

AGENDA  
COUNCIL  
**JUN 16 2014**  
10:00 AM

June 11, 2014

**REPORT TO:** F. C. MANSON, CHIEF ADMINISTRATIVE OFFICER  
**FROM:** L. BUTTERWORTH, DIRECTOR OF FINANCE  
**SUBJECT:** AMENDMENT TO THE UTILITIES ACCOUNT ADJUSTMENT POLICY  
**PURPOSE:** *Amend the utilities account adjustment policy (no. 6.13)*

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**EXECUTIVE SUMMARY:**

The utilities account adjustment policy was developed in 2002 to provide staff with a mechanism to adjust utility bills for customers who experienced large water leaks. Only one water leak adjustment was allowed in a 5-year period to encourage property owners to properly maintain their water systems.

At the March 3, 2014, regular meeting of Council, the following resolution was passed:

- 14-047      THAT the report from the Director of Finance dated February 18, 2014, entitled "Utility Leak Adjustments" be received;  
              AND THAT staff be directed to update the utilities account adjustment policy in accordance with Option 2(c) of the report from the Director of Finance dated February 18, 2014, entitled "Utility Leak Adjustments";  
              AND FURTHER THAT an amended Utilities Account Adjustment Policy 6.13 be brought forward for Council's consideration.

This report brings forward the revised policy as per the March 3, 2014, meeting of Council.

**RECOMMENDATIONS:**

1. THAT the report from the Director of Finance dated June 11, 2014, entitled "Amendment to the Utilities Account Adjustment Policy" be received.
2. THAT Council adopt the proposed Utilities Account Adjustment Policy No. 6.13 as amended and attached to the Director of Finance's report dated June 11, 2014.

**BACKGROUND:**

At the March 3, 2014, regular meeting of Council, staff was directed to update the utilities account adjustment policy in accordance with Option 2(c) of the Director of Finance's February 18, 2014, report. Council also requested that the leak adjustment administration fee be set at the estimated actual costs (staff and equipment) of making a leak adjustment.

Option 2(c) allowed for further leak adjustments within a 5-year period but to charge for any water used at a lower rate (suggested at \$0.50 per cubic metre) with a \$300.00 cap and

to adjust the application charge. Option 2(c) also recommended the removal of the leak amount from the sewer cost calculation when the leak does not flow into that system.

The staff and equipment costs are estimated at \$60 per leak adjustment for investigation, correspondence and adjustment and adjustment calculation.

#### OPTIONS:

1. Approve the proposed policy amendment as presented.
2. Refer the proposed policy amendment back to staff with direction for further change.
3. Maintain the status quo.

#### ANALYSIS:

1. Approval of the proposed policy amendment will allow further leak adjustments within a 5-year period with a lower rate and will still put some onus on the property owner to keep their water system in good condition to reduce further leaks. It will also reduce the burden of the high leak costs due to the escalating water rates from the tiered water rates as the rate would be fixed at a reasonably low amount and will charge the owner for the water used and cover the incremental costs of the extra water used. The proposed cap will prevent the bill from getting too far out of hand from an unnoticed water leak. Increasing the application fee to \$60 will cover the costs of staff time to investigate the leak and make the adjustment. Full leak adjustments are proposed for sanitary sewer charges if there is no water flow into the sanitary sewer system relating to the leak.
2. If Council is unsatisfied with the proposed policy, they may wish to refer it back to staff for additional review and incorporation of any changes suggested by Council.
3. Maintaining the current policy for utilities account adjustments will work for residents who have never had a water leak or who had one outside the 5-year period. The policy was designed before escalating water conservation rates were developed. For those that have a second leak before the end of the 5 year waiting period, the costs can be very high because of those escalating water rates. The purpose of the escalating water rates is to promote water conservation and was not intended to raise much higher revenues from water leaks. If a utility account has a water leak, it is likely accidental and not due to water abuse so it may not be appropriate to subject the leak to the tiered water rates. Ratepayers will continue to bring their requests for a second leak adjustment to Council for adjustment if the policy remains as it is. Also, the \$50 administration fee does not cover the actual costs of staff time to deal with the leak.

#### FINANCIAL IMPACT:

The proposed policy amendment will not affect current budget levels.



**FINANCIAL IMPACT:**

The proposed policy amendment will not affect current budget levels.

**STRATEGIC PLAN IMPLICATIONS:**

**Maintain or Enhance Quality of Life** - This policy change does not impact quality of life, although one could argue that reducing the charge for a second water leak enhances quality of life for the owners affected (i.e. less stress and more money in their pocket).

**Renewal and Maintenance of Infrastructure** - This policy change has no impact on City infrastructure as the leak occurs on private property.

**Maintain or Enhance Levels of Service** - No impact.

**Maintain or Reduce Actual Property Tax Burden** - This policy change has no impact on property tax burden. There is a slight increase in fees for processing a utility leak adjustment but the proposed policy reduces the utility costs when a second water leak occurs on a property.

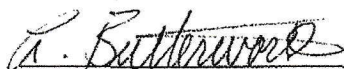
**Environmentally Sustainable** - It could be argued that this policy change will put less responsibility on property owners to repair or replace old water lines as the cost of a second water leak is now reduced and less than the cost of replacing an old line. On the other hand, putting a consumption charge on a second water leak does provide incentive to repair leaky water lines as quickly as possible to reduce water waste.

**Economic Development** - No impact.

**REFERENCES:**

- › *Council Policy 6.13 Utilities Account Adjustment - May 6, 2002 (attached)*
- › *Proposed Council Policy 6.13 Utilities Account Adjustment (attached)*

Respectfully submitted,



LUCKY BUTTERWORTH  
Director of Finance

**CHIEF ADMINISTRATIVE OFFICER COMMENTS:**



F. C. MANSON, CGA  
Chief Administrative Officer

**CITY OF PARKSVILLE**

**POLICY**

SUBJECT: <i>Utilities Account Adjustment</i>	POLICY NO: 6.13
	RESO. NO: 02-142
	CROSS REF:
EFFECTIVE DATE: May 6, 2002	APPROVED BY: Council
REVISION DATE:	RESO. NO:
	CROSS REF:
	PAGE 1 OF 2

PURPOSE

To establish procedures to investigate and handle requests for an adjustment to a water and sewer utility billing resulting from a water leak on the owner's property.

POLICY

1. The Director of Finance may adjust the current billing period utility invoice upon receipt of a written application in the form attached to this policy and confirmation that the water leak has been repaired.
2. The water leak must be repaired within 30 days of the property owner receiving written notification from the City or receipt of a utility invoice to be eligible for an adjustment. Such notification will also be hand delivered to the occupant(s) of the building at the time of written notification to the property owner.
3. Receipts for the leak repair or a written explanation of the repairs when completed by the owner must accompany the application.
4. Only one adjustment per account will be allowed in any given 10 billing period cycles.
5. The adjustment to the current period water and sewer billing amount will be calculated based on the previous three years of water consumption during the same billing period. The credit will remain on the account and will be applied as a prepayment toward the next billing period invoice.
6. An application fee of \$50.00 will be added to the account for each account review. The application fee will be waived if the leak is a result of a fault in the municipal system.

CITY OF PARKSVILLE  
PO Box 1390  
100 Jensen Avenue East  
Parksville, BC V9P 2H3

**APPLICATION FOR UTILITIES ACCOUNT ADJUSTMENT - POLICY NO. 6.13**

Folio/Account:		Daytime Telephone No.	
I am the owner/occupier/agent of _____ Civic Address			
Date leak was discovered: _____			
Date leak was repaired: _____			
Repairs done by: _____			
Repair receipt enclosed: Yes <input type="checkbox"/> No <input type="checkbox"/>			
If no repair receipt, please state reason (receipts for purchase of pipe or fittings acceptable) _____ _____			
<b><u>POLICY</u></b>			
<ul style="list-style-type: none"><li>• The Director of Finance may adjust the current billing period utility invoice upon confirmation that the water leak has been repaired.</li><li>• The water leak must be repaired by the property owner within 30 days of receiving written notification from the City or receipt of a utility invoice to be eligible for an adjustment.</li><li>• Receipts must be submitted or a written explanation of the repairs completed.</li><li>• Only one adjustment per account will be done every five years.</li><li>• The adjustment to the current period water and sewer billing amount will be calculated based on the previous three years of water consumption during the same billing period. The credit will remain on the account and will be applied towards the next billing period invoice.</li><li>• There will be an administration charge of \$50.00.</li></ul>			
Dated at Parksville, BC		Signed:	
		Date:	
The personal information on this form is collected under the authority of the <i>Local Government Act</i> and will be used for the purpose of an operating program of the municipality. If you have any questions about the use and collection of this information, contact the Corporate Officer at 954-3068.			



# NEW

## CITY OF PARKSVILLE

### POLICY

SUBJECT: <i>Utilities Account Adjustment</i>	POLICY NO: 6.13
	RESO. NO: 02-142
	CROSS REF:
EFFECTIVE DATE: May 6, 2002	APPROVED BY: Council
REVISION DATE: <u>June 16, 2014</u>	RESO. NO: 14-133
	CROSS REF:
	PAGE 1 OF 3

#### PURPOSE

To establish procedures to investigate and handle requests for an adjustment to a water and sewer utility billing resulting from a water leak on the owner's property.

#### POLICY

1. The Director of Finance may adjust the current billing period utility invoice upon receipt of a completed 'Application for Utilities Account Adjustment' form (Appendix A) as well as confirmation that the water leak has been repaired.
2. The water leak must be repaired within 30 days of the property owner receiving written notification from the City or receipt of a utility invoice to be eligible for an adjustment.
3. Receipts for the leak repair or a written explanation of the repairs, when completed by the owner, must accompany the application.
4. Only one "full adjustment" per account will be allowed in any given 10 billing period cycles. The "full adjustment" will be calculated based on Clause 5 of this policy.
5. The "full adjustment" to the current period water and sewer billing amount will be calculated by setting the leak period consumption to be equal to the average of the previous three years of water consumption during the same billing period.

6. Subsequent leaks within the 10 billing periods following the leak which received the "full adjustment", will receive a partial leak adjustment to the current period water billing amount based on the following:

The additional water used for the leak shall be charged at the rate of \$0.50 per cubic metre to a maximum additional water consumption charge of \$300.00. The additional water used shall be calculated as the difference between the actual water consumption and the average of the water consumption for the previous same three billing periods. If the extra water consumption was the result of a leak that was outside the City's sanitary sewer system then a full adjustment of the sewer consumption shall be allowed as calculated in Clause 5. Otherwise, no adjustment to the sanitary sewer billing will be applied.

7. If a credit arises on the account as a result of the leak adjustment, the credit will remain on the account and will be applied as a prepayment toward the next billing period invoice.
8. An application fee of \$60.00 will be added to the account for each account review. The application fee will be waived if the leak is a result of a fault in the municipal system.



### APPLICATION FOR UTILITIES ACCOUNT ADJUSTMENT POLICY NO. 6.13

<b>Folio / Account Number:</b>	<b>Daytime Phone Number:</b>
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I am the owner/occupier/agent of: \_\_\_\_\_  
*Civic Address*

Name: \_\_\_\_\_

Date leak was discovered: \_\_\_\_\_

Date leak was repaired: \_\_\_\_\_

Repairs done by: \_\_\_\_\_

Repair receipt enclosed: Yes  No

If no repair receipt, please state reason (receipts for purchase of pipe or fittings acceptable):

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POLICY

- The Director of Finance may adjust the current billing period utility invoice upon confirmation that the water leak has been repaired.
- The water leak must be repaired by the property owner within 30 days of receiving written notification from the City or receipt of a utility invoice to be eligible for an adjustment.
- Receipts must be submitted or a written explanation of the repairs completed.
- **Only one full adjustment per account will be done every five years.**
- **Partial adjustments will be allowed for subsequent leaks within the five years.**
- Any adjustments will be calculated in accordance with City Policy No. 6.13.
- Any account credit that arises from the adjustment will be applied towards the next billing period invoice.
- **There will be an administration charge of \$60.00 to cover staff and equipment costs.**

Dated at Parksville, BC	Signed: _____
	Date: _____

*The personal information on this form is collected under the authority of the Local Government Act and will be used for the purpose of an operating program of the municipality. If you have any questions about the use and collection of this information, contact the Corporate Officer at 954-3068.*