendix “B” to Report FCS21087 / LS21037 - Confidential Legal Memo

JS/BB/dt