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To: Mayor and Council

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RE: Elimination of Residential Tenant Water Billing and Revised Shut-off Procedures

Report No.: FS-2021-17

RECOMMENDED ACTION

That Council eliminate the option for residential tenant water and wastewater billing, effective January 1, 2022.

And that, any existing residential tenant customer accounts shall remain active until they vacate their dwelling.

And that, the Town shall discontinue the use of shut-offs as a collection tool for residential accounts, and instead transfer of any unpaid water and wastewater charges to the property's tax roll. Such transfers will occur once an account is two or more bills in arrears and will be subject to \$25 administrative fee.

And that, the Town will continue to offer water and wastewater billing for commercial tenants, however, staff are authorized to shut-off the water to any commercial accounts which are two or more bills in arrears.

BACKGROUND

The Town of Kingsville's current water and wastewater billing policy allows a tenant to receive a water bill in his or her name, if they provide one of the following;

- i) A \$100 - \$250 deposit, or
- ii) A tenant guarantee form

Deposit amounts vary depending on the services provided and type of account. Upon the final billing of a tenant account, tenant deposits are refunded net of any outstanding charges.

In lieu of a deposit, a tenant can ask any property owner in the Town of Kingsville to sign a form to "guarantee" payment of their account. The guarantor must be in good standing on their accounts with the Town.

If there is an outstanding balance when a tenant closes their account, the Town will make reasonable attempts to follow up with the tenant for payment. However, if the tenant fails to pay, the outstanding balance will either be transferred to the property tax roll of the landlord (where a deposit has been provided) or the guarantor (where applicable).

Section 398 of the *Municipal Act, 2001* provides the Town with the authority to add any uncollected charges for water to the tax roll of the property to which the supply was made and collect the charges in the same manner as municipal taxes. The Town has utilized this legislation to ensure collection of both tenant and owner occupied water accounts since 2009.

DISCUSSION

The Town currently has 8,600 water accounts, with approximately 430 of those belonging to tenants. Although tenant accounts represent only 5% of total water accounts, they consume a disproportionate amount of administration and staff time. There are a number of factors which contribute to this;

- 1) High account turnover. Tenants tend to move more frequently than owner occupied dwellings. Every time new occupants takes possession of a home, a staff member has to physically visit the property to read the meter. Administration then issues a manual "final" bill and follow up on collection. In 2020, the Town issued 527 final water bills, 24% of those bills related to rental properties.
- 2) Increased collection efforts. Once a tenant leaves, they are difficult to track down. It is not uncommon for tenants to move out without informing the Town, in which case there is no address to send the final bill. In contrast, when a property owner moves out, staff can usually work with the buyers or sellers lawyer to ensure collection.
- 3) Landlords are often unexpectedly stuck with their former tenant's bill. As noted above, the Town's current billing practice often results in unpaid charges being applied to the tax roll of the property owner. Landlords are usually very frustrated to learn they are responsible for their tenant's unpaid water bills, resulting in lengthy and heated discussions with staff.
- 4) Tenant - Landlord disputes. It is not uncommon for staff to find themselves caught in disputes between tenants and landlords when it comes to responsibility for bill payments. This is especially difficult when leaks are present and each

party is blaming the other. In some cases, the landlord has failed to address leaky plumbing and the tenant is expected to pay a significant water bill. In other cases, the tenant has failed to report leaks, resulting in large unpaid balances to be assumed by the landlord.

Other factors that contribute to higher administration of tenant accounts include;

- i) Coordinating the collection and tracking of water deposits and / or tenant guarantees.
- ii) Processing and mailing of refund cheques when the deposit exceeds the final water bill.

It should be noted that due to the additional administrative burden associated with tenant water accounts, the Towns of LaSalle, Lakeshore and Amherstburg no longer offer this service.

Given the operational challenges and inefficiencies, Administration is recommending that Council eliminate the option for residential tenant water and wastewater billing, effective January 1, 2022. If approved, Administration would inform rental property owners of this change through a direct mailing. Going forward, residential landlords will be encouraged to build the cost of water and wastewater services into their lease agreements.

To minimize disruption of this policy change, all existing tenant accounts would be 'grandfathered', so there would be no impact on existing lease agreements.

Administration would be supportive of continuing to offer water and wastewater billing services for commercial tenants, however, Administration would recommend shortening the current shut-off period from 3 outstanding bills (7 months in arrears) to just 2 outstanding bills (4 months in arrears). Further Administration would amend the current commercial tenant set up application to require the landlord to sign-off on an acknowledgement of their potential liability in the event of their tenant's default.

Shut-offs

The Town's current collection strategy involves shutting off the water to properties which are 3 or more bills in arrears. On average, this process consumes 2 working days per month, and is incredibly stressful on both staff and residents.

In lieu of shut-offs for residential properties, Administration recommends that once an account is 2 or more bills in arrears, the outstanding balance should be transferred to the property's tax roll, plus a \$25 administrative fee.

LINK TO STRATEGIC PLAN

Effectively manage corporate resources and maximize performance in day-to-day operations.

Link to Council 2021-2022 Priorities

- ☐ COVID-19 and the health and safety of the community
- ☒ Customer Service: Training, Technology, Staff, Review Standards/Level of service
- ☐ Housing: Affordability (lot sizes, developer incentives, second dwellings, density, etc.)
- ☐ Greenhouse: lights & dark sky, odours (site plan compliance, bylaws, other tools)
- ☐ Programming Increase: Youth and Seniors
- ☐ A development plan for Downtown Kingsville / Main Street
- ☐ Financial savings: Schools closings, Migration Hall
- ☐ Economic Development: strengthen tourism/hospitality
- ☐ COVID - economic recovery
- ☐ Communications: Strategy – Policy (social media), Website refresh and other tools, Public engagement
- ☐ Housing: Migrant Worker Housing – Inspections (Building/Fire), regulate, reduce, or increase
- ☐ Committees / Boards: Review and Report
- ☐ Policy Update: Procedural Bylaw
- ☐ Economic Development: diversify the economy, create local jobs, industrial, Cottam
- ☐ Infrastructure (non-Municipal): Union Water expansion & governance
- ☐ Infrastructure (Municipal): Asset Management Plan update, the infrastructure funding deficit
- ☐ No direct link to Council priorities

FINANCIAL CONSIDERATIONS

The proposed changes will result in a \$1,600 reduction in ‘account set up fees’ and a \$3,000 reduction in ‘shut off charges’. It is anticipated that this lost revenue will be more than offset by the \$25 administration fee for transferring unpaid water balances to tax rolls.

More significantly, the proposed changes will result in substantial savings of staff time. The elimination of residential tenant water accounts should save a minimum of 200 hours per year in staff time. The changes to the shut off procedures should save an additional 180 hours. Based on current labour rates, these time savings would amount to approximately \$15,000.

If the recommended changes to tenant accounts were not approved, Administration will need to revise its current billing and collection practices to address the concerns brought forward by landlords. This will need to be addressed through more frequent

shut-offs (i.e. additional staff time) and / or the assumption of additional bad debts by the municipality. Both of these options would have adverse financial implications.

CONSULTATIONS

Water Department Staff

Town of LaSalle, Town of Amherstburg, Municipality of Lakeshore

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