Committee Direction:
The Audit and Administration Committee has directed staff to report on the current Water and Wastewater Arrears Policy.

Information:
It is proposed that City Staff will work with Horizon Utilities Corporation (HUC) to reinstate the City’s previous practice whereby, a property owner can direct that their water and wastewater bills be issued to another person, such as a tenant or property manager.

On the City’s behalf, the billing agent (HUC) will only accommodate such a request provided that a property owner completes and signs an Authorization Agreement to Bill Tenant (refer to Appendix “A” to report FCS07053).

The balance of this report is to provide the details of the current Water and Wastewater Arrears Policy as administered by the City of Hamilton’s (City) water and wastewater contracted billing agent, Horizon Utilities Corporation (HUC).

Water and Wastewater Account Collection Process

1. Accounts are issued with a due date of 16 days from the mailing date. Interest begins to be charged 6 days after the due date compounded daily from the due date (current rate is 19.56% per annum).

2. Accounts that fall into arrears follow one of two collection protocols depending on the account’s arrears profile of the preceding 12 month period (refer to Table 1
and 2 below). These collection protocols apply for residential, commercial and industrial water accounts and provide:

a. reminders to account holders of their financial obligation;
b. ample opportunity for payment; and
c. the City with tools needed to safeguard its' water revenue.

Table 1: Water Account Collection Protocol 1 - Accounts without prior 12 month arrears history

<table>
<thead>
<tr>
<th>Progressive Steps</th>
<th>Circumstance</th>
<th>Response Outcome</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Account outstanding 10 calendar days beyond due date</td>
<td>“Past Due Notice” mailed to account holder on the 10th day</td>
<td>Payment of amount due or account remains outstanding</td>
</tr>
<tr>
<td>2</td>
<td>Account outstanding 17 calendar days beyond due date</td>
<td>“Interruption of Service Notice” is mailed to account holder on the 17th day</td>
<td>Payment of amount due or account remains outstanding</td>
</tr>
<tr>
<td>3</td>
<td>Account outstanding 60 calendar days beyond due date</td>
<td>“Final Notice” is mailed to property owner on the 60th day advising of pending action if payment not received within 15 days</td>
<td>Payment of amount due or account remains outstanding</td>
</tr>
<tr>
<td>4</td>
<td>Account outstanding 90 calendar days beyond due date</td>
<td>Outstanding amount transferred to property tax account</td>
<td>City water revenue secured</td>
</tr>
</tbody>
</table>

Table 2: Water Account Collection Protocol 2 - Accounts with prior 12 month arrears history

<table>
<thead>
<tr>
<th>Progressive Steps</th>
<th>Circumstance</th>
<th>Response Outcome</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Account outstanding 10 calendar days beyond due date</td>
<td>“Interruption of Service Notice” is mailed to account holder on the 17th day</td>
<td>Payment of amount due or account remains outstanding</td>
</tr>
<tr>
<td>2</td>
<td>Account outstanding 60 calendar days beyond due date</td>
<td>“Final Notice” is mailed to property owner on the 60th day advising of pending action if payment not received within 15 days</td>
<td>Payment of amount due or account remains outstanding</td>
</tr>
<tr>
<td>3</td>
<td>Account outstanding 90 calendar days beyond due date</td>
<td>Outstanding amount transferred to property tax account</td>
<td>City water revenue secured</td>
</tr>
</tbody>
</table>
Customer Notifications

**Past Due Notice** – mailed to account holder of accounts, without prior 12 month arrears history, 10 calendar days after the due date. This notice provides a reminder to the account holder of the overdue status and request for payment within 7 calendar days.

**Interruption of Service Notice** – mailed to account holder of accounts, without prior 12 month arrears history, 17 calendar days after the due date (21 calendar days for accounts with prior 12 month arrears history). This notice provides notice of account overdue status and notification that water and wastewater arrears constitute a lien against the property and any outstanding arrears amounts may be applied to the City’s property tax roll in accordance with Section 398 (1) and (2) of the Municipal Act. By-Law R84-026 passed by the Regional Municipality of Hamilton-Wentworth provides the authority to collect water and wastewater arrears in the same manner as property taxes by transferring arrears amounts to the tax roll.

**Final Notice** – mailed to property owner of all water and wastewater accounts 60 calendar days after the due date. This notification advising of the past due water/wastewater arrears and advises of a two week period for the payment to be made. HUC’s property owner database is updated on a monthly basis with the City’s Taxation department’s records.

Disconnection of water service for delinquent accounts does not occur under the current arrears policy.

**Rental Properties**

Where a landlord-tenant relationship exists, the protocols outlined in Tables 1 and 2 above are followed. Where the tenant is named as the account holder, the Past Due and Interruption of Service notifications will be received by the tenant. The Final Notice advising of the potential transfer of arrears to the property tax roll is sent to the landlord only as the property owner.

**Authority To Transfer Arrears To Tax Roll**

The enactment of the Municipal Act, in January 2003, established as a matter of law a municipality’s ability to hold a property owner responsible for water arrears, regardless of the consumer. Section 398 (2) of that Act provides that a municipality may, from January 1, 2003, and onwards, add unpaid water charges to the respective property’s tax roll.

Further to this, Ontario Regulation No. 440/02 identifies such fees or charges associated with the supply of water as having ‘priority lien status’ such that, when added to a property tax roll because of payment default, these fees/charges:

(a) may be collected in the same manner as taxes on the property;

(b) may be recovered with costs as a debt due to the municipality from the assessed owner of the property at the time the fee was added to the tax roll and from any
subsequent owner of the property or any part of it;

(c) form a special lien on the property in the same manner as taxes under subsection 349 (3) of the Municipal Act, 2001; and

(d) may be included in the cancellation price under Part XI of the Municipal Act, 2001 in the same manner as are taxes on the property, in the event that a Tax Arrears Certificate is registered on title of the property.

By-Law R84-026 passed by the Regional Municipality of Hamilton-Wentworth provides the authority to collect water and wastewater arrears in the same manner as property taxes by transferring arrears amounts to the tax roll.

______________________
Joseph L. Rinaldo
General Manager
Finance and Corporate Services
Appendix “A” to FCS07053

Hamilton

AUTHORIZATION AGREEMENT TO BILL TENANT

Water and Sewer Account: ________________________________________________

Service Address: _______________________________________________________

I, (We) _______________________________________________________________

(Print Name of Owner(s))

of _________________________________________________________________

(Address)

(City) ______________________ (Province) ______________________ (Postal Code)

declare as follows:

1. I (We) are the Owner(s) of the property at the above noted Service Address.

2. I (We) rent the property to a tenant.

3. I (We) request that the City of Hamilton bill the tenant directly for all water and sewer rates and other charges attributable to the above property, including interest.

4. If the Tenant defaults in payment, all rates and charges shall be recoverable against me(us) as a debt owed to the City of Hamilton, or by any legal remedy afforded by statute.

5. All rates and charges shall be a lien on my (our) interest in the property pursuant to the Municipal Act, 2001, S.O. c.25, s. 398 (2) and By-Law No. R84-026.

6. I (We) undertake to inform the City of Hamilton of all Tenant(s), Occupant(s) and/or Owner(s) changes (including address) and accept responsibility for providing the initial meter reading for the new tenant(s).

7. This agreement is non-transferable and must be renewed for any and all Ownership changes.

8. I (We) specifically acknowledge and agree to the City of Hamilton’s right to revoke this agreement for any reason and to revert the account to me (us) as registered owner(s) for payment of all services and any outstanding balance.

__________________________________________  ______________________________________
Owner(s) Signature(s)  (Print Tenant Names)

Owner(s) Telephone:  Tenant(s) Telephone:

Work ( ) ____________________  Work ( ) ____________________

Home ( ) ____________________  Home ( ) ____________________

Date:  Occupancy Date:

CONTACT INFORMATION:

To be provided by Horizon Utilities.
Water & Wastewater Arrears Policy

Audit & Administration Committee
April 18, 2007
Water & Wastewater Arrears

Current Policy

• Water and wastewater arrears policy administered by City’s billing agent, Horizon Utilities Corporation (HUC)
• Accounts that fall into arrears follow one of two collection protocols depending on account’s past year arrears profile
Water & Wastewater Arrears

Accounts without prior 12 month arrears history

- **10 days past due date** – “Past Due Date Notice”.
- **17 days past due date** – “Interruption of Service” (Hydro – interruption only).
- **60 days past due date** – “Final Notice” (15 days to take action prior to transfer to tax roll).
- **90 days past due date** – Transferred to tax roll.
Water & Wastewater Arrears

Accounts with prior 12 month arrears history

• **17 days past due date** – “Interruption of Service” (Hydro – interruption only).

• **60 days past due date** – “Final Notice” (15 days to take action prior to transfer to tax roll).

• **90 days past due date** – Transferred to tax roll.
Authorization Agreement

- Propose City Staff to work with HUC to reinstate “Authorization Agreement to Bill Tenant”.
  - property owner can direct billing of water and wastewater services to another person, such as a tenant or property manager.
Water & Wastewater Arrears

Agreement Highlights

• All billings directed to the person named by the property owner.
• Property owner ultimately remains liable.
• All ownership and tenant information provided by property owner.