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Revised Water Leak Adjustment Policy

FCS21087/ LS21037

WATER SUPPLY - PROPERTY OWNER RESPONSIBILITIES

- Responsible for the water service line from the water curb valve to the structure.
 - Responsible to keep their home's water lines and plumbing system in good working order.
- ★ Even a well maintained home can experience water leaks from time to time resulting in unexpectedly high water bills.

HAMILTON'S CURRENT WATER LEAK ADJUSTMENT POLICY

- Established in 1997 by the Region
- Addressed the financial inequity that existed between metered and non-metered accounts with respect to the financial impact of plumbing failures.
- By 2005 universal metering was completed, Policy remained in effect
- High water bills resulting from an unintentional water leak remain and can present financial hardship to a customer
- **Water leak bill adjustments since 2002**
 - **over \$1.84 M**
 - **approximately 3,600 approved requests**

CURRENT WLA POLICY MODEL

- The WLA is a cost shared model whereby the bill adjustment amount or credit provided by the City is equal to half (50%) of the water consumption amount above the average of the similar period from the previous year. The customer is responsible for the remaining 50%.
- Residential and not-for-profits are eligible
- Residential rental property owners (landlords) and Commercial are not eligible
- One-time only adjustment per owner

CASE STUDY ONE

- July 2020 - Elderly homeowner received \$1,700 water bill related to a leaking toilet
- Ineligible for leak adjustment due to leak adjustment received in May 2013 (\$600 leak share evenly between City and customer)
- Account had also experienced a \$400 water bill in spring 2016
- Customer has paid \$1,300 of \$1,600 incurred with three leaks
- With revised WLA Policy, \$1,600 would be paid by ServLine
- At \$3.65 annual cost, it would take over 27 years to pay \$100 in leak protection premiums (incorporated into the customer's fixed charges)

CHALLENGES WITH CURRENT WLA POLICY

- 1) Customer Affordability of 50% Share
- 2) One-time only Adjustment per owner
- 3) Residential Rental property owners are not eligible

ENVIRONMENTAL SCAN

- A number of Ontario municipalities have adopted cost shared WLA policies modelled on Hamilton's Policy
- Unique leak adjustment product being offered by a service provider named ServLine by HomeServe (ServLine)
- ServLine provides a turn-key service of administering an insurance backed water leak adjustment program to water utilities
- 176 water utilities across 18 American states are ServLine partners

- ServLine is a subsidiary of HomeServe USA which is also the parent company of Service Line Warranties of Canada (SLWC)
- ServLine has partnered with Assurant Canada and Technology Insurance Company to act as program underwriters who would have an insurance policy with the utility. Both are “A” Rated, highly-regulated, insurance companies.
- ServLine will administer all aspects of the program on behalf of both parties

POLICY ENHANCEMENTS

	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 covers 100% of excess charges up to \$2,500
Customer Eligibility	Homeowners only with owner occupancy	All homeowners including rental residential properties

REVISED WLA POLICY MODEL OPTIONS

Policy Model Options	Option 1	Option 2	Option 3
Model Type	Opt-In	Opt-Out	Universal
Automatic Enrollment	No	Yes	Yes
Monthly Premium (plus H.S.T.)	\$0.52	\$0.30	\$0.27
Annual Premium (incl. H.S.T.)	\$7.05	\$4.07	\$3.66
Estimated Enrollment *	35%	97%	100%
* approximately 145,000 active residential accounts			

RECOMMEND UNIVERSAL COVERAGE MODEL

- All Residential customers are automatically enrolled for leak adjustment coverage at the lowest cost
- Universal coverage prevents customers from “falling through the cracks” and facing an unexpected and expensive charge resulting from an eligible leak
- Universal coverage model eliminates potential public relations concerns that would be associated with the opt-in model
- Alectra has stated that is unable to administer the program under Options 1 or 2

CUSTOMER SERVICE

- Ongoing objective for the City remains to inform Hamilton homeowners about preventing water leaks to conserve water while saving money
- Customer communications regarding the ServLine leak protection program will include leak prevention and detection information when possible
- Customers are educated on their responsibility and given peace of mind that a cost-effective solution to manage the risk is in place
- ServLine has dedicated staff to provide outstanding customer service and a simple and seamless claims experience
- ServLine will handle all leak-related calls, claims, and questions

CASE STUDY TWO

- Fall 2020 - Elderly homeowner unknowingly had a leaking toilet resulted in typical monthly water bills of \$30 to double
- Following two plumber service calls, leak worsens over 7 month period culminating in Jan 2021 water bill of nearly \$500
- Ineligible for leak adjustment due to leak adjustment received in October 2016 (\$290 leak share evenly between City and customer)
- Customer has paid \$1,300 of \$1,600 incurred with three leaks
- Customer contact ward councillor for plumber recommendation as leak still not addressed

SLWC CONTRACTOR NETWORK ACCESS

- Customers with ServLine coverage will have the option to access Service Line Warranties of Canada's local contractor network to find water leakage and/or repair water leak(s) at the customer's home
- When requested, ServLine 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

COMMUNICATION STRATEGY

- Bill Inserts to accompany December residential water bills to alert residents to new WLA program with ServLine as administrator
- News release announcing enhancement of City's WLA Policy in partnership with ServLine as administrator
- Update City and Alectra websites with revised WLA Policy
- Flyers that can be provided to Municipal Service Centres and Councillor offices
- Use City social media such as Twitter to increase awareness
- Communications materials for Council and City/Alectra customer service staff

REPORT RECOMMENDATIONS

- (a) That the revised Water Leak Adjustment Policy effective January 1, 2022, attached as Appendix “A” to Report FCS21087 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 Recommendation (a) of Report FCS21087, 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.

REPORT RECOMMENDATIONS

- (e) That staff be directed to undertake an amendment to the Water and Wastewater Infrastructure Support Community Improvement Plan to implement Recommendation (a) of Report FCS21087 / LS21037, so the revised Water Leak Adjustment Policy 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.



THANK YOU