

**TOWN OF LAKESHORE****FINANCE SERVICES**

**TO:** Mayor and Members of Council

**FROM:** Cheryl Horrobin, Director of Finance  
Patti Atkinson, Manager of Revenue

**DATE:** March 6, 2017

**SUBJECT:** Elimination of Tenant Water Billing

---

**RECOMMENDATION:**

It is recommended that Council:

1. Authorize administration to discontinue the process of registering water accounts in the name of a property tenant(s); and
2. Direct that water accounts be established under registered property owners; and
3. Rescind the Tenant Water Deposit policy; and
4. Approve the above actions to be effective as outlined in this report.

**BACKGROUND:**

The Town of Lakeshore's current policy and administrative process (attached) allow a property owner to authorize establishment of water accounts in the name of tenant(s) of their property.

Under the provisions of the Municipal Act, 2001, water and wastewater fees are a benefit of the property rather than the individual that requests or receives the service.

Section 398 of the Municipal Act 2001 explains the allocation of the fees and charges for the supply of a public utility, which are the responsibility of the property to which it is supplied and may be collected in the same manner as taxes. Ontario Regulation 581/06 governs this section which defines a public utility charge; and gives it priority lien status when added to the tax roll.

On May 22, 2001, Lakeshore Council adopted a policy to charge a tenant deposit of \$200 on water billings, effective June 1, 2001. That policy was last revised on August 9, 2011, to amend the Tenant Authorization Form that is signed by the property owner and the Tenant.

A further policy was adopted in 2001 for collection of water account arrears which provides for water shutoffs and or addition of water account arrears to property tax accounts; elimination of this policy is the subject of another report for Council's consideration on this meeting agenda.

### **COMMENTS:**

Administration has become aware that municipalities are moving away from allowing tenant accounts to be established, which has led to the review of current policy and procedures in the Town of Lakeshore. The results of that review are outlined in this report.

### **Considerations:**

1. Obligation to provide potable water:

Under the Health Protection and Promotion Act the owner of a residential building must provide potable water for the residents of the building.

2. Obligation to pay for potable water services:

The water customer for each property is the property owner. Lakeshore's current policy allows the property owner to authorize the tenant to receive the bill for water services; however, the property owner is ultimately responsible for providing and paying for that service.

3. Service level impact for allowing tenant accounts:

Since the implementation of the tenant deposit the Town's liability has grown from \$8,200 in 2001 to \$59,000 in 2016. The tenant list has grown from 41 accounts to 295 accounts to administer. There are a total of 258 different property owners.

Administration of tenant accounts includes:

1. The processing and coordination of paperwork to ensure that the Tenant Authorization Form is completed by both the tenant and the property owner;
2. The collection of the \$200 deposit before transferring account into tenants name;
3. Tracking and reconciliation of the tenant water account deposit listing as a municipal liability account;
4. Processing of the \$200 deposit against final water bills as they are issued;
5. Processing of refund cheques where final water bill is less than \$200 deposit on file;
6. Where applicable, the issuance of reminder notices to both the tenant and the property owner; and
7. Where applicable, the issuance of shutoff notices to both the tenant and the property owner.

### Why change the policy and procedure?

Administration of tenant water accounts provides a heavy workload to the municipality with no benefit to municipal services or general ratepayers.

Though at the time of writing there were just under 300 tenant accounts being administered, it is important to note that the above process for administering tenant accounts may occur multiple times on a single property within a year and over more than one year as tenants change (move out).

Only properties with tenant accounts benefit from the enhanced level of service required to administer those accounts; however, all ratepayers contribute to the cost of maintaining these accounts.

Some advantages of eliminating tenant billings:

1. As noted above, under the Municipal Act, the water usage costs have priority lien status for collection in a like manner as taxes. Holding all accounts in the name of the property owner would streamline and provide a consistent process management of water accounts for all properties within the Town.
2. Eliminate administration of tenant deposits.
3. Eliminate need to administer tenant changes for a property, resulting in final billing and tenant deposit administration.
4. Eliminating the additional workload associated with tenant water accounts would allow limited staff resources to focus more on general customer service demands.

A review of a number of other municipalities' practices shows a trend away from tenant billings for water accounts. Within Essex County, most lower-tier municipalities use services of their local electric utility provider for water account administration, and currently allow for tenant billings. However, LaSalle has recently insourced this function to reduce costs and have eliminated the tenant billing option.

The options to discontinue this billing process are as follows:

1. Grandfather existing tenants: As a tenant vacates a property, the final bill is issued to the Tenant and the account is placed in the Property owner's name for all future billings.
2. Grandfather existing tenants and refund their tenant deposit to the water account: This will reduce the need to reconcile the liability account. If the tenant does not pay their final bill, the bill will be added to the tax account of the service address. As the tenant vacates the property, the final bill is issued to the Tenant and the account is placed in the Property owner's name for future billings.

3. Eliminate all tenant accounts: Under this option, a defined transition period is determined and all tenant accounts are finalized and transferred into the name of the property owner(s).

Options 1 and 2 are not recommended, as they would not eliminate tenant accounts in the foreseeable future; therefore, no customer service efficiencies would be gained.

Administration recommends that tenant accounts for water usage be eliminated under Option 3. Property owners and current tenant accountholders will be notified of the change in policy and procedure with a timeframe for conversion of accounts from tenant to property owner.

For new accounts or requested changes to existing accounts, it is recommended that effective immediately, no further tenant water accounts be established. All new or changed accounts would be established in the name of the property owner(s).

For existing tenant accounts, property owners and tenant accountholders would be advised of the timing for the elimination of tenant accounts, which would coincide with the next water meter reading cycle as follows:

- Eastern areas and Belle River community will be read next in April 2017, with billings due in May 2017. (Accounts are read every 2 months, so the following reading would be June 2017, with billings due in July 2017).
- Former Maidstone and Rochester areas will be read next in May 2017, with billings due in June (Accounts are read every 2 months, so the following reading would be July 2017, with billings due in August 2017).

These readings would be used as the final read on the tenant account. The account holders would then be changed to the registered owner of property.

As the Town continues to experience increased growth and related customer service demands, the pressures on existing staff resources to provide a quality service level to all ratepayers becomes more challenging.

It is notable that many rental properties in the Town are currently on a single water meter and water accounts are registered under the property owner's name. Most multi-unit rental properties have water accounts registered in the property owner's name. It tends to be more single unit properties that would be affected by elimination of the tenant water billings.

Elimination of tenant water billing administration would provide a more equitable service level to all ratepayers of the municipality and assist in managing demands on current resources.

Administration recognizes that the change to the water billing process will affect rental property customers. Water bills will now be issued in the name of the property owners

only. The Town will continue to accept payments from tenants/non-owners, which will minimize the impact on the rental properties. And again, it is, and has always been, the property owner's responsibility to ensure that the water bills are paid on time.

**OTHERS CONSULTED:**

The Director of Engineering and Infrastructure Services and the Manager of Environmental Services were consulted.

**FINANCIAL IMPACTS:**

No negative financial impacts are expected as a result of eliminating tenant water billings.

Further, the streamlining of account administration is expected to relieve some pressure on the existing resource level for provision of customer service to all the water customers in the Town.

Prepared by:



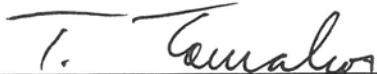
\_\_\_\_\_  
Patti Atkinson, BA, AMCT, CMTP  
Manager of Accounting Services

Reviewed by:



\_\_\_\_\_  
Cheryl L Horrobin, CPA, CA  
Director of Finance

Submitted by:



\_\_\_\_\_  
Tom Touralias, P. Eng., MBA  
Chief Administrative Officer

ATTACHMENTS: 1) Water Tenant Policy; 2) Water Tenant Authorization Form