

Understanding why and how municipalities bill for water and wastewater

Water and wastewater are different from other utility services, such as hydro and natural gas, because they are considered to be a service to a property, not a person, and are regulated under the *Municipal Act*. The Act gives municipalities the authority to collect unpaid fees and charges by adding them to the municipal tax bill for the property that received the service.

Oxford County's draft water by-law proposes a change to billing account ownership so that all

water and wastewater accounts will be held in the property owner's name. In the case of a rental unit, this would be the landlord instead of the tenant.

Right now, unpaid water and wastewater bills from owner-occupied residences are already being transferred to the property owner's municipal tax bill. What is different is that landlords would now be responsible under the new by-law for regular monthly bill payments for water and wastewater, including arrears.

The role of Oxford County

The County is responsible for water and wastewater services across the County, including water and wastewater billing and collecting. Oxford County is putting its water and wastewater operations, billing and collection practices into a water by-law that will tentatively take effect on March 1, 2020, following community consultation in the fall of 2019.

Comparing our draft water by-law to other municipal policies

In drafting the water by-law, Oxford County undertook a careful review of the practices of other municipalities. Most of the municipalities we reviewed follow a practice of transferring all unpaid accounts, regardless of the owner, to property taxes. However, there are different approaches to how this is carried out by municipalities.

- Some require the account to be held in the tenant name only, others the property owner name only, and some allow both the tenant and property owner to be named on the account.
- Some municipalities bill only water and wastewater, while some bills combine hydro and water and wastewater.
- In some cases, the landlord is only notified of arrears (unpaid bills) when the arrears are already transferred to the property taxes.
- Some municipalities allow both the landlord and the tenant to have access to the consumption and billing information; however, appropriate privacy permissions need to be in place.
- Some municipalities act as the billing agent (i.e., issue the bill from the municipality), while others use a billing agent.

The following is a comparison of water/wastewater billing practices by municipalities.

MUNICIPALITY	RESIDENTIAL ACCOUNT NAME	ALL ARREARS ADDED TO TAX BILL?	WATER SHUT-OFF FOR NON-PAYMENT	INTERNAL ¹ OR EXTERNAL UTILITY BILLING
Town of Aylmer	Property owner or tenant	Yes	Yes	External
Haldimand County	Property owner or tenant	Yes	No	External
City of Barrie	Property owner or tenant on request	Yes	Yes: landlords can request shut-off for unpaid bills (at the discretion of the City)	Internal
Norfolk County	Property owner or tenant on request	Yes ²	Yes	External
City of Hamilton	Property owner with exceptions for property managers	Yes	Yes	External
City of Cambridge	Property owner, with ability to request redirect to tenant	Yes, if greater than \$199	No	Internal
City of London	Property owner or tenant on request	Yes ¹	Yes	External
City of Waterloo	Process to allow tenant billing; special authorization required for property managers	Yes	No	Internal
Oxford County current policy (pre-by-law)	Property owner or tenant	No: only for property owner accounts	Yes	External

¹ For internal billing, billing is administered by the municipality; for external billing, it is handled by another party.

² Arrears may be added to the tax roll of the property which received the service.

Billing agents

Oxford County works with three billing agents to collect water and wastewater charges:

- Tillsonburg Hydro (combined water/wastewater and hydro billing)
- EARTH Solutions (water only)
- ETP Power (combined water/wastewater and hydro billing)

Each of these billing agents has its own policies for opening accounts and applying payments to arrears (e.g., payments are applied to amount owing for hydro first). Oxford County relies on billing agents to bill and collect water and wastewater charges and to provide the appropriate notifications for arrears balances.

These billing agents follow Oxford County's Receivable Management Policy. It's important that any changes to how we collect payments is efficient for billing agents to administer and carry out.

Addressing community concerns

Feedback on the draft water by-law to date is showing that the requirement to make landlords responsible for both regular monthly payments and also tenant arrears (unpaid bills) is causing concern among landlords and others.

Common concerns are that this change will make it less desirable for landlords to invest in housing in Oxford County; that rents will increase or possibly become less affordable; or that there will be less incentive to conserve water because the people using water aren't seeing their consumption and what they are paying for it. Some considerations to address these concerns are outlined below.

- **Impact on rental property investment in Oxford County:** As the chart above shows, Oxford's proposed practice is similar to those in other communities. The proposed change to have water and wastewater accounts in the property owner's name will be "grandfathered" in under the by-law, meaning they will remain in the current tenant's name until a new tenant moves in. At this point the landlord may set the rent to cover the costs of water and wastewater.
- **Increased rents to cover water and wastewater charges paid by landlord:** Right now, if a landlord is not paying for a unit's water bill, the tenant is paying it through a monthly bill. If or when the bill is sent to the landlord instead, the tenant will be relieved of those monthly charges and no longer paying them personally. Whether it is included as part of rent or as a separate bill, tenants are already paying for water and wastewater.
- **Encouraging water conservation:** Conservation is important and the County will continue to promote this message. In the case of rental units, landlords are free to use incentives to encourage conservation, for instance, refunding the rent allotment for water/wastewater if the tenant uses less than the estimated amount. Landlords can also install leak detection systems and low-flow fixtures, like toilets, shower heads, dishwashers and aerators on faucets. Landlords can also share the bill or consumption information with their tenant.

Questions?

If you still have questions about how proposed changes in Oxford County's draft water by-law might affect you, contact us at waterbilling@oxfordcounty.ca or 1-800-755-0394.