



Hamilton

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

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	May 31, 2023
SUBJECT/REPORT NO:	Hamilton Water and Wastewater Customer Assistance Programs (FCS23045) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Katie Black (905) 546-2424 Ext. 6415 John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That staff report back in Q3 2023 to the Audit, Finance and Administration Committee regarding a Water and Wastewater Rebate Program for Low Income Persons;
- (b) That the subject matter respecting an assessment of existing customer programs currently available to Hamilton water, wastewater and storm ratepayers, be identified as complete and removed from the General Issues Committee Outstanding Business List.

EXECUTIVE SUMMARY

At its meeting of January 25, 2023, Council approved the following motion:

“That staff be directed to assess the existing subsidy provision available to Hamilton residents in relation to the City’s water, wastewater and stormwater rate-based services in order to enable the City of Hamilton to meet its existing and future asset management provisions to uphold the integrity of the infrastructure.”

The purpose of Report FCS23045 is to outline existing customer assistance programs currently available to Hamilton water, wastewater and storm ratepayers and to explain how the current Rate supported utilities arrears funding is being utilized.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

On an ongoing basis, staff assesses ratepayers' ability to pay current water and wastewater / storm billings. Ability-to-pay is primarily a function of income related to the cost of living. Fixed costs, such as housing, property taxes, utilities and other necessities take a smaller share of household income for households with higher income levels.

Another measure of affordability may be to review water bill delinquency rates. Per the City's Arrears Policy, unpaid water and wastewater / storm arrears that remain unpaid 60 days past the invoice due date are transferred to the property's tax roll. Alectra reports this metric within their annual service activity report (for details refer to Report FCS22077).

From 2017 to 2022, the number of unpaid arrears tax roll transfers has essentially doubled with approximately 20,000 transfers in 2022. With respect to transferred arrears amounts, about \$2.3 M was transferred in 2017 and \$4.4 M in 2022 (over 90% increase in arrears transfer value versus 25% increase in rates). The increase in arrears transfers since 2017 is most concerning as approximately 90% of arrears transfers are related to residential accounts. Prior to 2017, a significant portion of arrears transfers were associated with large commercial / industrial accounts.

The Consumer Price Index (CPI) rose 6.8% on an annual average basis in 2022 and the increased cost of living has further exacerbated the affordability challenges experienced by residents. There has been a sharp increase in arrears transfers in Q1 2023 versus Q1 2022. The number of arrears transfers has increased by nearly 23% and the associated arrears transfer amount has increased by 28% while the approved combined rate increase for 2023 is 6.49%.

Combined water and wastewater / storm rates are forecast to increase by an average of 10% annually between 2024 to 2032, compared to an annual average increase of 4.7% over the past decade. Consequently, the 2023 average residential annual bill of \$877.30 will more than double to \$2,070.85 by 2032 raising concerns that affordability will become an even greater challenge for Hamilton residents.

As income level increases are not keeping pace with market increases, the increased water and wastewater / storm rates will greatly impact a low-income households' ability to cover this forecasted increased expense. This could put additional burden on families forced to make a choice between paying rent, utilities, purchasing food or other daily expenses on a limited income.

Hamilton currently offers a number of programs and policies that assist Hamilton residents' affordability with respect to water and wastewater related expenditures (for details refer to the Analysis and Rationale for Recommendations section of Report FCS23045) including:

- Water and Wastewater "Lifeline" Residential Rate Structure
- Water Payment Arrangement Policy
- Water Leak Adjustment Policy
- Protective Plumbing Program

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- Sewer Lateral Management Program
- Lead Water Service Replacement Loan Program
- Residential Water and Sewer Line Warranty Protection
- SLWC Cares Program

In addition, the water, wastewater and stormwater Rate Supported Budget includes a transfer of \$500 K to the Housing Services Division Tax Operating Budget for customer financial assistance. Within the Housing Stability Benefit (HSB) Program, administered through Housing Services Division, households in receipt of Social Assistance, both Ontario Works (OW) and Ontario Disability Support Program (ODSP), as well as, those who are living with low income can apply for assistance with the cost of utility arrears. For a number of reasons, detailed in the Analysis and Rationale for Recommendations section of Report FCS23045, the Rate supported allocation has been utilized to provide electric and natural gas utility arrears assistance rather than water / wastewater utility arrears assistance.

User fee principles support the notion that water, and wastewater / storm fees should fund only related program expenditures. Therefore, the historical budget allocation to the HSB Program could be considered to be repurposed for an assistance program that would benefit ratepayers.

Several Ontario municipalities offer water and wastewater credit program for low and / or fixed income residential customers to assist with affordability challenges. As Hamilton currently does not offer a similar assistance program, it is recommended that staff undertake a review of municipal water credit programs and report back to the Audit, Finance and Administration Committee on the feasibility of a potential credit program for low / fixed income residents.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The Rate supported budget has historically allocated \$500 K intended for water and wastewater arrears assistance that would be provided under the Housing Stability Benefit in the Housing Services Operating budget.

Recommendation (a) to Report FCS23045 directs staff to report back to the Audit, Finance and Administration Committee regarding the development of a water / wastewater rebate program for low income persons that, if approved, would be included in the 2024 Rate Supported Budget.

Staffing: N/A

Legal: N/A

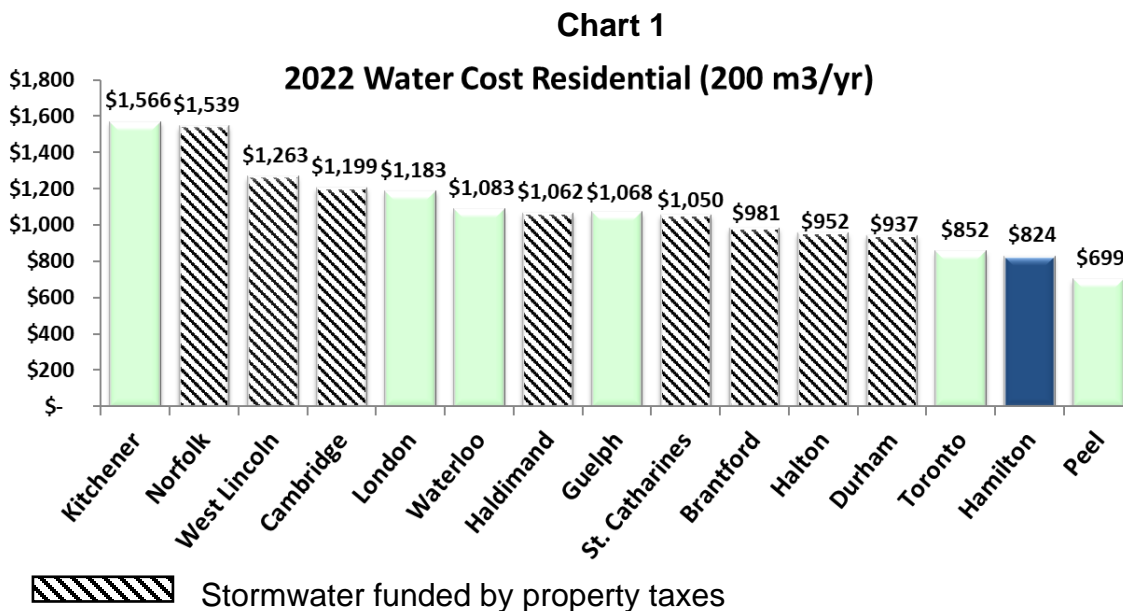
HISTORICAL BACKGROUND

Since 2014, Hamilton has adopted a unique residential rate structure (applicable to individually metered residential accounts with meter size < 25mm) that incorporates a two-step inclining block structure where the first block would be considered a “lifeline rate” as the block 1 consumption is billed at 50% discounted rates (for further details on Hamilton’s lifeline rate structure refer to the Analysis and Rationale for Recommendations section of Report FCS23045).

The 2023 approved variable water and wastewater / storm rates illustrate the discounted lifeline pricing:

Consumption Charge Block 1 (0-10 cubic metres/month)	\$0.98
Consumption Charge Block 2 (>10 cubic metres/month)	\$1.96
Treatment Charge Block 1 (0-10 cubic metres/month)	\$0.98
Treatment Charge Block 2 (>10 cubic metres/month)	\$1.96

As a direct result of the lifeline residential rate structure, the Hamilton average residential customer’s annual water and wastewater / storm costs compares favourably to neighbouring municipalities as reflected in Chart 1 to Report FCS23045.



Given the relatively lower costs for Hamilton residential water customers, there may be a perception that affordability may not be a significant concern. However, on an ongoing basis, staff assesses ratepayers’ ability to pay current water and wastewater / storm billings. Ability-to-pay is primarily a function of income related to the cost of living. Fixed costs, such as housing, property taxes, utilities and other necessities take a smaller share of household income for households with higher income levels.

A review of BMA Management Consulting's 2021 Municipal Survey (participation by 114 Ontario municipalities) indicates that while Hamilton's median household income of \$100,036 is below the survey median \$103,024, Hamilton's average residential water and wastewater annual bill of \$785 represents 0.8% of household income that compares favourably to the survey average of 1.1%. With the forecasted average annual increases of 10% from 2024 to 2032, it is expected that the residential water bill will increase to approximately 1.6% of household income by 2032, assuming incomes will increase at the Bank of Canada projected rate of inflation over that time period.

Another measure of affordability may be to review water bill delinquency rates. Per the City's Arrears Policy unpaid water and wastewater / storm arrears that remain unpaid 60 days past the invoice due date are transferred to the property's tax roll. Alectra reports this metric within their annual service activity report (for details refer to Report FCS22077).

From 2017 to 2022, the number of unpaid arrears tax roll transfers has essentially doubled with approximately 20,000 transfers in 2022. With respect to transferred arrears amounts, about \$2.3 M was transferred in 2017 and \$4.4 M in 2022 (over 90% increase in arrears transfer value versus 25% increase in rates). The increase in arrears transfers since 2017 is most concerning as approximately 90% of arrears transfers are related to residential accounts. Prior to 2017, a significant portion of arrears transfers were associated with large commercial / industrial accounts.

Table 1 to Report FCS23045 provides a summary of the 2022 unpaid arrears tax roll transfers by municipal ward. Nearly a third of the total transfers and associated transfer amount of \$4.4 M that occurred throughout 2022 are associated with Wards 3 and 4 accounts. These two wards have average household income well below the overall City average income of \$87,775 (2015). It may be surmised that Wards 3 and 4 may have a disproportionate number of rental homes (historically, one in three residential tenant account billings were not paid with arrears transferred to the property tax roll). It should be noted that residential accounts established on or after June 1, 2018 are opened and billed in the name of the registered owner(s) of the property and not to a tenant(s) and, as such, identification of accounts associated with residential rental properties is not known.

Other wards experienced tax roll transfers representing less than 8% of the total transfers. Presumably, it would be expected that there would be a strong correlation between income and arrears transfer frequency. However, Ward 12 with the highest average income experienced transfers representing nearly 8% of the City total, the highest arrears transfer rate of wards with incomes exceeding the City average.

Of note, one factor that may be contributing to increasing tax roll transfers is, unlike with some other utilities (natural gas and electricity), service disconnection is not utilized to address unpaid water bills in Hamilton. A number of neighbouring water utilities employ service disconnection within their collection policies.

Table 1

2022 Unpaid Arrears Tax Roll Transfers

Ward	Number of Transfers	% of Total Transfers	Value of Transfers	% of Total Value	*Avg. Household Income (2015)
1	1,406	6.8%	\$ 275,448	6.3%	\$ 75,762
2	1,372	6.6%	\$ 377,427	8.6%	\$ 51,190
3	3,547	17.1%	\$ 833,527	18.9%	\$ 54,269
4	2,355	11.4%	\$ 471,182	10.7%	\$ 66,128
5	917	4.4%	\$ 237,523	5.4%	\$ 66,755
6	1,281	6.2%	\$ 262,641	6.0%	\$ 85,514
7	1,637	7.9%	\$ 309,381	7.0%	\$ 76,818
8	1,183	5.7%	\$ 223,798	5.1%	\$ 85,828
9	1,233	6.0%	\$ 252,965	5.7%	\$ 108,602
10	1,446	7.0%	\$ 322,572	7.3%	\$ 106,049
11	904	4.4%	\$ 153,396	3.5%	\$ 105,468
12	1,566	7.6%	\$ 332,278	7.5%	\$ 150,262
13	368	1.8%	\$ 70,913	1.6%	\$ 113,930
14	846	4.1%	\$ 158,611	3.6%	\$ 95,966
15	656	3.2%	\$ 125,132	2.8%	\$ 136,351

*Source: Open Hamilton, Household Income by Ward

The Consumer Price Index (CPI) rose 6.8% on an annual average basis in 2022 and the increased cost of living has further exacerbated the hardships experienced by residents. There has been a sharp increase in arrears transfers in Q1 2023 versus Q1 2022. The number of arrears transfers has increased by nearly 23% and the associated arrears transfer amount has increased by 28% (the approved combined rate increase for 2023 is 6.49%).

Additionally, payment arrangements can be viewed as a leading indicator of arrears transfers as a percentage of payment arrangements will default resulting in further arrears transfers to the tax roll. There has been a sharp increase in the number of payment arrangements since April 2022 coinciding with increasing interest rates. Year-to-date, there has been a 75% increase in the total number of deferred payments over the same time period in 2022.

Combined water and wastewater / storm rates are forecast to increase by average of 10% annually between 2024 to 2032, compared to an annual average increase of 4.7% over the past decade. Consequently, the 2023 average residential annual bill of \$877.30 will more than double to \$2,070.85 by 2032 raising concerns that affordability will become an even greater challenge for Hamilton residents.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Public Works – Hamilton Water Division and Healthy and Safe Communities – Housing Services Division have been consulted and support the recommendations in Report FCS23045.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The City currently offers a number of programs and policies that assist Hamilton residents' affordability with respect to water / wastewater related expenditures.

Water and Wastewater “Lifeline” Residential Rate Structure

In January 2014, the City implemented a number of changes to its water and wastewater rate structure including the adoption of a two-step tiered pricing structure applicable for single residential customers. The first tier, or consumption block, incorporated a “Lifeline Rate.” Lifeline rates are targeted subsidies based on the consumption level of households, i.e. subsidized rates for a first block of consumption to cover basic needs.

Strengths of implementing lifeline rates intended to assist with providing affordable access to basic water and wastewater services include:

- Lifeline rates are considered fair and necessary to provide basic levels of service to those on low / fixed incomes.
- They are considered as an instrument of social policy and as a way to increase the purchasing power of those on low / fixed incomes.
- Lifeline rates are seen as one of many instruments that governments can use to mitigate the burden of increased fees those on low / fixed incomes.
- Restricting the price subsidy to the initial block of consumption offers a less costly alternative to across-the-board price subsidies while preserving the universal protection feature.
- Lifeline rates provide an incentive for large consumers to economize on use.
- Lifeline rates are easy to implement at minimal administrative costs.

Hamilton's Lifeline rate applicable for single residential customers (with meters up to 21mm in size) includes the following features:

- Block 1 (Lifeline Block) – comprised of the first 10m³ of consumption per month
- Block 1 (Lifeline Rate) – the reduced rate has been set at 50% of the standard volumetric rate for example, in 2023 the water volumetric rate is \$1.96/m³ with the Block 1 rate at \$0.98/m³

Consequently, for 2023, the average residential customer annual water and wastewater / storm cost amounts to \$877.30 (based on annual water consumption of 200 m³). In the absence of the Block 1 lifeline rate the average residential customer would experience annual water and wastewater / storm costs of \$1,112.50 (over 25% higher).

Based on an online literature review, Hamilton may be unique in Ontario with respect to having incorporated a lifeline rate within its water / wastewater rate structure.

Water Payment Arrangement Policy

In March 2017, Council approved a Water and Wastewater / Storm Billing Payment Arrangement Policy (Policy) (refer to Report FCS17029). The Policy provides Payment Extensions and Payment Arrangements which are a reasonable measure to ensure the City recovers water and wastewater revenue without creating undue hardship for customers. The Policy includes a provision for Special Payment Arrangements for specific customer circumstances such as low / fixed incomes, financial hardship and other extraordinary circumstances (for details refer to Appendix “A” to Report FCS23045). By entering into payment arrangements, customers have more time to pay outstanding balances.

Additionally, payment arrangements can be viewed as a leading indicator of arrears transfers as a percentage of payment arrangements will default resulting in further arrears transfers to the tax roll. There has been an increase in the number of payment arrangements since April 2022 coinciding with increasing interest rates.

Water Leak Adjustment Policy

The City’s Water Leak Adjustment Policy (WLAP) was amended by Council in October 2021 (refer to Report FCS21087 / LS21037). The purpose of this Policy is to provide limited financial relief to owners of metered rental and owner-occupied residential properties to address abnormally high-water bills associated with water leaks due to plumbing failures. Appendix “B” to Report FCS23045 provides details of the WLAP.

The amended WLAP provides access to financial assistance up to \$2.5 K once every 24 months to pay unexpected high water bills due to plumbing leaks and to ensure those leaks are fixed in a timely manner. Providing assistance also supports housing affordability challenges that arise due to unexpected repair and sudden water bill increases.

Hamilton has been a leader in providing a leak protection program with some form of a program in place since 1997. Based on available records since 2002, \$1.99 M in leak credit adjustments related to nearly 3,850 claims. In 2022, nearly \$124 K in water leak credit adjustments related to 171 claims were processed. Reflecting community outreach efforts to raise awareness of the revised WLAP, as of May 1, 2023, already \$105 K of water leak credit adjustments has been provided for 133 claims.

Protective Plumbing Program

The Residential Protective Plumbing Subsidy Program (Program) was initially adopted by Council in September 2009, (Report PW09082). The Program provides guidance and financial assistance to existing residential property owners in the urban area seeking to undertake improvements to their eligible properties that will reduce the potential for basement flooding due to sewer surcharge. Residential properties that are owner-occupied or rented and attached to the municipal sewer system are eligible for the program provided the proposed works conform to the Ontario Building Code. The Program provides grants of up to \$2 K and an additional loan of up to \$2 K for works that exceed the grant amount.

The Program covers the following works:

- Assessment of the building's drainage system, including a closed-circuit television (CCTV) inspection;
- Installation of a new approved backwater valve (replacements are not eligible);
- Installation of a new sump pit and pump when installed in conjunction with an approved backwater valve (replacement of existing sump pumps is not eligible);
- Disconnection of downspouts.

Since the Program inception, over \$19 M in grant funding has been provided for the installation of approximately 11,700 backwater valves and over 300 downspout disconnections. The Program 2023 Budget is \$750 K.

Sewer Lateral Management Program

Since 2006, the City offers a Sewer Lateral Management Program (SLMP) to assist property owners with eligible structural repairs, replacement or rehabilitation of the public portion of the sewer lateral that runs within the public right-of-way from the property line to the main sewer.

When the private portion is affected by roots from a City-owned tree and the property owner chooses to replace and / or rehabilitate the entire private portion, the owner may be eligible for a one-time reimbursement from the City for a portion of the costs, up to a maximum allowance as stated in the City's Sewer and Drain By-law.

Between 2014-2022, approximately \$2.9 M in grant funding has been provided to assist nearly 2,500 residential properties. The SLMP 2023 Budget is \$300 K.

Lead Water Service Replacement Loan Program

The City's Lead Water Service Replacement Loan Program (Program) has been offered since October 2007 with the purpose to provide eligible homeowners with the opportunity to access funding, through an interest-bearing loan from the City, to assist homeowners to reduce their potential risk of exposure to lead in tap water that could be coming from their private lead water service line.

In May 2020, the Program has been amended to provide access to zero interest loans for eligible low-income residential property owners (for details refer to Report FCS19025(a)). Zero-interest loans will be granted to property owners of owner-occupied dwellings who have qualified for low-income energy customer programs such as the Low-Income Energy Assistance Program or the Ontario Electricity Support Program.

The Program provides loans up to \$3 K to assist residential property owners to replace their lead water line. The loan, including applicable interest, is transferred to the owner's monthly water bill for a maximum 10-year repayment period. Once the private water service has been upgraded, if necessary, the City replaces the public section of the water service pipe from the property line to the water main. Since Program inception over 2,600 loans have been issued providing approximately \$5.6 M in financing.

Residential Water and Sewer Line Warranty Protection

In April 2014, Council endorsed the awarding of a contract with Service Line Warranties of Canada, Inc. (SLWC) to offer Hamilton residents an optional water and sewer line warranty program that provides repair coverage for residential water service lines, sewer laterals and interior plumbing and drainage (for details refer to Report FCS12044(a)).

The SLWC warranty program offered in Hamilton includes three distinct coverages:

- Sewer Line Warranty – Covers the cost of repairing broken, leaking or clogged outside sewer lines.
- Water Line Warranty – Covers the cost of repairing broken or leaking outside water lines. It should be noted that the Water Line Coverage also includes thawing frozen water lines.
- In Home Plumbing and Drainage Warranty – Covers the cost of repairing broken, leaking or frozen water or sewer lines inside the house, including drain lines connected to the main sewer stack. This does not cover faucets or fixtures, venting issues or gas lines.

A key objective for the City has been to inform Hamilton homeowners about public versus private ownership of water and sewer lines. The City continues to be proactive in helping homeowners prepare and / or protect themselves against potential large expenses. The partnership formed with SLWC has met the intention of public education and to also let residents know what options they have to protect themselves from potential liabilities resulting from service line failures.

The warranty program has currently 13,735 warranty plan enrollments. There have been approximately 10,400 claims from Hamilton residents amounting to nearly \$4.3 M in cost avoidance for residents. The City was SLWC's first Canadian partner and since 2014 has grown as 69 Ontario and five Alberta municipalities have now joined Hamilton in becoming SLWC partners.

SLWC Cares Program

Recognizing that everyone needs some help occasionally, SLWC takes pride in giving back to the people and communities it serves. As such, a new assistance program has been developed known as the SLWC Cares program with the objective to assist qualified homeowners with free repairs when they are faced with a plumbing service emergency. SLWC arranges for emergency repairs, at no cost to the homeowner, through SLWC's network of local, licensed and qualified contractors.

As a SLWC partner community, Hamilton residents who may be eligible for pro bono plumbing work, can apply to SLWC Cares at: <https://info.servicelinewarranties.ca/slwc-cares>. In order to assist SLWC in raising awareness of the Cares program, information regarding the program has been added to the City's website. Staff in Hamilton Water and Healthy and Safe Communities have also been advised of the Cares program and have advised community partners as well.

Over the past two years, while the Cares program was under development, SLWC has completed three pro-bono plumbing repairs for Hamilton homeowners experiencing significant hardship and unable to address plumbing issues affecting their health and safety.

Housing Services Division Support Programs

The City's Utilities Arrears Program (UAP) was created in 2003 to assist all low-income residents of Hamilton with utility arrears payments related to service disconnection and / or for security deposits.

Historically, the Water, Wastewater, Stormwater Rate supported budget has allocated \$500 K intended for water and wastewater arrears assistance to the Housing Services Division Budget. The UAP has undergone many changes since inception to improve efficiencies and to maximize funding. In 2013, with the elimination of the previous Community Start-Up and Maintenance Benefit (CSUMB) benefit under Ontario Works and the implementation of the Community Homelessness Prevention Initiative (CHPI) under the Provincial Ministry of Municipal Affairs and Housing (MMAH), the HSB program was created as a housing stability and homelessness prevention program to replace the CSUMB, using a combination of CHPI and Levy funds. At that time, the distinct UAP and the Rate supported allocation of \$500 K were rolled into the HSB, as an eligible item. In April 2022, with the elimination of the MMAH CHPI program and inception of the MMAH Homelessness Prevention Program (HPP), the HSB is now funded through a combination of HPP and Levy contributions.

In addition to HSB, in 2021, Council approved the creation of the Rent Ready (RR) program in response to anticipated pressures on rental households resulting from the COVID-19 pandemic. Given the financial burden the pandemic created on the ability to maintain rent and utility payments, it was anticipated that households would require supports in excess of maximum amounts available under the HSB in order to maintain their precarious housing.

RR operates in a similar process to HSB, while filling the gap between HSB maximums and actual arrears/need presented by households.

HSB and RR are available to:

- Households in receipt of Social Assistance (both OW and ODSP); and
- Those living with a low income (based on current Low Income Measure (LIM)).

Households requiring support to maintain their vulnerable housing or secure new housing after experiencing a housing crisis/homelessness are able to apply for HSB / RR.

Eligible items under HSB include: rent arrears; last month's rent deposit; utility arrears and disconnection / reconnection fees; utility deposits; moving costs; appliance replacement; beds; and bed bug management items. Utilities include hydro, fuel (natural gas, oil, etc) and water.

Eligible costs under RR include: first month's rent deposit; last month's rent deposit; utility arrears and disconnection / reconnection fees; and utility deposits. Utilities include hydro, fuel (natural gas, oil, etc), water and wastewater.

Under HSB, families can apply for the maximum amounts as follows:

- Single individuals or couples with no children: maximum of \$800 within a 24-month period;
- Families with children: maximum of \$1,500 within a 24-month period.

Under RR, no maximum amounts exist and support is assessed based on the reasonableness that the family will be able to maintain or secure their housing if funds were to be issued.

Households in receipt of OW can apply by submitting a request to the Housing Services Division, where staff assesses eligibility based on set procedures. If utility assistance is approved, funds are paid directly to the utility company. Households in receipt of ODSP or living with low income can apply by submitting a request to the Housing Help Centre Hamilton, where staff assesses eligibility based on set procedures. Similarly, approved utility funds are paid direct to the utility company.

For 2023, HSB has a total budget of \$4,433,910 with three funding sources:

1. Rate Supported budget – \$500 K
2. MMAH HPP funding – \$979,910
3. Tax Supported Levy – \$2.954 M

For 2023, the Rent Ready program has a Tax Supported Levy contribution of \$1,045,037.

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The 2023 Budget combined available funds is \$5,478,947.

Chart 2 to Report FCS23045 shows actual funds issued to eligible households under the HSB and RR programs for the past five years prior to recoveries.

Chart 2

Year	HSB	RR	Total
2022	\$2,283,491	\$2,740,693	\$5,024,184
2021	\$2,281,936	\$1,164,223	\$3,446,159
2020	\$2,126,777	N/A	\$2,126,777
2019	\$4,240,505	N/A	\$4,240,505
2018	\$4,009,549	N/A	\$4,009,549

As previously noted, the Rate supported budget has historically allocated \$500 K intended for water and wastewater arrears assistance that would be provided under the HSB. However, the Rate supported allocation has been utilized to provide primarily electric and natural gas utility arrears assistance and not towards water and wastewater arrears.

Arrears payment assistance provided under the HSB is related to unpaid arrears resulting in service disconnection that may be undertaken by electric and natural gas utilities. Typically, such collection action would not be undertaken until several months of arrears have accumulated. It should be noted, that per Ontario Energy Board directives, electric and natural gas utilities are not allowed to disconnect service during the heating season of November to May.

Per the City's Water and Wastewater / Storm Arrears Policy, unpaid water and wastewater / storm arrears that remain unpaid 60 days past the invoice due date are transferred to the property's tax roll. Hence, the arrears payment assistance provided under the HSB would not be associated with water and wastewater / storm arrears as service disconnection is not a collection activity allowed under the City's Arrears Policy.

Often the arrears payment assistance provided under the HSB is related to residential tenants and not necessarily for property owners. Electric and natural gas Utility companies permit bills to be in the name of tenants who are responsible for payment. The *Municipal Act* permits the City to add the unpaid water bills to the property owner's tax roll, even if it is a rental and the owner does not live there so that property owners must pay any outstanding water fees. Furthermore, all residential water and wastewater / storm accounts established after June 2018, must be billed in the name of the property owner(s).

User fee principles support the notion that water and wastewater / storm fees should fund only related program expenditures. Therefore, the historical budget allocation of \$500 K to the HSB Program could be considered to be repurposed for an assistance program that would benefit water and wastewater ratepayers.

Municipal Water Credit Programs

Several Ontario municipalities offer water and wastewater credit program for low and/or fixed income residential customers to assist with affordability challenges. The credit programs are often based on property tax rebate programs to reduce administration costs.

Table 2 to Report FCS23045 provides a sample of water and wastewater credit program for low income persons currently being offered by Ontario municipalities.

Table 2

Municipality	Name of Program	W/WW/Storm	Max Amount (Annual)	Qualifier	* Average Annual Bill
Barrie	Low-Income Household Water/Wastewater Relief	W / WW	\$ 360	Total annual household income below set threshold depending on number of people living at the residence	\$ 1,150
Newmarket	Water Rebate Program	W / WW	\$ 454	Low income persons receiving one of GIS, ODSP, OW	\$ 1,314
Niagara Falls	Water Account Rebate	Water	\$ 102	Low income persons receiving one of GIS or ODSP	\$ 1,039
Port Colborne	Low-Income Seniors Grant	WW	\$ 244	Low-income senior receiving GIS	\$ 1,644
Thunder Bay	Water Credit Program for Low-Income Seniors & Persons	Water	\$ 200	low-income person receiving GIS or ODSP and less than \$45.7K annual household income	\$ 1,315

*Water and Sewer Costs, 2022 BMA Municipal Study

Staff is recommending that a review be undertaken to determine the feasibility of implementing a Water and Wastewater Credit Program for Low Income Persons and to report back to the Audit, Finance and Administration Committee once the review has been completed.

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.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS23045 – Water and Wastewater / Storm Billing Payment Arrangement Policy

Appendix “B” to Report FCS23045 – Water Leak Adjustment Policy

KB/JS/dt