

**CITY OF VAUGHAN**  
**EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 20, 2021**

Item 5, Report No. 16, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on April 20, 2021.

**5. ACCIDENTAL WATER LEAK ADJUSTMENT POLICY**

**The Committee of the Whole recommends:**

- 1) That the recommendation contained in the report of the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer and the Deputy City Manager, Public Works dated April 13, 2021, be approved; and**
- 2) That the following be approved in accordance with Communication C1, Memorandum from the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer dated April 13, 2021:**
  - 1. That an additional recommendation be added as follows:**
    - 1.1) “THAT consideration for an adjustment for an accidental water leak that occurred between December 1, 2018 through until the effective date of the Accidental Water Leak Adjustment policy BE APPROVED, subject to conditions of the policy.”**

**Recommendation**

- 1. That the Accidental Water Leak Adjustment Policy for residents, residential tenant account holders and not-for-profit customers, as contained in Attachment 1 to this report, be approved.**

## Committee of the Whole (2) Report

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**DATE:** Tuesday, April 13, 2021

**WARD(S):** ALL

**TITLE:** ACCIDENTAL WATER LEAK ADJUSTMENT POLICY

**FROM:**

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

Zoran Postic, Deputy City Manager, Public Works

**ACTION:** DECISION

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**Purpose**

To review and approve a policy to authorize financial adjustments for residents, residential tenant account holders and not-for-profit organizations who have experienced an accidental water leak.

**Report Highlights**

- Vaughan does not currently have a water leak adjustment policy and does not provide financial help for customers who have experienced a leak.
- A new accidental water leak policy will provide some financial assistance to those who have experienced a failure of plumbing devices.

**Recommendation**

1. That the Accidental Water Leak Adjustment Policy for residents, residential tenant account holders and not-for-profit customers, as contained in Attachment 1 to this report, be approved.

**Background**

A “leak” is defined as an unintentional water loss caused by broken and/or malfunctioning plumbing fixtures and/or pipes within a residence or building. A leak occurs when there is a failure of the plumbing system to do what it was designed to do. Water leaks can quickly lead to a large water bill.

The City of Vaughan recognizes that accidental high-water bills can create a hardship to customers. Further, a customer's inability to pay for all consumption as measured by the water meter could lead to penalties and collection charges. Arrangements to spread costs over a longer period can be made by speaking to an Alectra representative but the arrangement does not reduce amounts owing as a result of a water leak.

The Cities of Hamilton and Guelph were identified as two municipalities that currently have water leak adjustment policies. Hamilton has had a policy for close to 20 years and Guelph implemented a policy in 2018. Both cities calculate the adjustment by comparing additional water consumption to average consumption with approved adjustments credited to the customer's Alectra Utilities Inc. (Alectra) account. Vaughan has used Hamilton's and Guelph's policies to develop a new proposed policy.

### **Previous Reports/Authority**

N/A

### **Analysis and Options**

The City of Vaughan's Accidental Water Leak Adjustment policy is intended to provide residential, residential tenant account holders and not-for-profit organizations (the "customer") who utilize City water services, limited financial assistance for the repair of water leaks on private property. Commercial, industrial and income producing residential rental property owners are not eligible under the Policy.

Vaughan will work closely with Alectra to manage the intake of customer inquiries, investigation of leaks, proof of repairs, and application for and approval of water leak adjustments. To qualify for an adjustment, the customer will need to provide proof that the leak was found and repaired. Proof would be by means of an invoice from a plumber of parts needed for the repair. A subsequent meter read will be done once the leaks have been repaired to ensure a return to a regular consumption pattern. The customer will need to complete an application and attach invoices to formally request a water leak adjustment.

Forgiveness is limited to one adjustment per account per premise with a cap of \$5,000 per adjustment. Bill adjustments will only be granted where water usage exceeds 2 times (200%) the average of the similar billing period from the previous year with a maximum adjustment period of 120 calendar days from the last bill date. The bill adjustment amount is equal to half (50%) of the water consumption amount above the average of the similar billing period from the previous year. The following two examples provide an illustration of how the adjustment is calculated.

**Example 1**

<b>Period</b>	<b>Consumption (m3)</b>	<b>Bill Amount</b>
May 1 - Jun 30 2020	20	\$94.01
May 1 - Jun 30 2021	80	\$376.06

**Does 2021 consumption exceed 2020 by 200%?**

**Yes**

**Adjustment calculation**

Accidental usage in 2021	\$376.06
Normal average usage from 2020	\$94.01
Amount exceeding normal usage	\$282.04

**Adjustment amount  
(50% of amount exceeding normal usage)**

**\$141.02**

***Customer will receive a credit of \$141.02 on their water and wastewater account***

**Example 2**

<b>Period</b>	<b>Consumption (m3)</b>	<b>Bill Amount</b>
May 1 - Jun 30 2020	250	\$1,175.18
May 1 - Jun 30 2021	2500	\$11,751.75

**Does 2021 consumption exceed 2020 by 200%?**

**Yes**

**Adjustment calculation**

Accidental usage in 2021	\$11,751.75
Normal average usage from 2020	\$1,175.18
Amount exceeding normal usage	\$10,576.58

**Adjustment amount  
(50% of amount exceeding normal usage)**

**\$5,288.29**

**Maximum adjustment**

**\$5,000.00**

***Customer will receive a credit of \$5,000.00 on their water and wastewater account***

There are several restrictions associated with the policy and no adjustments will be approved when:

- Usage above the customer's average monthly consumption is due to activities including watering of sod, gardening, filling swimming pools or whirlpools and washing vehicles as this represents water knowingly used by the customer;
- Water loss due to theft, vandalism or construction damage will not be covered under the Policy. Resolving these issues is the responsibility of the customer;
- Claims for leaks in unoccupied and/or vacant premises (for 72 hours or more). For extended absences, customers should consider shutting off the water supply (with the exception where water is used for heating purposes) and draining all the pipes and appliances; and
- Claims associated with a "catch-up" bill following a minimum of 2 consecutively estimated bills.

### **Financial Impact**

Reviewing Hamilton's experience indicates that between the years 2012 and 2017 total average annual adjustments were approximately \$59,000. Hamilton switched from bi-monthly to monthly billing for residential accounts in 2018 meaning that leaks would be identified earlier as meters would be read and billed on a 30-day cycle versus a 60-day cycle. This switch to monthly billing resulted in a decrease in total average adjustments over the 2018 - 2019 period to approximately \$43,000 per year.

As Vaughan has no history associated with water leak adjustments, it is impossible to predict annual adjustment costs. Looking at Hamilton's experience and assuming Vaughan's experience will be somewhat similar implies that adjustments will be in the \$50,000 to \$100,000 range per year.

Approved adjustments would be credited to customer accounts resulting in a decrease in total revenue which will directly impact the water and wastewater reserves. There is no allowance in Vaughan's current rate structure to collect funds specifically for water leak forgiveness. A review of policy guidelines and limits will be conducted after a period of time to gauge the financial impact of financial adjustments.

### **Broader Regional Impacts/Considerations**

N/A

### **Conclusion**

A new accidental water leak policy will provide the authority to adjust customer water and wastewater accounts after leaks have been repaired. Residents will be required to complete a formal application and provide proof of repair in order to qualify for an adjustment.

**For more information**, please contact:

Michael Coroneos, Deputy City Manager Corporate Services, City Treasurer & Chief Financial Officer

Dean Ferraro, Director of Financial Services and Deputy City Treasurer

**Attachment**

1. Accidental Water Leak Adjustment Policy, Policy Number 12.C.13.

**Prepared by**

Sean Skinkle, Finance Manager, Water/Wastewater/Stormwater. Ext 8486.

**Approved by**



Michael Coroneos  
Deputy City Manager  
Corporate Services, City Treasurer  
& Chief Financial Officer

**Reviewed by**



Jim Harnum, City Manager



Zoran Postic  
Deputy City Manager  
Public Works

# THE CORPORATION OF THE CITY OF VAUGHAN

## CORPORATE POLICY

**POLICY TITLE:** ACCIDENTAL WATER LEAK ADJUSTMENT

**POLICY NO.:** 12.C.13

<b>Section:</b>	Finance & Budgets		
<b>Effective Date:</b>	Click or tap to enter a date.	<b>Date of Last Review:</b>	Click or tap to enter a date.
<b>Approval Authority:</b> Council	<b>Policy Owner:</b> DCM, Corporate Services & CFO		

### POLICY STATEMENT

The City of Vaughan's Accidental Water Leak Adjustment policy provides residential, residential tenant account holders and not-for-profit corporations who utilize City water services, financial assistance regarding the repair of accidental water leaks on private property, excluding any water leaks in the water service pipe.

Institutional, commercial, industrial and income producing residential rental property owners are not eligible under this policy.

Under this policy, customers can request adjustments to water and wastewater consumption charges after the accidental leak has been repaired by completing the Accidental Water Leak Adjustment Request Form.

### PURPOSE

To provide an opportunity for customers to request an adjustment to water and wastewater consumption charges where an accidental leak has been repaired in the water system on the customer's side of the water meter in a reasonable timeframe.

### SCOPE

The City's Accidental Water Leak Adjustment policy provides limited financial relief to eligible customers to address abnormally high water and wastewater bills associated with accidental plumbing failures.

The policy allows for staff to address those instances when an eligible metered water customer receives an abnormally high bill as a result of an accidental plumbing failure. Though the customer is responsible to repair leaks on service plumbing, it is

recognized that a high water and wastewater bill resulting from an unintentional water leak can present financial hardship to a customer.

The policy provides the opportunity to educate the consumer about the impact of water leaks while ensuring the financial impact of the increased water consumption is partially mitigated.

#### LEGISLATIVE REQUIREMENTS

None.

#### DEFINITIONS

1. **Account:** A unique account created by Alectra that stores and records current and historical water and wastewater billing and contact information for each premise in the City.
2. **Alectra:** Alectra Utilities Corporation.
3. **Income Producing Residential Rental Property:** Exists where the property owner registered on title is different than the occupant and/or where a property pays business taxes and/or the property is registered as a short-term rental with the city of Vaughan.
4. **Leak:** An accidental water loss caused by broken and/or malfunctioning plumbing fixtures and/or pipes within a residence or building. A leak occurs when there is a failure of the plumbing system to do what it was designed to do.
5. **Not-for-Profit:** Not-for-profit corporations are incorporated under the Ontario Corporations Act as organizations that carry on activities without the purpose of gain for its members and any profits to the corporation.
6. **Residential Tenant:** A residential tenant of a residential rental property who is the water and wastewater account holder with Alectra and where the premise has a water meter to measure water consumption.
7. **Unoccupied:** A dwelling and/or building in which occupants are absent from the property for a time period of 72 hours or more, due to such matters as vacations or prolonged illness.
8. **Vacant:** Regardless of the presence of furnishings, a vacant dwelling and/or building means the occupants have moved out with no intent to return. A newly constructed dwelling and/or building is also considered to be vacant after it is completed and before the occupants move in. A dwelling and/or building is also vacant when the occupants move out and before any new occupant moves in.



- 9. Water service pipe:** the pipe on private property which conveys potable water from a City watermain to the inside of the building on the property.

## **POLICY**

### **1. General Information**

- 1.1.** An adjustment may occur only after all leaks have been repaired and verified with an actual water meter read by City staff or the City's billing agent, Alectra. Obtaining an actual meter reading may be necessary, within a minimum of two weeks, to verify whether leaks have been repaired and usage has returned to normal.
- 1.2.** Reasonable efforts (including hiring a plumber) to locate the leak and initiate repairs must be taken by or on behalf of the customer within 60 calendar days after receiving the water bill indicating the leak or through initial notification of increased water usage provided to the customer by Alectra. Where possible, on a best effort basis, Alectra will attempt notification through a courtesy call to the customer to advise and discuss higher than normal water consumption, mailing of a "high water usage" letter, and/or issuance of a field activity work order to verify meter readings.
- 1.3.** The customer must complete in full the Accidental Water Leak Adjustment Request Form and provide documentation of repairs made prior to being approved for an adjustment within 120 calendar days after the date of final repair(s). The form can be found online at [www.vaughan.ca](http://www.vaughan.ca).
- 1.4.** There is no extension of the due date or the time for paying water and wastewater bills because of a pending adjustment request. Customers are advised to pay the entire amount due with the normal payment period or enter into a payment arrangement with Alectra for the excessive amount in order to remain in good standing on all current billings.
- 1.5.** Reimbursements will only occur when an adjustment request is granted.

### **2. Criteria and Calculation**

Leak adjustments are discretionary and will only be granted as follows:

- 2.1.** If an adjustment is granted, this is a one-time only adjustment per owner per property for active accounts.
- 2.2.** Adjustments will only be for a maximum adjustment period of 120 calendar days (60 calendar days prior and 60 calendar days after receiving the water bill indicating increased water usage).

2.3. Water usage must exceed two times (200 percent) the average of the similar billing period from the previous year. If no history is available, meter readings will be obtained to project normal usage. If projection is not possible, actual consumption of similar customers will be used to determine normal usage for the adjustment calculation.

2.4. Adjustments will be based on 50 percent of the water consumption amount exceeding the average of the similar period from the previous year.

2.5. Adjustments will be capped at \$5,000 (maximum combined water and wastewater adjustment).

2.6. Approved adjustments will be credited to the water and wastewater account.

### **3. Exclusions**

No adjustments will be granted due to any of the following:

3.1. Usage above the customer's average monthly consumption is due to seasonal usage including, but not limited to, the following watering of sod, gardening, filling swimming pools or whirlpools and washing vehicles or other uses where the customer is aware (or ought to be aware) of water consumption.

3.2. Water loss is due to theft, vandalism or construction damage as the responsibility to resolve these issues lies with the customer.

3.3. The leak was caused by a third party from whom the customer is able to recover their costs.

3.4. The dwelling and/or building is/was unoccupied and/or vacant for 72 hours or more. Customers have the responsibility to ensure the dwelling's condition does not contribute to a failure of the plumbing system (e.g. ensure that heating has been maintained). For extended absences, customers should consider shutting off the water supply (except where water is used for heating) and draining all the pipes and appliances.

3.5. There is a higher-than-normal water and wastewater bill as a result of a 'catch-up' for estimated water usage. Actual meter readings are necessary for bills to reflect actual higher water usage to trigger the associated leak detection and any subsequent leak repairs. Customers are advised on their water bill if the billing is based on an estimated read. Customers need to provide timely response and/or access to the property to allow for maintenance to metering equipment to eliminate estimated readings. The associated delay in obtaining an actual reading, occasionally results in unbilled consumption once an actual read is eventually obtained.

#### 4. Appeals

- 4.1. Within 30 days of being given notice of decision on the water leak adjustment, those who are not satisfied with the result may submit a request for appeal to the City.
- 4.2. Appeals must be submitted in writing indicating reason(s) why there is a disagreement with the adjustment amount. Appeals should be sent to:  
City of Vaughan  
Attention: Financial Services, Water Leak Appeal  
2141 Major Mackenzie Drive  
Vaughan, ON L6A 1T1
- 4.3. Appeals will be reviewed by the Deputy City Managers of Corporate Services, City Treasurer and Chief Financial Officer and Public Works departments (or their delegates) to ensure the adjustment amount was applied as prescribed in this policy.
- 4.4. A written response indicating City's decision will be sent to account holder
- 4.5. Subsequent appeals will not be considered, as the decision made under the appeal process will be final.

#### ADMINISTRATION

*Administered by the Office of the City Clerk.*

<b>Review Schedule:</b>	3 Years If other, specify here	<b>Next Review Date:</b>	Click or tap to enter a date.
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<b>Related Policy(ies):</b>	
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<b>Related By-Law(s):</b>	
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<b>Procedural Document:</b>	PRC.25 – Accidental Water Leak Adjustment
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#### Revision History

<b>Date:</b>	<b>Description:</b>
Click or tap to enter a date.	